



Chatham Islands Council

Long-Term Plan
2018–28



chatham islands council

Our people, our Islands, our future

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Welcome from the Mayor and Chief Executive

It is with pleasure that we present to you the Long-Term Plan 2018-28. It is a must-read document if you are interested in the progress being made towards Chatham Island Council's goals of creating a resilient and sustainable community that embraces diversity and builds growth for our people, our Islands and our future.

We have had a busy period on the Islands recently. The Waitangi wharf project has been completed with assistance from the Government, with the official opening in March 2018. Our new infrastructural contractor, Fulton Hogan is settling in well and we are actively completing pest management initiatives on-island through our regional council contractor, Environment Canterbury.

We are proud to say that we continue to deliver to the community, despite unexpected events such as peat fires and cyclones stretching our resources. Our staff and contractors have all performed well under pressure and we would like to acknowledge and thank them for their passion, hard work, and ongoing support that they have provided to our community.

The Chatham Islands Council is unique in that approximately 88% of its funding comes from Central Government Agencies to support on-island projects and to meet its statutory obligations as a Council with both regional and district functions. Consequently, the majority of issues facing us as a Council focus on certainty and level of funding assistance.

The Crown provides an annual contribution towards meeting our statutory responsibilities. The funding level has been set at \$3.206m per annum (status quo) and will continue to be paid each year until a decision has been made otherwise. An application was made to the Government to increase its annual contribution for 2018/19, which was unsuccessful. This will be requested again for 2019/20 going forward.

The Council is expecting an increased annual Crown contribution from 2019/20 onward, sufficient to meet required levels of operating expenditure for future infrastructure projects (e.g. rent for new Council building). If the level of assistance is below this level, Council may need to consider whether any shortfall will be funded by reducing expenditure and levels of service to affordable levels, or temporarily funding the shortfall through debt. Council prioritises funding of our day-to-day operating obligations from the annual Crown contribution, with any remaining allocations attributed to infrastructural development projects.

The Crown's status quo contribution is not sufficient to provide for improving on-Island infrastructure. Consequently, the levels of investment in infrastructure on-island are below that experienced generally within mainland New Zealand, as an infrastructure project will only commence once funding has been obtained. An increased annual Crown contribution would allow the Council a level of comfort to secure debt to fund on-Island development (capital projects). Council does not currently have the resources to enter into long-term debt repayments. This plan assumes an increased annual Crown contribution at a level sufficient for the Council to be able to repay debt over the term of the borrowing from 2019/20 onward. Therefore, Council has begun the process to seek membership of the Local Government Funding Agency to enable borrowing. We have assumed our key infrastructure projects relating to development of the township water schemes and the Emergency Management Operations Centre will be debt funded.

Rate affordability for rates and Council dues also remains at the forefront of our minds, with Council committed to limiting rating increases to reflect inflationary movements, and no proposed increase in Council dues. We believe this is fair and in line with contributions from mainland New Zealand.

We will continue to build effective relationships with our regional partners including the Chatham Islands Enterprise Trust, Ngati Mutunga o Wharekauri Iwi Trust, Hokotehi Mori Trust and other on-island Central Government Agencies.

These are the Council's priorities for ensuring that:

- We lead with integrity and respect,
- We work collectively for the greater good of the community to achieve community aspirations,
- We strive towards a sustainable future and actively pursue opportunities that can enhance the wellbeing and prosperity of our community, and
- We are accountable to our community and transparent in our decision-making.

We wish to again highlight our appreciation to all those who work for and with the Council for their enthusiasm and hard work, including the various Government Agencies for their ongoing financial assistance.

Alfred Preece, *Mayor*
Owen Pickles, *Chief Executive*



Profile of the Chatham Islands

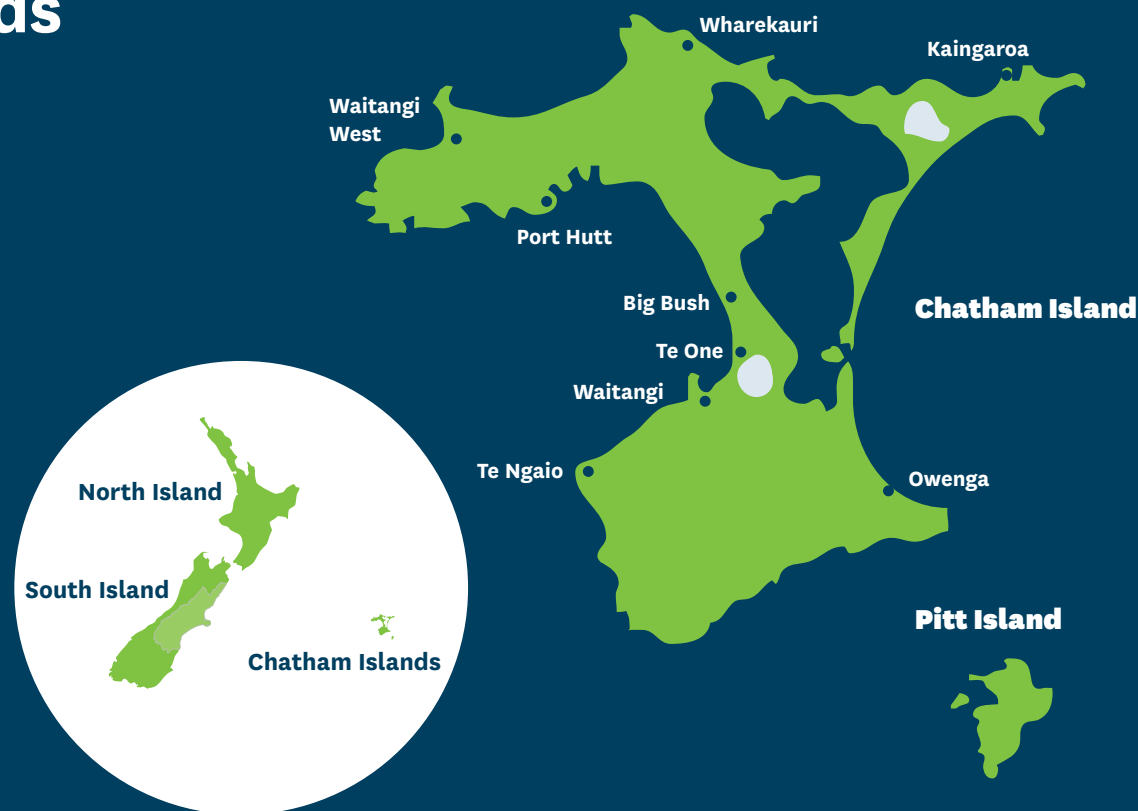
The Chatham Islands and its people are a unique community, isolated by 800 kilometres of ocean from mainland New Zealand.

The Chatham Islands consist of two main inhabited islands, Chatham Island and Pitt Island. Pitt Island lies 23km south east of Chatham Island and both islands are surrounded by a number of smaller islands, all within a radius of approximately 50km. The main island, Chatham, has an area of 90,000 hectares. Pitt Island has an area of 6,300 hectares.

The Islands were formed by a volcanic up-thrust and the land surface is predominantly flat with a number of peaks, the largest peak rising to 188 metres. A significant landmark of Chatham Island is 'Te Whanga' which is a large lagoon that covers approximately 20,000 hectares or about one-fifth of the Island. There are five settlement areas on the main Island – Waitangi, Te One, Owenga, Port Hutt and Kaingaroa.

The 'livelihood' for the majority of Islanders is dependent on fishing and farming. Their continued welfare and the Islands' viability are linked with the sustainable management of the natural and physical resource base.

Chatham Islands Council is the smallest local authority in New Zealand. It has both district and regional council responsibilities.



The Islands at a glance

Usually 640 people live in the Chatham Islands.

Its population is the smallest in size out of the 53 districts in New Zealand.

The most common occupational group on the Chatham Islands is Labourers, compared with Professionals in New Zealand as a whole.

In total, 59% of households have access to the Internet, compared with 77% of households throughout New Zealand.

In the Chatham Islands, 4% of households have access to a cellphone, compared with 77% for New Zealand. This is because there is no cell phone coverage on the Chatham Islands.

Among households in private occupied dwellings, 54% own the dwelling, with or without a mortgage; the equivalent figure is 65% for New Zealand as a whole.

There are 662 rateable properties and 102 non-rateable properties.

The unemployment rate in Chatham Islands territory is 2.5% for people aged 15 years and over, compared with 7.1% for all of New Zealand.

Source: Statistics New Zealand 2013 Census Data

Our Key Issues

Chatham Islands Council is the smallest Council in NZ with 640 residents and 662 rateable units. This makes the Council unique in that funding sources available to other councils to finance key projects such as rates increases, growth or debt are not considered viable options for the Council, as this would unfairly burden the community financially.

Impacts on our community:

- There is a significant reliance on external assistance from Central Government Agencies. On-island development projects are often delayed until funding for the work can be confirmed.
- A significant portion of Council time and resources are dedicated to procuring assistance for on-island development outside of necessitated operating requirements.
- There is a disparity in living conditions between on-island residents and that of mainland New Zealand. This is mostly due to delays to on-island projects due to lack of funding.

Key assumption

The Council assumes that the annual status quo Crown contribution will continue, which we require to continue operating.

The most fundamental issue affecting the Council is our reliance on Central Government funding

The Chatham Islands' size and isolation give rise to a local economy beset by a unique combination of challenges. New Zealand's commercial fishing industry benefits substantially from the thousands of kilometres the Islands add to its exclusive economic zone, but we face constraints associated with a small population, distance from markets and underdeveloped infrastructure. We rely heavily on Central Government to support us in supplying essential infrastructure and services, and we devote a significant portion of time and resources to maintaining these relationships.

The cost of infrastructural development on-island is high, with both on-island construction and transportation costs added to the cost to develop per capita. The cost of living and doing business on the Islands is also high, further constraining the development of local industries and contributing to a declining population and standard of living on the Island.

Historically, the Crown has agreed to provide the Council with an annual Crown contribution to meet our statutory obligations. The annual Crown contribution, based on previous support, is for \$3.2 million per annum including our waste management programme (status quo). This is sufficient to cover our operating requirements. However, Council will have to fund the annual NZTA shortfall from reserves; this will draw significantly on Council's cash liquidity. An application for additional Crown funding for the 2018/19 year was unsuccessful. Council will make an application in 2019/20 for additional support for an investment programme, which would cover the NZ Transport Agency funding shortfall and any new items of expenditure, such as rent on the new Council office. However, there is no certainty as to whether the difference will be funded.

Currently, the annual status quo contribution is not funded at a level which provides for the depreciation of infrastructure assets; this means we are unable to effectively plan for infrastructural development, due to affordability and funding uncertainties.

From 2019/20 onward, we have assumed that an increased Crown contribution would provide the Council with confidence to enter into borrowing arrangements to fund our priority infrastructure projects, being our water schemes and half of the Emergency Management Operations Centre (more detail on these projects is provided from page 7). Should the Council be in a position to fund infrastructure projects through borrowed debt, then time will be saved with Council no longer having to approach separate Crown entities to support various infrastructural projects. Responsibility for managing these projects will also return to Council.

Funding assistance is a continuing relationship with Central Government, resulting in a council that is able to meet its obligations and improve the sustainability of the Chatham Islands. If Central Government assistance was to terminate; the Council would cease to operate. The risk of this eventuating is assessed as low, because of funding assistance agreements in place.

Other issues affecting us as a council

1. Infrastructure services

Proposed infrastructural developments on-island are based on the minimum legislative standard, identified critical works, and views from community consultation. Council set service levels to be a reflection of the current operating environment, with standards increasing as funding assistance allows on-island development. Our key projects proposed over the next ten years are outlined on pages 7 and 8.

Council is focused on ensuring projects are financially viable before commencement, minimising the financial burden on the Council and ratepayers. Consequently, our project management is often delayed and may result in a variance in levels of service experienced on-island against that of mainland New Zealand. Some assets, particularly water and wastewater, are now also in critical condition due to deferred expenditure; we expect to spend an additional \$1,280,000 over ten years rectifying this, funded from borrowings.

We assume our key projects will be funded from borrowings; this will only be viable should the annual Crown contribution be increased to a level sufficient to fund depreciation, which in turn would be used to service and repay the debt. Council's application for an increased Crown contribution was not successful for 2018/19, but will be re-applied for 2019/20 onward. If the level of support is below expectation going forward, Council will need to delay infrastructure projects.

2. Rating affordability

The majority of our funding comes from Central Government support. However, approximately 6% of our total funding comes from our ratepayers. Rating affordability is of key importance to the community and the Council. When Council dues are included with our rates, Chatham Islanders pay significantly more in comparison to mainland rural Councils. Council dues are a tax on imports to and exports from the Island.

The Council attempts to keep rate increases in line with the Consumer Price Index (CPI). Therefore, in the combined financial and infrastructure strategy, Council has limited rating increases to that of inflation, which increases on average by 1.8% per annum across the ten-year period. In addition, Council has specified total rates income must not exceed 7% of revenue, ensuring rating movements do not significantly impact ratepayers and the community. Income from Council dues fluctuates depending on residents' demand for goods, which Council has no control over. Council have held dues charges at 1991 levels to ensure greater certainty for our residents.

Key assumption

Council assumes assistance will be made available to fund our infrastructure projects, in the form of assistance with debt repayment. However, Council may be unable to complete developments concurrently. See pages 7 and 8 for our key projects.

3. Regulatory

Many regulations are not affordable for the Chatham Islands. The Chatham Islands Council Act 1995 provides for differences between the Chatham Islands Council and other mainland New Zealand councils. Currently, there is no systematic regulatory impact assessment to check the implications and relevance of New Zealand legislation and regulations for Island circumstances.

An example relates to the Chatham Islands Resource Management Document. The previous fully operational document was signed in 2004. Whilst we now have a revised document that is partially operational, the full version has not been approved due to service levels not being agreed with the Minister of Conservation. The impasse being that the National Policy Statement for Fresh Water Management and National Coastal Policy be of a similar level to mainland New Zealand. Council considers this level of testing would have no benefit to the Islands, and the costs of compliance would be significant.

In order for Council to balance compliance costs with level of service benefits to the Islands, creative solutions need to be implemented. An example includes partnering with landowners to improve pest management, through our gorse contestable fund. Since 2012 Council has offered an annual \$30,000 contestable fund that landowners can apply for, in the form of gorse-killing chemical. The fund has meant that small to moderate infestations of gorse can be eradicated, limiting further spread and therefore benefiting the whole Island.

Highlighting our Key Projects

Council's key projects focus on infrastructure. Council seeks to achieve a safe and efficient infrastructural system that recognises economic, social and environmental benefits, and meets the immediate and future needs of the Chatham Islands community.

Council's approach to providing services on-island is to maintain the current standard of operation where current operational costs are primarily covered from Government support, and additional applications are made (outside of roading), to Central Government to fund new or significant renewal capital expenditure.

The Council aspires to deliver the following projects to the Community over the course of the next ten years:

1. Roding Infrastructure

Roding work priorities are outlined in the Chatham Islands Roding Asset Management Plan and agreed with the NZ Transport Agency (NZTA). The cost of maintaining these roads is very high relative to the population. The Chatham Islands Council work plan focuses on maintaining an efficient, reliable and safe road network that supports the local economy. NZTA has committed to invest in maintaining, operating, and renewing local roads. The level of works is reliant on funding support from the NZTA and is currently set at 88% of total roading expenditure. Total expenditure averages \$4,221,000 per annum across ten years. The difference between roading expenditure and the NZTA grant (the shortfall) is approximately \$507,000 per annum over ten years; this shortfall is not covered by roading rates. Council will need to self-fund the difference for 2018/19, as an application for an increased Crown contribution was unsuccessful. However, an application for increased support will be made again for

2019/20 going forward, including the NZTA shortfall. The risk of insufficient funding for on-island works is assessed as low as there are funding agreements in place confirming support on an ongoing basis. In the event of a funding shortfall, expenditure and levels of service would reduce, with the difference being covered through rates, borrowing, or a combination of both.

2. Township Water Schemes

The township water scheme upgrades have been in response to community concerns and non-compliance with the New Zealand Drinking Water Standards. Recently, Waitangi water supply reservoirs have been drained to low levels due to leaks and excessive draw-downs, which required conservation notices to be issued. Therefore, it is critical that such issues of supply be addressed for Waitangi. In addition, it is desirable that the water supply reticulation be extended to Te One. A Ministry of Health funded investigation and design has been completed. The cost of implementing the design is expected to cost \$3 million, and Council assumes the project will be funded from debt. An application for increased funding to support an investment programme through debt will be made for 2019/20 going forward, investing in capital development as funding and priorities allow.

New areas in Te One connecting to the water supply are expected to incur a new water targeted rate for the service. It is assumed any increase in operating costs from the establishment of new water schemes will be funded from these targeted rates from new consumers connecting to the service. Future rates revenue and operating costs associated with new connections joining the water scheme cannot be reliably estimated and due to this uncertainty has been excluded from

the budget. The net impact is considered minimal.

Sustainable and reliable water sources for the townships of Kaingaroa, Owenga, Waitangi and Te One also remain at the forefront of Council's key projects. To achieve our community outcomes, it is important that the community's drinking water standards are met. For this reason, Council is driven to address issues that have a direct impact on the health and safety of the community.

Council must also consider the potential changes that may be required to our water infrastructure in response to the Havelock North gastroenteritis outbreak of 2016. Learnings from the Department of Internal Affairs' review are likely to be applied nationwide, potentially resulting in new standards that would require further upgrades to water infrastructure on-island. It has been assumed that adequate funding will be made available to the Council for these upgrades. If stricter drinking water standards are implemented, capital upgrades may not be viable. No upgrades have been allowed for the existing Waitangi water treatment plant on the basis that the planned scheme upgrade proceeds. Remedial works will be required at Waitangi if the planned scheme upgrade is deferred.

3. Emergency Management Operations Centre

The Emergency Management Operations Centre project addresses the need for a unified Civil Defence and Emergency Management complex that can respond to the needs of the community in the event of a crisis. The Council's overarching objective of the centre is to provide an efficient and effective system of emergency management that minimises the potential effect of all hazards on the community and the environment. With the challenges associated with isolation and remoteness it is necessary to establish a resourced facility that supports, enables and strengthens community resilience in such times. A site for the centre has been purchased and was temporarily used as a project base during the Waitangi wharf development. Council expects the building to cost approximately \$2 million, based on historic estimates. For forecasting purposes it is assumed the project will be completed by 2020/21, funded by a mixture of debt and grants from emergency response partners, including: Fulton Hogan, Fire and Emergency New Zealand, Maritime Safety New Zealand, St John's, and the Ministry of Civil Defence and Emergency Management. Once there is certainty of funding, Council will revise its cost estimates and consider whether there is sufficient funding assistance to commit Council to funding the development through debt or delay construction until other support is sourced; either as an outright grant or annual assistance to repay debt.

4. New Council offices and community complex

The construction of the administration and community complex remains a key project for the Council. It is proposed this project will be completed in two stages, the first stage being the construction of the museum and Council administration facility, with the second stage being the development of a community complex.

Previously, it was assumed the Council would fund the cost of the development and own the building. However, Council is now working with an on-island organisation to lease a purpose built facility, in partnership with the Chatham Islands Enterprise Trust. Whilst the scope and cost of the building is still under negotiation, it has been assumed lease payments will be based on standard commercial rates, set at 9% of the building's value, reduced by partners' contributions and the one-off funding grant of \$1 million from the Ministry of Culture and Heritage towards the new Museum, subject to approval of the grant being transferred. It has also been assumed that these new rental costs will be covered from an increased annual Crown contribution from 2019/20 going forward. Once the first stage has been completed, Council will begin fundraising to support the development of a community complex for our Islanders.

Changes to the Long-Term Plan 2015-25

Our priorities are largely unchanged from that of the Long-Term Plan 2015-25. Changes have arisen due to delays in securing funding for infrastructural works on-island. This has consequently deferred the commencement of some of our key projects. Specifically, this includes the township water schemes, Emergency Management Operations Centre, and the Council offices. The Council's budgeted level of expenditure assumes a bare minimum approach to maintain current levels of service, and where affordable, meeting legislative requirements. There are no significant changes proposed to those levels of service set in the Long-Term Plan 2015-25, with the exception of an increased service for infrastructural development, such as the development of water schemes and potential use of debt to fund on-island development.

To increase the levels of service on-island, additional expenditure would be required and funding secured. If the community wished to reduce expenditure by postponing or cancelling works, this could have detrimental results with an infrastructural failure or pest outbreak. Such an event would result in greater expense to rectify the situation, countering any cost savings achieved.

Changes post-consultation

Due to Council's unsuccessful application for an increased Crown contribution for the 2018/19 year, additional capital investment will be delayed. Therefore, all non-roading capital expenditure is deferred to 2019/20, with the assumption that an application for increased Crown support will be approved in that year.

Part A: Groups of activities information

Community outcomes

Our community outcomes inform and guide our plans to ensure we know what is important to our community. We have identified the following four community outcomes:

SOCIAL WELLBEING: resilient community	CULTURAL WELLBEING: embracing diversity
Greater connectivity, especially with on-island broadband projects, sustainable housing; building relationships on and off Island; and enabling us to respond promptly in times of need.	We value the Chatham Islands way of life and its traditions. We recognise the special relationship with both local imi and iwi, and acknowledge the responsibilities it has to Moriori and Māori under the Local Government Act 2002 and the Resource Management Act 1991.
ENVIRONMENTAL WELLBEING: sustainable action	ECONOMIC WELLBEING: growth builders
We will protect our unique setting in a manner that has minimal impact on our environment for current and future generations, giving consideration to our local imi and iwi traditions.	We will work in partnership with organisations to provide economic development opportunities. Such growth will increase prosperity and employment within our community.



Democracy

Democracy is about representative local decision-making on behalf of our people. Our activities include managing local elections, informing residents about our issues or challenges and listening to residents' views, making decisions in the best interests of our community, and managing partnerships with mana whenua and other groups.

Key activities and rationale for providing the service

This activity enables the interests of our Islanders to be represented in a fair and equitable manner and provides opportunities for the community to participate in decision-making processes.

Contribution to community outcomes

Democracy contributes to the **embracing diversity** community outcome by ensuring the principles of the Treaty of Waitangi are recognised, and that relationships with Moriori and Māori are strengthened and maintained. It also contributes to the **growth builders** community outcome by facilitating relationships with the Chatham Islands Enterprise Trust and other organisations to provide development opportunities on-island.

Negative effects

There are no significant negative effects identified for this group of activities.

Levels of service

Targets 2018-28	Measure	Result for 2016/17
Residents feel confident that Council decisions are made in the best interests of the community	85% of residents are confident or very confident* that Council decisions are made in the best interests of the community.	Overall, 50% of residents were very confident or confident (a decrease of 8% on the previous year). Feedback received was insufficient to provide a clear explanation of why our community felt this way.
Council engages and connects with the communities it serves	80% of residents consider the information supplied by Council to be sufficient (i.e. enough or more than enough), as measured by the annual residents' survey.	New target

**measured by annual survey, on a scale of very confident, confident, unconfident, very unconfident*

Levels of service have not changed significantly to those adopted in the Long-Term Plan 2015-25.



Infrastructural services

Infrastructural services is a collation of the following groups of activities: roading, solid waste management and minimisation, water supply, storm water, flood protection and sewerage.

Council is responsible for all public roads and service infrastructure on the Chatham Islands. As owner of these networks, the Council has a legal requirement to provide infrastructure to a certain standard.

Key activities and rationale for providing the service

- **Roading:** This activity is carried out so that the movement of people and goods within the territory can be convenient and safe. Land transport is part of the essential infrastructure of the territory, vital to wellbeing and development. The Council is responsible for all public roads on the Chatham Islands (there are no State Highways). As owner of the roading network, the Council has a legal requirement to provide roads to a certain standard. In addition, the Council is responsible for all roading-related assets – footpaths, kerbs, street lighting, and signs. Council will progressively move towards managing all of its transportation responsibilities in a more sustainable and integrated way.
- **Solid waste management and minimisation:** The Council provides waste management and minimisation services. Council also maintains closed landfills and responds to illegal dumping incidents. The efficient and effective collection and disposal of waste protects both public health and the environment. Waste minimisation activities promote efficient use of resources and extend the life of the region's landfill assets.
- **Water supply:** Providing a provision of potable water (i.e. water suitable for use and consumption by people) to Waitangi village and Kaingaroa; and providing firefighting capability in part of Waitangi village. By providing ready access to high quality drinking water, Council is primarily protecting public health. It is also facilitating economic growth and enabling the protection of property through the provision of an adequate firefighting water supply.

- **Storm water:** Minimising damage to property from flooding and reducing erosion and water pollution. Council undertakes the storm water activity to minimise the risk of flooding of buildings and property from surface runoff, as well as reduced erosion and water pollution. The main risk is mitigated by controlling the levels at Te Whanga lagoon by opening the Hikurangi Channel as and when required. This is necessary to protect productive land around the shores of Te Whanga lagoon from inundation and to maintain the balance of marine life. There are no other flood protection or control assets.
- **Sewerage:** The collection, treatment and disposal of wastewater in Waitangi. The Council owns and operates the Waitangi village sewerage system. The collection, treatment and disposal of wastewater contributes to the health of the community and minimises adverse environmental effects.

Contribution to community outcomes

Infrastructural services contribute to the **resilient community, sustainable action and growth builders** community outcomes as these services and assets enhance community and economic wellbeing.

- Our transportation infrastructure enables goods to reach markets and people to work, providing vital connections for economic growth and greater access and mobility.
- Our solid waste and minimisation structure allows material delivered to Council facilities to be processed or disposed of in an appropriate and sustainable manner. These activities will be managed to minimise the impact on the environment.
- Our water supply is taken from the environment, this activity is managed so the impact of the water take does not prove detrimental to the surrounding environment, nor community health.

Negative effects

- **Roading:** The development of a roading network, despite providing great benefits as a whole, can also cause negative effects. This includes local air pollution, road run-off (rainwater that becomes polluted on the road surface) to adjacent land and waterways, traffic noise and vibration, visual impacts, traffic accidents, loss and damage of land and natural environments, separation of neighbours, and emission of greenhouse gases. These impacts could have a negative effect on public health and wellbeing. The most significant being road safety and the contamination of natural waters.
- **Solid waste management and minimisation:** Leachate from existing landfills could: pollute the natural environment and enter natural watercourses; cause problems with litter from landfills, including risk of injury to stock; and cause problems with smell, vermin and/or birds at inadequately managed landfill sites. Historically, waste has been disposed at non-landfill sites. There is a risk that such practices will not be adequately managed and have a negative impact on the environment and health of our community.
- **Water supply:** social, economic and environmental wellbeing could be affected negatively due to the identification of other users of the Waitangi water supply scheme and the over consumption of water at certain times of the year. This could potentially cause a reduction in the availability of water levels for Waitangi consumers and emergency services, thereby increasing the risk to health and safety. Other users such as fishers, farmers and local residents, who reside outside the vicinity of the Waitangi township, are at risk due to limited access to water to meet their social and commercial needs.
- **Storm water:** Storm water infiltration could overload the sewerage reticulation and treatment system, causing untreated sewage to overflow.

No other significant negative effects have been noted for the remaining areas in this group of activities.

Levels of service

Roading

Targets 2018-28	Measure	Result for 2016/17
Residents are satisfied with chip-sealed roads	75% of residents are satisfied or very satisfied* with chip-sealed roads.	Overall, 83% of respondents were satisfied or very satisfied. Feedback received from the survey praised the new chip-sealed roads.
Residents are satisfied with the unsealed road network	75% of residents are satisfied or very satisfied* with the unsealed road network.	Overall, 31% of respondents were satisfied or very satisfied. Feedback received from the survey highlighted a discontent from the community over the conditions of the roads, specifically the number of potholes, notably in relation to Owenga Road.
Roads are safe	Less than two fatalities or serious injury crashes on the road network per year.	No motor vehicle incidents were reported that caused injury.
Quality road condition	The average quality of ride on the sealed network and unsealed network to be less than 105 and 160 roughness respectively, as per the NAASRA Road Classification System.	No roughness surveys on the sealed road network have been completed to date.
Sufficient road maintenance	The percentage of the sealed local road network that is resurfaced, is above 5% of the sealed networks.	No roughness surveys on the sealed rehab have been completed to date.
Footpaths are maintained	100% of footpaths are maintained in accordance with the roading maintenance contract specifications.	Programmes were intentionally delayed to prioritise chip-sealed road works, meaning only 70% of footpath maintenance was completed in-line with planned works.
Respond to service requests in a timely manner	Council will respond to 100% of customer service requests relating to roads and footpaths within five working days.	All customer service requests via Council's contractor were responded to within five working days.

**measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied*

Solid waste management and minimisation

Targets 2018-28	Measure	Result for 2016/17
Respond to written requests or complaints in a timely manner	100% of complaints are responded to within five working days of notification.	All complaints were addressed within five working days.
Residents are satisfied with the landfill and recycling service and ease of use	75% of residents are satisfied or very satisfied* with the landfill and recycling service and ease of use.	New target
Waste minimisation activities and services are effective	There is a reduction in waste going to landfill per annum.	New target
Residents are aware of waste management services provided by Council and how to use them	Minimum of quarterly communication and engagement activities relating to waste management.	New target

**measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied*

Water supply

Targets 2018-28	Measure	Result for 2016/17
Residents connected to a water scheme are satisfied with the service	80% of residents connected to a water scheme are satisfied or very satisfied* with the service.	Overall, 75% of respondents connected to the Waitangi/Kaingaroa water supplies were either very satisfied or satisfied with the service. Feedback received was insufficient to provide a clear explanation related to why our community felt this way.
Water is potable	No temporary advisory notices issued to boil water – as issued in consultation with the Ministry of Health.	New target
Water is safe to drink	Council's drinking water complies with: <ul style="list-style-type: none"> Part 4 of the drinking water standards (bacteria compliance criteria) Part 5 of the drinking water standards (protozoal compliance criteria) 	As a small and neighbourhood water supplier, Council meets the drinking water standards if it either complies with the requirements in part 4, 5, 7, 8 and 9, or if the Council follows a water safety plan and part 10. Council has elected to follow the latter option and is therefore referred to as a participating supplier for Waitangi and was fully complying for the 2016/17 year. Ministry of Health has advised that whilst Kaingaroa does not meet all the criteria to be a participating supply and did not fully comply with part 4 and 5 for the 2016/17 year, Council is seen to be taking all practicable steps to comply with The Health Act 1956.
The reticulation network is maintained	The percentage of real water loss from the Council's networked reticulation system does not exceed 20%.	Target was not measured; information was not collected during the year.

**measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied*

Targets 2018-28	Measure	Result for 2016/17
Respond to faults in a timely manner	<p>Where the Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured:</p> <ul style="list-style-type: none"> Attendance for urgent call-outs: the time from when the Council receives notification to when service personnel reach the site does not exceed two hours. Resolution of urgent call-outs: the time from when the Council receives notification to when service personnel confirm resolution of the fault or interruption does not exceed eight hours. Attendance of non-urgent call-outs: the time from when the Council receives notification to when service personnel reach the site does not exceed two hours. Resolution of non-urgent call-outs: the time from when Council receives notification to when service personnel confirm resolution of the fault or interruption does not exceed eight hours. 	<p>The following median response times were measured:</p> <ul style="list-style-type: none"> No urgent call-outs had occurred during the year. All issues were resolved within eight hours. No non-urgent call-outs received. No resolution to non-urgent call-outs required.
Residents are satisfied with drinking water	<p>The total number of complaints received by Council about any of the following:</p> <ul style="list-style-type: none"> Drinking water clarity Drinking water taste Drinking water odour Drinking water pressure or flow Continuity of supply And Council's response to any of these issues <p>Does not exceed five complaints per year. And 5% of properties connected (<i>a percentage has been used as the scale of the Council coverage (the number of connections) is below the per 1,000 mandatory measure</i>).</p>	No complaints were received.
Demand is managed	The average consumption of drinking water per day per resident, within the territorial authority district, is less than 500L/person/day.	In Waitangi, average annual usage was 450L/person/day. No flow records were available for Kaingaroa during the 2016/17 year, however readings for July and August 2016 indicated flow at 300L/person/day.

Storm water

Targets 2018-28	Measure	Result for 2016/17
Storm water management is adequate	<p>The number of flooding events that occur in a territorial authority district does not exceed two per year.</p> <p>For each flooding event, the number of habitable floors affected does not exceed two per year.</p> <p>And 5% of properties connected (<i>a percentage has been used as the scale of the Council coverage (the number of connections) is below the per 1,000 mandatory measure</i>).</p>	No flooding events occurred.
Storm water discharge is compliant with our Resource Management Plan	<p>Compliance with Council's resource consents for discharge from its storm water management is measured by the number of:</p> <ul style="list-style-type: none"> • Abatement notices • Infringement notices • Enforcement orders • Convictions <p>Non-compliance reports should not exceed three events per year.</p>	No discharge notices issued.
Respond to flooding events in a timely manner	The median response time to attend a flooding event, measured from the time that Council receives notification to the time that the service personnel reach the site, will not exceed two hours.	No flooding events occurred.
Residents are satisfied with storm water management	<p>The number of complaints received by Council about the performance of its storm water management does not exceed five per year.</p> <p>And 5% of properties connected (<i>a percentage has been used as the scale of the Council coverage (the number of connections) is below the per 1,000 mandatory measure</i>).</p>	Four complaints were received, relating to the high levels of Te Whanga Lagoon.

Sewerage

Targets 2018-28	Measure	Result for 2016/17
Residents are satisfied with the wastewater system	75% of residents are satisfied or very satisfied* with the wastewater system.	New target
Residents are satisfied with the wastewater system	<p>The total number of complaints received by Council about any of the following:</p> <ul style="list-style-type: none"> • Sewerage odour • Sewerage system faults • Sewerage system blockages • And Council's response to any of these issues <p>Does not exceed 2% of properties connected (<i>a percentage has been used as the scale of the Council coverage (the number of connections) is below the per 1,000 mandatory measure</i>).</p>	No complaints regarding the sewerage were received
System is adequate	<p>The number of dry-weather sewerage overflows from the sewerage system is less than five per year.</p> <p>And 5% of properties connected (<i>a percentage has been used as the scale of the Council coverage (the number of connections) is below the 1,000 mandatory measure</i>).</p>	No sewerage overflow in year, or 0% of properties connected.
Wastewater discharge is compliant	<p>Compliance with resource consents for discharge from sewerage system as measured by the number of:</p> <ul style="list-style-type: none"> • Abatement notices • Infringement notices • Enforcement orders • Convictions <p>These should not occur more than twice per year.</p>	No notices issued.
Respond to faults in a timely manner	<p>Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following median response times are measured:</p> <p>Attendance time: the time when the Council receives notification to when the service personnel reach the site does not exceed 12 hours.</p> <p>Resolution time: the time from when the Council receives notification to when the service personnel confirms resolution of the blockage or other fault does not exceed 24 hours.</p>	No incidences of blockages or faults occurred.

*measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied
Levels of service have not changed significantly to those adopted in the Long-Term Plan 2015-25.

Community and regulatory services

Council provides community and regulatory services which contribute to the development of healthy, active, functioning communities. Council recognises that it plays a key role in creating the environment in which communities can prosper and enjoy improved health and wellbeing. Council therefore aims to ensure that adequate parks and reserves are provided for the community and that these are managed and maintained in a way that meets community expectations and encourages community involvement. The Council seeks to promote community development through recreation, the arts, and cultural heritage, and to enhance the health and safety of the community through an effective and reliable administration of relevant legislation.

Key activities and rationale for providing the service

Community services: The Chatham Islands Council considers social and community development to be the cornerstone of the wellbeing of the Chatham Islands community. It views recreation, arts, and culture as essential to the health and wellbeing of its residents and believes that a strong community is knowledgeable of its heritage, and preserves and respects achievements of the past.

Levels of service

Targets 2018-28	Measure	Result for 2016/17
Residents are satisfied with community services, including library and dog and animal control services	85% of residents are satisfied or very satisfied* with community services.	This is an amalgamation of three previous performance targets for community services. In 2016/17 satisfaction with community services was generally 56% satisfied or very satisfied; 50% of the community was satisfied or very satisfied with our library services and 40% were satisfied or very satisfied with dog and animal control.
Respond to complaints about operations and facilities, and remedy faults in a timely manner	100% of complaints about operations and facilities are investigated within 12 hours, with minor faults remedied within 24 hours of notification.	One of the three complaints received was attended within 24 hours of notification. Two issues relating to housing and the community hall were not remedied within 24 hours as they required repair time.
Liquor licensing applications to be processed within statutory timeframes	95% of liquor licensing applications are processed within statutory timeframes.	25 liquor licensing applications (or 100%) were received and issued within statutory timeframes.
Liquor licenses and food premises are compliant	No issues of non-compliance identified or reported.	New target
Island-wide dog inspections (including Pitt Island) carried out	At least one inspection annually to ensure dogs are registered, and to check animal welfare.	One partial inspection (Chatham Island only) was undertaken during June 2017.

*measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied
Levels of service have not changed significantly to those adopted in the Long-Term Plan 2015-25.

Licensing and building: The Building Act 2004 charges the Council with the responsibility of receiving, processing and issuing building consents to ensure compliance with the New Zealand Building Regulations. To meet legislative compliance requirements that consenting authorities be accredited, the Council has agreed on the transfer of these functions to the Christchurch City Council. The Council also has responsibility to ensure compliance with the Health Act 1956, the Food Hygiene Regulations 1974, Sale of Liquor Act 1989, Local Government Act 2002, Hazardous Substances and New Organisms Act 1996, and Council bylaws.

Dog and animal control: Council carries out animal control functions in accordance with the Dog Control Act 1996, the Impounding Act 1995, and animal control bylaws.

Contribution to community outcomes

Community and regulatory services contribute to the **embracing diversity** community outcome by providing material and experiences to increase local historical/ cultural information and materials. Our resources facilitate and encourage creative, cultural and recreational activities. Our recreational facilities also promote healthy and active lifestyles through social and recreational activity.

Negative effects

Council's housing stock and Council buildings require ongoing maintenance, which if not performed could result in significant degradation of the assets. Many activities are highly dependent upon the contributions made by volunteers. Council will be seeking to assist organisations to recruit and retain volunteers, to provide appropriate training, and to ensure that the volunteer experience is a positive and rewarding one. No other significant negative effects have been noted for the remaining areas in this group of activities.

Environmental services

The Chatham Islands is in a unique situation, as its isolation has meant that many of the animal and plant pests common in New Zealand have either not entered the territory as a whole, or are present on only parts of the Islands. The introduction of such pests could have a devastating effect on the economy and many of the ecosystems of the Islands.

In this respect, land-based activities such as farming are economically fragile and an inappropriate pest could threaten the financial security of many Chatham Islanders. Many of our flora and fauna species and ecosystems are endemic to the Chatham Islands and if adversely affected by pests, could disappear from their natural habitats.

Council seeks to maintain and sustain natural resources in order to promote a sound resource base and to protect the environment from risks that could be detrimental to the needs of our community for both present and future generations.

Key activities and rationale for providing the service

Council undertakes environmental management responsibilities in order to promote the sustainable management of our resources and to mitigate the impact of human activity on the environment. Many of Council's policies and plans are statutory documents required under legislation. Council's state of the environment monitoring and information work is undertaken to monitor progress to achieve environmental outcomes; to help target planning controls, consent conditions and education programmes; to identify new issues; and to provide information of use to the public. Council processes resource consent applications and undertakes compliance activities to reduce the impact of human activity on other people and the environment. Council's biosecurity activities help protect the environment from unwanted plant and animal pests.

Contribution to community outcomes

This work contributes to our **sustainable action** and **growth builders** community outcomes by having in place policies and plans that promote sustainable management of natural and physical resources that keep our Islands unique. Protecting our unique environment will provide future opportunities for our growth within our community, particularly related to tourism.

Negative effects

If not contained, the introduction and spread of new plant or animal pests pose significant risks for the Chatham Islands. With the exception of insufficient resource planning, no significant negative effects have been noted for the remaining areas in this group of activities.

Levels of service

Targets 2018-28	Measure	Result for 2016/17
Resource consents processed within statutory timeframes	100% of resource consents processed within statutory timeframes.	Full compliance, one subdivision resource consent was received and consented during the year.
Respond to and initiate investigations in a timely manner for: <ul style="list-style-type: none"> • Breaches of the Resource Management Act • Breaches of consent conditions 	Any breach to the Resource Management Act 1991 or consent conditions responded to within one hour of notification.	No breaches of the Resource Management Act 1991 or consent conditions reported.
The Chatham Islands Resource Management Document is compliant	The Chatham Islands Resource Management is made fully operative and steps are taken to update the document as required by nationally set direction.	A review of the Chatham Islands Resource Management Document has been completed, and the Document was made partially operative in January 2018. The Document has been awaiting sign-off from the Ministry for the Environment since December 2015.
Sample and analyse water quality	Sample and analyse water quality for all sites on the Chatham Islands four times per year. State of the environment water quality monitoring programme maintained at current level (all sites are monitored).	All sites monitored and data stored in database (fully available on request) as well as displayed on Council's website www.cic.govt.nz

Targets 2018-28	Measure	Result for 2016/17
River flows and Te Whanga Lagoon level monitored and data made publicly available	Monitor and record river flows, lagoon level and rainfall on Chatham Island. All sites are monitored, with data recorded and available to the public e.g. on the website.	All sites monitored and data stored in database (fully available on request) as well as displayed on Council's website.
Water quality and hydrology data is available to the public	A summary report (including river flow, lagoon level, and rainfall data) is available by the end of August for the previous financial year (report provided to Council and then available via the website).	A water quality report was prepared and presented to Council.
Pest inspections conducted	Two inspections undertaken per financial year. No new pest incursions found at risk sites (results of inspection will be published on the Council website).	No new pests were found at risk sites. However, two new incursions were found of German wasps and black ants previously believed to have been eradicated/controlled.
Internal borders between Chatham Island, Pitt Island, and New Zealand are maintained	At least one training session to be provided to freight handlers at major ports supplying the Chatham Islands. Partnership to be established with Biosecurity NZ to develop a marine biosecurity plan as part of the internal border protection.	Regular freight handler training occurring via SPS Biosecurity. No new pests found. Four staff have been trained and equipped to carry out Marine Pest surveillance surveys. The first surveys of the four main ports on Chatham Island have been completed and will occur annually from now on.
Landowners and occupiers do not introduce, sell, propagate or distribute pest species	80% of plans implemented.	The level of plant pest awareness from landowners has significantly increased over the past three years. This is primarily due to the two proactive resident biosecurity staff on the Island. There are numerous cases where landowners are contacting the staff of our contracted service provider, Environment Canterbury, to address pest issues as a result of their increased level of awareness and concern.
Landowners carry out control of gorse and feral goats	80% of plans implemented.	The feral goat population has been eradicated from one geographical area (over 1,056 shot). This just leaves approximately 40-50 goats left in one other totally separate area. Biosecurity staff had been working with a new landowner to achieve the eradication goal and the first stage was carried out in November 2016 with 72 goats shot (estimated 70% reduction).
Monitor invasive marine pests that are present in New Zealand or are likely to arrive from other destinations	An annual underwater surveillance programme to be undertaken on all ports on Chatham and Pitt Islands, and the Ministry for Primary Industries to be notified of pest incursions.	The first surveys commenced in early 2017 with all ports covered by September 2017. Annual surveys will be ongoing.
Residents are aware of and follow pest management practices	Minimum of quarterly communication and engagement activities relating to pest management, including marine pests.	Regular communications relating to biosecurity activities and projects are circulated in the Chatham Islands Community Focus Trust weekly newsletters, the monthly Chatham Islander magazine, and the quarterly Council newsletter 'Uniquely Chathams'.

Levels of service have not changed significantly to those adopted in the Long-Term Plan 2015-25.

Emergency management

Council seeks to provide an efficient and effective system of emergency management response and planning that minimises the potential effect of all hazards on the community and the environment.

Key activities and rationale for providing the service

This activity allows the Council to carry out hazard-based risk management in four areas: reduction of risk, readiness for events, and response and recovery after an event. The Council is part of the Chatham Islands Civil Defence Emergency Management Group, and is required to have a Civil Defence Emergency Management Group Plan in place.

Contribution to community outcomes

This work contributes to the **resilient community** community outcome through the ability to respond and recover from the impact of all hazards by promoting readiness and preparedness through the provision of community education and providing suitable response training for staff and volunteers.

Negative effects

With the exception of an emergency event not being responded to appropriately, there are no negative effects for this group of activities identified.

Levels of service

Targets 2018-28	Measure	Result for 2016/17
Residents consider they are prepared and know what to do in an emergency	75% of residents are well-prepared or prepared* and know what to do in an emergency.	Of the respondents, 79% felt that they were very prepared or prepared in the event of a civil defence emergency.
Residents are aware of emergency management procedures	Minimum of quarterly communication and engagement activities relating to emergency management.	New target
The Emergency Management Operations Centre is always ready to respond	Including staff and volunteers, emergency management equipment, control facilities, and communication systems. <ul style="list-style-type: none">• Annual emergency event training exercise held• All staff and volunteers participate in at least one skills training session per annum• Emergency management equipment tested quarterly.	New target
The marine oil spill plan is current and compliant	At least one water equipment deployment exercise conducted annually.	One oil spill training exercise was held during March 2017.

**measured by annual survey, on a scale of well-prepared, prepared, not well-prepared*

Levels of service have not changed significantly to those adopted in the Long-Term Plan 2015-25.

Coasts, harbour and navigation

Harbour control is undertaken primarily to ensure safety in the territory's waterways. The Chatham Islands have approximately 360km of coastline that is used extensively for commercial fishing, some recreational purposes, and potential aquaculture industries.

Key activities and rationale for providing the service

This activity allows the Council to address matters of navigation and safety within its area as required by the Local Government Act 2002 and the Maritime Transport Act 1994. In addition, Council is also required to prepare, maintain and review Regional Marine Oil Spill Contingency Plans. The Chatham Islands' area of responsibility extends to the 12 nautical mile territorial boundary.

Contribution to community outcomes

This work contributes to the **resilient community**, **sustainable action** and **growth builders** community outcomes through the ability of Council to respond and recover from the impact of all marine hazards; ensuring maritime management protects and reduces the impact of harm to the environment; and supporting the development and sustainability of the fishing industry.

Negative effects

No significant negative effects have been identified for this group of activities.

Levels of service

Targets 2018-28	Measure	Result for 2016/17
Navigation safety is managed in accordance to best practice	Use of a safety management system modelled on the New Zealand Port and Harbour Safety code, reviewed every three years.	New target
Owenga Wharf is available for safe and efficient movement of people, stock, and goods	No instances of the wharf being unavailable during suitable sea and weather conditions.	No safety or inefficiency complaints were received.

Levels of service have not changed significantly to those adopted in the Long-Term Plan 2015-25.



Part B: Financial information

Combined financial and infrastructure strategy

Introduction

Chatham Islands Council is New Zealand's smallest council by population and size. It is also the country's most isolated region. The Council is a unitary authority, having the functions, responsibilities and powers of both a territorial authority and a regional council.

The Chatham Islands face a number of challenges in relation to sustaining their economy, providing an acceptable level of business and population services, and enabling their constituents to grasp opportunities and determine their future.

The Chatham Islands' size and isolation give rise to a local economy beset by a unique combination of challenges. New Zealand's commercial fishing industry benefits substantially from the thousands of kilometres the Islands add to its exclusive economic zone, but Chatham Islanders themselves share in just a small fraction of this wealth. The Islands rely heavily on Central Government to supply essential infrastructure and services, much of which is provided at a minimum level, yet at a high cost per capita. The cost of living and doing business on the Islands is high, constraining the development of local industries and contributing to a declining population.

Overview

Council is responsible for managing funds in a financially prudent manner that promotes the current and future interests of the community. In addition, through its financial management, Council must identify the key infrastructure issues and the principal options for managing these issues in a cost-effective manner.

Council's approach to providing services on-island is to maintain the current standards of service. Council currently does not have funding available to invest in infrastructural development without external support, therefore investment over time in infrastructural areas (excluding roading) are minimal. Consequently, the service offered, while maintained, may deteriorate over time compared with mainland New Zealand, and will not increase without further capital investment.

Levels of assistance from the New Zealand Government are reviewed every four years, with income from rates equating to approximately 6% of Council's total funding. Rating increases are limited to align with inflationary movements to minimise the financial burden on our ratepayers, and ensuring rate levels are in line with other rural councils. Council therefore has limited avenues available to source other revenue, and must consider reducing services or short-term debt to support any funding shortfall.

Geography and infrastructural environment

The Chatham Islands are an archipelago located 800km east of New Zealand's South Island. They consist of two main inhabited islands, and a number of smaller islands within a radius of approximately 50km. The largest Island, Chatham, has an area of 90,000ha. Pitt Island has an area of 6,300ha, and lies 23km south-east of Chatham Island.

The Islands sit on the Chatham Rise, a submerged peninsula which stretches approximately 1,000km east from the Canterbury coastline. Formed by a volcanic up-thrust, the Islands' land surface is predominantly flat with a number of peaks, and a highest elevation of 188m. The north-eastern part of Chatham Island is dominated by Te Whanga, a large lagoon that covers 20,000ha, or about one-fifth of the island.

The Chatham Islands are home to several of the world's most threatened bird and plant species. Māngere and Rangatira Islands are nature reserves managed by the Department of Conservation, with access authorised by permit only. They are managed to protect threatened endemic fauna and flora and to restore the indigenous habitats for those animals and plants. Other distinctive environmental elements are also present on the Islands, presenting potential economic benefits to the community from tourism. Employment and Gross Domestic Product movements (GDP) in the tourism sector have both increased relatively steadily over the last ten years, with filled jobs growing by 5.2% per annum and GDP growth of 3.6% per annum.

Only Chatham and Pitt Islands are populated. There are five main settlement areas on Chatham Island: Waitangi, Te One, Owenga, Port Hutt, and Kaingaroa. The settlements are located such that the main roads radiate out from Waitangi to end at each settlement. None of these roads connects with another main road; therefore, a substantial roading network is necessary to connect each of these sparsely populated settlements with no loop roads present.

Council provides a reticulated potable water supply to households in Waitangi and Kaingaroa to ensure an adequate supply of safe drinking water. A reticulated wastewater scheme is also provided in Waitangi, to minimise public health risks and adverse environmental effects associated with clusters of on-site wastewater treatment and disposal systems. A reticulated storm water system is not provided in Waitangi or Kaingaroa, except for a portion of Highet Place. All other residents on the Island operate on rainwater collection and/or private bores for potable water supply, on-site wastewater treatment and disposal systems (typically a septic tank with land disposal), and on-site storm water disposal (to nearby land, watercourse, or roadside water table). Council previously committed to a sludge lagoon, which will result in a disposal facility for septic waste with revised estimates now at \$710,000. This will reduce the current practice of burial in pits and will provide an engineered environmentally sustainable process.

Drop-off facilities for recyclables and residual solid waste are provided near the townships of Te One, Owenga, and Kaingaroa to protect public health and minimise adverse environmental effects associated with waste and its disposal. Council has built a new modern sanitary landfill near Owenga in 2014 to take all residual solid waste from Chatham Island, and is finishing construction on a waste processing shed near Te One to process collected recyclables and residual waste. Council is also awaiting delivery of a baling machine, which once operational the new system will be complete and the sanitary landfill will commence use, with residents transporting their own recyclables and solid waste to the local drop-off facilities and Council arranging transfer for either processing or disposal.

All historic dump sites have now been closed, replaced by transfer stations. The rehabilitation of these dump sites is still in progress.

Therefore, a large portion of the Islands needs to be self-sufficient, similar to most rural communities. With the low population base and wide geographic spread of residents, it means that providing large-scale infrastructure to serve the community is generally not feasible. This makes the roading network extremely important to provide connectivity between settlements and to achieve desired community outcomes.



Financial assumptions

Availability of funding

In November 2004, Cabinet agreed to provide Crown funding to meet the costs of the Council fulfilling all of its statutory responsibilities. After a review of the long-term financial assistance package for the Council, support levels were agreed with the Department of Internal Affairs and set out in a Deed of Funding. The Deed of Funding reiterates the intention of the Government to provide a funding assistance package to the Council on an ongoing basis, although the funding mechanism may be subject to change. Council has assumed that sufficient funding will be made available from external sources to ensure minimum legislated levels of service are met and funding of network asset construction is supported.

NZ Transport Agency subsidy rates: Achieving the roading network budgets outlined is heavily reliant on continued funding assistance from the NZ Transport Agency (NZTA), who have set the Funding Assistance Rate at 88% of total roading expenditure, averaging across ten years at \$4,221,250 per annum. The difference between roading expenditure and the NZTA grant is therefore approximately \$506,550 per annum over ten years; this shortfall is not covered by roading rates. It was expected that the difference would be supported from an increased annual Crown contribution, however the application for increased funding was unsuccessful for the 2018/19 year. Another application will be made to the Government for increased support going forward, as part of the annual Crown contribution process. Otherwise, Council will have to consider options available to it to fund the difference, including debt which Council cannot afford to repay without assistance.

Annual Crown contribution: The level of assistance for 2018/19 is reflective of status quo funding. Going forward, Council assumes the annual Crown contribution will be increased to include the NZ Transport Agency funding shortfall and any new items of expenditure (such as rental costs on the Council building and assistance with debt

repayment on key projects, along with other inflationary adjustments). This extra funding requirement amounts on average to an additional \$1.25 million per annum over the next nine years.

Status quo funding excludes the effect of depreciation; therefore Council cannot currently support an asset replacement programme. This may mean that works specified in the asset management plans or identified as a community need based on public consultation may not be undertaken.

Population changes and cost of living

It has been assumed that the population base will remain stable for the foreseeable future and the cost of living relative to household income will not influence families to migrate elsewhere.

Census data indicates the Islands' population has been declining at an average rate of 1.2% yearly between 1986 and 2013. The population of the Chatham Islands was 600 as counted in the 2013 census and 836 in the 1986 census. Over the same period, the number of occupied dwellings on the Islands has remained relatively constant, increasing slightly to 264 in 2013, from 230 in 1986.

Anecdotal evidence indicates the cost of living is an influential factor affecting resident migration. The Chatham Islands' isolation and small population result in a higher cost of living overall compared with the rest of New Zealand. Freight and Council dues inflate the cost of all goods imported from the mainland, and the small, remote consumer base drives up the cost of utilities and services like electricity, telecommunications and air transport. In 2008, Taylor Baines estimated that the cost of living on the Islands was 1.4 times that in Christchurch, and in 2014 Litmus found that a basket of standard grocery items purchased in June 2013 was 84% more expensive on the Chatham Islands than in Wellington. As the cost of living increases, residents are more likely to consider relocating.

With a population base that remains relatively static or slightly declining over time, Council is not anticipating any additional or increased demand on the infrastructural assets and therefore expects no significant change to operating or capital expenditure due to population movements. A slower or faster change in population may impact on recommended service levels and infrastructure expansion renewal programmes, resulting in a change to our financial assistance requirements.

Although growth remains static, it is noted that the population of the Chatham Islands is ageing. According to Census data, the Chatham Islands population has a median age of 43 years (compared with 38 for all of New Zealand). The Chatham Islands population is also ageing faster; since 2001, the median age increased by ten years (up from 33), while over the same period the median age of the total New Zealand population increased by three years (up from 35). Better township environments for pedestrians that cater for those with mobility impairments will be important to ensure accessibility for an ageing population. Council is committed to ensuring there are appropriate facilities and services to meet the needs of the community, while also ensuring rates remain reasonable for our community. Council assumes any financial hardships will be managed through the rates remission and postponement policy.

Changes in land use

Council has assumed that land use will remain relatively static over the next ten years as a result of limited on-island development opportunities.

The Chatham Islands Resource Management Document provides mechanisms that allows for development within existing zones. Resource consents issued over the past ten years have been nominal. Whilst some development may occur over the course of the next ten years, potentially requiring a change in land use or zoning requirements, this is unlikely to have a significant impact on our combined financial and infrastructure strategy.

Levels of service

Council places reliance on sufficient funding being available from external sources to maintain a constant level of service. Service levels may require adjustment in response to issues identified by the community, changes to legislation, or other external factors. Levels of service, especially those pertaining to infrastructure, will remain static unless they are increased through a specific capital works programme, supported by external grant, or assistance with debt repayment. Where development occurs, the increased application will be limited to that area or township.

Future price changes

Price level adjustments are based on those recommended to local Government by Business and Economic Research Limited (BERL). Where transportation of goods to the Island is a factor, an additional adjustment of 1% is made, reflecting this higher cost of providing goods and services on-island. The roading operating and capital expenditure inflation rates are based on the BERL roading rates, with no adjustment made, as the majority of materials are sourced on-island.

Expected interest rates on borrowing and investments

Council has applied an interest rate on its current debt and overdraft facility at an average rate of 6.135% (actual rates range between 5.37% and 7.62%). Proposed debt associated with the water schemes and Emergency Management Operations Centre will borrow from the Local Government

Funding Agency (LGFA), assuming membership is approved and therefore financed at a fixed rate of borrowing on a non-guarantor council, estimated at 4.23%. Interest received is based on average cashflows over the ten-year period, applied to the expected BERL 90-day interest rates.

Due to the uncertainty of funding and cash flows, debt has been planned for in short intervals. It is assumed the Crown contribution will be paid annually in advance allowing a small interest amount to be received, also rendering interest on short term debt negligible; for this reason no interest expense is forecast.

Frequency of asset replacement

Council has developed this strategy on the assumption that projects will be completed in accordance with the capital expenditure programme as outlined in our Roding Activity Management Plans and other strategic documents. However, past experience demonstrates that projects are often delayed due to funding or capacity constraints; that is, capital expenditure will only occur if funding arrangements to support the work are confirmed. The Council does not have the resources to fund renewals from depreciation. Therefore, capital projects may be transferred between years to ensure that scheduled capital expenditure is completed over the life of this ten-year plan. Deferral of programmed works until funding assistance is agreed, could potentially mean there is further deterioration of existing assets. Over the next ten years, Council expect to spend an additional \$1,280,000 on water and wastewater assets now assessed as being in critical condition, due to deferred maintenance. Asset replacement details are as follows:

Bridges: Currently Council operates on an approximately three-yearly cycle of replacing older bridges with large culverts (where feasible). The most recent bridge was replaced in the first half of 2015, with the next replacement due for the second half of 2018. The purpose of installing

large culverts is to lower the maintenance requirements long-term, reducing the future burden on Council. However, there are a few bridges with a wider span that cannot be replaced with large culverts. In these instances, a new bridge will be required. Associated with new bridge builds, investigations related to the requirements for temporary water crossings has begun, should these wider span bridges fail in the event of a natural disaster. This will provide an additional resilience plan to maintain a level of service and community connectivity in an unlikely emergency event. Beyond the next two or three bridge replacements, the remaining bridges are of a wider span or more challenging topography, therefore replacing with a set of culverts may not be the most practical method.

Sealed road pavements: The philosophy behind the timing and methodology of sealed road pavements has changed significantly since the previous Long-Term Plan. At that stage, pavements were being rehabilitated based on treating the most deteriorated section of road first, usually areas of approximately 500m in length. Under the new maintenance contract, this has now changed to combining all sealed pavement rehabilitations usually conducted annually over the course of a three-year National Land Transport Programme (NLTP) period, to occur in one year of the cycle. This reduces the cost of mobilising resources annually to perform the work and helped to keep costs lower under the contract (than they might have been). There has been one cycle of this approach, in which 3,500m of the road network was rehabilitated (this was an expanded programme as well, hence the significant length increase). The next year of planned sealed road rehabilitations is 2019/20. This new approach has reduced the costs of ongoing pavement maintenance for the foreseeable future, and is a remarkable turnaround given in the previous infrastructure strategy Council was unable to treat all failed road sections.

Unsealed road network: The unsealed network was historically rehabilitated based on 18,000 m² of new pavement material overlaid on the roads each year. In recent years, this has not been the case, as earmarked funding was funnelled into the sealed road rehabilitation budgets to help overcome the significant deterioration of that asset. Now that the worst sections of the sealed network have been repaired, the unsealed rehabilitations can start again in earnest. In each three-year NLTP, there will be two years of unsealed rehabilitations, one each side of the sealed rehabilitations. At this rate it is expected that the most trafficked roads on the unsealed network will be renewed every 25-30 years. These rehabilitations do not include maintenance metal, which is applied as necessary to replace metal loss of the running course over time.

Drainage: Council has a large number of culvert drainage assets throughout the road network. A number of these culverts are either at, or very near, the end of their useful life. Unfortunately, our current funding levels do not allow for culverts to be replaced, unless they pose a risk to road users. Some culverts are renewed if other renewal work is taking place in the vicinity to not disturb the integrity of the new pavement. The 2018-21 NLTP has a particular focus on drainage in Year 1 (2018/19), which will include the renewal of a large number of culverts and the formation of new water tables along the road. It is hoped that this investment will lead to improved road surfaces for travelling ratepayers.

Kaingaroa water supply: Residents rely on the Council to provide an adequate supply of safe drinking water within the built-up area of Kaingaroa, which includes the school and pre-school. The water supply was originally built and operated by a fish processing company to serve its factory and community. The factory has closed and the Council later took ownership of the supply in 2009. The Council subsequently upgraded the supply in 2014, including a new intake pump station, treatment plant, and storage tanks. Due to budgetary constraints, the reticulation system was not upgraded and the treatment plant upgrade was done to a sufficient level that Council was deemed to be taking “all practicable steps” to comply with the current drinking water standards (see ‘Legislative change’ section on page 28). The location, age and condition of the water reticulation system at Kaingaroa is not well

known. However, a significant proportion is likely to be nearing the end of its useful life. Council plans to renew critical sections and install backflow preventors to improve security in the next ten years, as funding allows. Items requiring regular replacement (e.g. media, UV lamps) are included within operational allowances. Given the uncertainty with accessing external funding to upgrade Kaingaroa to fully comply with current standards, Council is seeking external funding to extend the existing intake structure into deeper water in 2018/19 to improve raw water quality, especially during summer months.

Waitangi water supply: A reticulated water supply was installed in Waitangi in 2005, using an existing bore and new treatment plant (using second-hand UV disinfection units), reticulation, and storage. The bore was granted ‘secure’ status under the drinking water standards in 2016 and so no treatment is required for the supply to comply with the current drinking water standards (see ‘Legislative change’ section on page 28). Only one of the two UV disinfection units currently operate and it is likely that critical parts will not be available for the other unit in the near future. There is chlorination in place, however, given the uncertainty with accessing external funding for the Waitangi and Te One water upgrade now planned in the 2019/20 year (see ‘Our capital works’ section on page 29), Council is seeking external funding to replace the existing UV units along with the planned upgrade in 2019/20. As the reticulation system at Waitangi was installed in 2005, it is expected to have a useful life exceeding 30 years. The exception to this are the existing toby valves, which are nearing the end of their useful life. Council plans to replace all toby valves to minimise the risk of leaks and ingress of contaminants in the next ten years, as funding allows. Items requiring regular replacement (e.g. media, UV lamps) are included within operational allowances.

Waitangi wastewater system: The wastewater reticulation, treatment and land application system at Waitangi was installed in 2005. The reticulation is expected to have a remaining useful life exceeding 30 years, with no renewals budgeted beyond this Long-Term Plan period over the horizon of this Strategy. To continue to meet resource consent requirements, and hence protect public health and minimise adverse environmental effects, significant

renewals are required at the treatment plant and land application system in the short term (1-5 years) to medium term (15 years), as funding allows. These renewals include repairing or replacing pumps, screen, tankage, secondary treatment package plant, and UV disinfection unit as well as modifying the irrigation area. Only one of the two treatment trains is currently functional, which will result in breaches of the annual consent limits if urgent repairs are not undertaken in the near future. There is also ponding around the land application system, which poses a potential adverse risk to both the environment and public health. If funding is not available, the renewals will have to be deferred and may mean that the Council does not maintain wastewater assets to a sufficient level to protect public health and minimise adverse environmental effects. Items requiring regular replacement (e.g. UV lamps) are included within operational allowances.

Waitangi storm water system: Storm water is collected from household roofs in part of Hight Place, however the common pipes, storage tanks, and discharge structure are not being actively maintained by Council, with the concrete and timber tankage in a state of disrepair. Due to budgetary constraints, Council does not plan to repair or replace this system. As storm water from the vast majority of households is managed on-site, storm water has not been considered further in this Strategy or this Long-Term Plan.

Waste minimisation/waste management: Renewal and level of service work in relation to solid waste management and minimisation work is often determined by legislative directive, in particular the Waste Minimisation Act 2008, which requires councils to both manage and minimise waste, which includes waste avoidance and resource recovery. Council has prepared both a Waste Assessment and a Waste Management and Minimisation Plan. These provide guidance for improving the management and minimisation of solid waste on the Chatham Islands. There have been significant improvements made to Council’s solid waste management assets and infrastructure over the past few years, and the new facilities have either recently been commissioned (two transfer stations at Owenga and Kaingaroa), or will shortly be commissioned (Materials Processing Facility at Te One and the new Owenga Landfill). Some of the improvements made are so recent that responses to events of assets failures are

still to be identified through the compilation of Management Plans, which include details of emergency responses, such as the non-availability of assets.

Sources of funds for future replacement of significant assets and new capital expenditure

Planned future capital works include the roading network, with the replacement plan outlined previously, and upgrades to the water schemes, wastewater scheme, solid waste infrastructure and the Emergency Management Operations Centre along with other community facilities.

Roading: The roading projects will be assisted by an 88% funding subsidy from the NZ Transport Agency, with the expectation that the funding shortfall will be covered by an increased contribution from the annual Crown contribution. This has not been the case for 2018/19, but an application will be made in 2019/20 for additional support going forward. Any adjustment in the total subsidy level could impact on the programmed work, potentially resulting in works being reduced or deferred to maintain affordable levels of expenditure. If significant, this would impact on levels of service. Council does not have the ratepayer base to fund the difference from an increase in rates, nor capability to borrow without financial assistance with debt repayments.

Water: Council is planning a \$3 million water scheme upgrade in 2019/20, which will improve the resilience of the Waitangi scheme as well as extend the reticulation to Te One, including the Islands' main school. It will also enable the Waitangi supply to fully comply with the current drinking water standards without relying on 'secure' bore status (see 'Legislative change' section on page 28). Previously, Council would seek assistance for this development by way of Central Government grant. As a funding avenue, this approach was not always successful, with Council having to wait years before assistance was agreed, with standards falling below that experienced by mainland New Zealand.

As part of the annual Crown contribution, consideration is being given to providing an increased level of support to assist Council with debt repayments, allowing Council to enter into borrowing arrangements to support on-island development. Council was not successful in its application for additional Crown funding for the 2018/19 year, but an

application will be made in 2019/20 for additional support going forward. We have assumed the level of assistance going forward will be sufficient to assist in repayment of our water schemes. If the increased funding package eventuates and debt can be obtained, then time will be saved with Council no longer having to approach separate Crown entities to support various infrastructural projects. Responsibility for managing these projects will also return to Council.

Other projects desired by Council if funding is available include:

- Upgrade Kaingaroa water supply to improve resilience and, if possible, enable the scheme to fully comply with the current drinking water standards and hence minimise public health risks (see 'Legislative change' section on page 28).
- Upgrade Waitangi wastewater scheme to minimise adverse environmental effects associated with the treated wastewater discharge and enable consent compliance.
- Provide additional rainwater collection tanks at Owenga to improve resilience.

Waste minimisation and waste management: Council plans to continue to implement the waste minimisation and waste management capital works in accordance with Council's strategy (e.g. Materials Recovery Building, sanitary landfill), as grant funding allows.

Emergency response: With the challenges associated with isolation and remoteness it is necessary to establish a resourced facility that supports, enables and strengthens community resilience in such times. A site for the centre has been purchased and was temporarily used as a project base during the Waitangi wharf development. No funding for this project has been secured, however, for forecasting purposes it is assumed the project will be completed by 2020/21, funded by a mixture of debt and grants from emergency response partners, including: Fulton Hogan, Fire and Emergency New Zealand, Maritime Safety New Zealand, St John's, and the Ministry of Civil Defence and Emergency Management. Construction is budgeted to commence in the 2020/21 year, funded from an equal measure of debt and grant contributions from involved service contractors. It

has been assumed that support for debt repayment will be provided by an increased Crown contribution from 2019/20 going forward, and that this will be sufficient to include repaying debt associated with both the water scheme upgrades and the Emergency Management Operations Centre concurrently.

Council has insufficient funds to support infrastructural asset replacement through depreciation funding and is likely to seek Central Government assistance for their replacement, or borrow with financial assistance provided for repayments.

Council housing: Another project desired by Council, relates to Council's housing stock and Council buildings, both requiring ongoing maintenance which, if not performed, could result in significant degradation of the assets. A small provision has been made for these works in 2018/19, funded by debt. Council will be actively pursuing its options to maintain or demolish and rebuild Council housing stock.

New Council offices and community complex: Council is working with an on-island organisation to lease a purpose built facility, in partnership with the Chatham Islands Enterprise Trust. Whilst the scope and cost of the building is still in negotiation, it has been assumed lease payments will be based on standard commercial rates, set at 9% of the buildings value, reduced by partners' contributions and the one-off funding grant of \$1 million from the Ministry of Culture and Heritage towards the new Museum, subject to approval of the grant transfer to the new arrangement. It has also been assumed that these new rental costs will be covered from an increase in funding from the annual Crown contribution. Once the first stage has been completed, Council will begin fundraising to support the development of a community complex for our Islanders.

Depreciation rates on planned asset acquisitions

Depreciation rates are set in the roading asset management plans or other strategic documents and are consistent with levels disclosed in our Accounting Policies. Depreciation is not currently funded for infrastructural assets.

Revaluation of non-current assets

Revaluations of non-current assets are assumed to occur at five-yearly intervals for roading and other infrastructural assets. Inflationary movements for revaluation of Council's assets, including the expected infrastructural valuation performed for the 2017/18 financial year are based on those recommended to local Government by Business and Economic Research Limited (BERL) for Local Government capital expenditure. An additional adjustment of 1% is made, reflecting this higher cost of providing goods and services on-island.

Contracts with external service providers

Council has engaged the services of a number of organisations to fulfil its statutory responsibilities. This includes: regional council support, infrastructural engineering services, and road, water, and wastewater maintenance. These contracts will be up for renewal over the period of this Long-Term Plan. It is assumed when the contracts are tendered there will be no significant change in the cost of these services or the financial support for them, except as adjusted for inflation and the cost of meeting any revised compliance requirements.

Opportunities for shared services

We assume we will continue to build effective relationships with our regional partners including the Chatham Islands Enterprise Trust, Ngati Mutunga o Wharekauri Iwi Trust, Hokotehi Moriori Trust and other on-island Central Government Agencies. Council needs to ensure that there is sufficient capability and capacity available to meet the current and future level of works. This may include working with other on-island agencies to develop efficiencies.

An example of such a shared service is the construction of the administration and community complex. Council is working with an on-island company to build a purpose-built facility, with Council leasing the facility in partnership with the Chatham Islands Enterprise Trust.

Legislative change

Legislation, Government regulations and Council documents such as the Resource Management Document shape the Council's operational and capital expenditure. Council's approach to providing services on-island is to maintain existing levels of service.

In August 2016 there was a significant outbreak of gastroenteritis in Havelock North that was traced to contamination of the Hawkes Bay District Council's potable water supply. The Government subsequently established an Inquiry, which has recommended significant, wide-reaching changes to the water supply industry. Even if only some of the recommendations are endorsed by the Government, it will have significant implications for Waitangi and Kaingaroa water supplies. Hence, Council has prudently allowed for capital upgrades to enable full compliance with the current drinking water standards without relying on 'secure' bore water status as at Waitangi or the caveat of "all practicable steps" as a reason for non-compliance as at Kaingaroa and providing a residual disinfectant in the reticulation not currently provided at Kaingaroa. It has been assumed that adequate funding will be made available to the Council for these upgrades. If stricter drinking water standards are implemented, the allowance for capital upgrades may not be sufficient. Given the uncertainty with accessing external funding for the Waitangi and Te One water upgrade (now planned in 2019/20) and to upgrade Kaingaroa to fully comply with current standards, Council is seeking external funding to replace the existing UV units at Waitangi and to extend the existing intake into deeper water at Kaingaroa in 2019/20. Remedial works will be required at Waitangi if the planned scheme upgrade is deferred.

In all other situations, Council has assumed there will be no significant change in legislative or other requirements during this Long-Term Plan period that would increase compliance costs or levels of service. If there is a significant change requiring an increase in funding to meet the new requirements, it is assumed an increased level of assistance will be provided from Central Government through the annual Crown contribution and no additional funding will be required from ratepayers or increased borrowings.

Approach to potential climate change impacts and resilience of infrastructure managing risks related to natural hazards

No adjustment has been made to the financial projections to reflect the potential impact of climate change. In addition, planned costs exclude the financial implications of a natural disaster as it is not possible to quantify any impact on Council. Although Council is insured, not all costs would be covered.

As is common for remote islands, most of the important infrastructure is located very near to the coastline, leaving it susceptible to natural disasters caused by the ocean.

The natural disasters the Chatham Islands are most likely to be exposed to include: cyclones, tsunamis, and localised flooding. Given the roading structure radiates outward to the various townships, it is possible that some areas may be cut-off due to such events as the roads being impassable. It is therefore essential that our residents are suitably provisioned for such events, which is promoted through our emergency management activities.

Key infrastructural assets may be potentially damaged from such events where the infrastructure is located on the coast such as wharves, bridges, seawalls, roads, pipelines, and pump stations. In the event that infrastructure is damaged, roading repair work will fall under the NZTA programme, and water and wastewater repairs will fall under the operations and maintenance contract, with any additional repair cost being funded through the Chatham Islands Mayors Relief Fund. If necessary, an application will be made for Crown assistance. Privately owned assets, such as wharves, will be repaired at the owner's expense.

As the settlements on the Islands are based coastally, the Islands are also exposed to a tsunami risk. The proposed Emergency Management Operations Centre is to be located away from the coast on high ground, with emergency event response managed from that base. Current operation centres include the Council office and the Fire Brigade both located on the Waitangi coast, which could be subject to tsunami damage if such an event were to occur; this could potentially prevent or delay an adequate emergency response.

Climate change is expected to affect the Islands in much the same way as other low-lying islands around the world. The largely coastal settlements of the Islands will be susceptible to rising sea water levels over the next century. In recent years, the Islands have experienced periods of drought not commonly seen in the past, which places pressure on potable water supplies for residents. Therefore, the weather extremes of dry and wet periods equally affect the Islands and its way of life.

Council's approach to minimising the financial impact related to natural hazards and other such events is to provide sufficient insurance coverage over all operational assets including Owenga wharf. Infrastructural assets, such as all roading works, are covered under the NZTA funding agreement. Future infrastructural assets constructed that are not covered under such a scheme would require Council to enter into insurance arrangements to ensure there is appropriate coverage, reflective of any risk of damage.

Our capital works

Capital expenditure is used to build, acquire and renew our assets, including our infrastructural assets, which include: roading, potable water supply, sewerage, storm water and solid waste management and minimisation works, and other assets including: staff housing and the proposed Emergency Management Operations Centre.

An Asset Management Plan is in place for our roading assets. The roading Asset Management Plan is regularly reviewed and updated to meet the required needs of our community. Our focus remains on maintaining and where necessary, replacing infrastructural assets. There are no other asset or activity management plans for our other infrastructure assets. We have recently constructed water and solid waste management and minimisation assets; we consider assessments of deterioration and future need for these assets will be considered at a later date.

Asset levels of service will be improved if sufficient funding assistance is obtained and where it is deemed necessary to meet a community outcome or legislative requirement, or an upgrade is indicated as necessary by way of public consultation.

As at 30 June 2017 Council had infrastructural assets of \$57.5 million and total assets of \$58.8 million. Over the life of the plan, Council is planning to undertake additional capital expenditure of approximately \$34.6 million.

Capital expenditure has three distinct purposes:

- Renewals – where the expenditure is to replace existing assets
- Levels of service – where the expenditure is to increase the range or quality of the service provided, normally due to a change in statutory requirements and/or Council's assessment that existing levels of service are inadequate
- Growth – where additional development is required to service a growing population base. Council has not accounted for any capital expenditure due to growth, as Council has assumed the population of the Chatham Islands will remain stable.

These categories are not mutually exclusive. In some instances, a classification may fall into two categories. For financial reporting purposes in the funding impact statements, an assessment is made as to the primary reason for the capital expenditure and classified accordingly.

The majority of Council's capital expenditure is renewal works. These are generally funded from external assistance grants. Capital expenditure that is classified as an increase in levels of service is generally funded by debt and/or capital subsidies. Council does not expect any capital expenditure related to growth.

Council has contracted out its engineering services for all infrastructural and maintenance work. Stantec provide the engineering services and Fulton Hogan provide the maintenance and operation services. A partnership arrangement exists between Council and its service providers whereby all parties work together to achieve the best result for Council at the most cost-effective arrangement.

Identification of renewal and level of service work requirements:

Stantec conducts quarterly visits to the Islands to inspect the roading network and identify any renewal or project work required. Stantec also conducts biennial bridge structure (bridge and large culvert) inspections and biennial road safety inspections to identify deficiencies and/or remedial work required to assets. These inspections often guide the renewal work carried out in-between visits. As the maintenance contractor and the only service provider based on the Islands, Fulton Hogan is also actively involved in identifying renewal work for the forward work programme.

Based on site visits, Stantec has identified the roading needs of the Islands and in consultation with Council, created a Roving Activity Management Plan (RAMP) for the Islands. The RAMP was last updated in December 2017 for the 2018-21 National Land Transport Programme (NLTP) funding application to NZTA. It outlined the renewal strategy for assets and provided a forward work plan to improve the level of service to road users. However, as only a relatively small amount of renewal work is conducted each year (when compared with larger rural councils), the forward work plan is highly susceptible to change, particularly if a section of road failed earlier than expected and needs to be prioritised for renewal. Furthermore, the availability and timing of shipping is a challenge to run a maintenance programme that matches the planned programme. A change in shipping arrangements can (and does) change the timing of work, sometimes by up to year.

The RAMP assumes the NZTA funding assistance rate (FAR) will remain consistent at 88%, and for forecasting purposes, it has been assumed the shortfall will be covered through the annual Crown contribution. For 2018/19 the Council will fund the shortfall from reserves as the increased Crown contribution was unsuccessful. This will ensure the Islands receive a consistent level of service to the current level provided. The risk of receiving insufficient funding for on-island works is assessed as low. However, in the eventuality funding was insufficient, expenditure and levels of service would reduce, with the funding shortfall over time being covered from other Central Government assistance, rates, borrowing or a combination of these.

The RAMP further outlines policy surrounding the road network and the integration with the community and key stakeholders on the island. It also identifies, but is not limited to: the risks to the network, performance measures, proposed future capital works, asset valuations, bylaws and significant negative effects (such as vehicle accidents). This is the first RAMP to include the new Business Case Approach that NZTA has now applied for funding applications, requiring Council to build a case for investment and indicate key problems for the network and the plans on how Council will address them, either in the short or long-term.

Stantec site visits for the sewerage network and/or potable water supply are conducted as/when required, but at least one site visit is typically conducted each year. In addition, Stantec roading staff are able to carry out inspections (under direction of a Water Engineer) if required during their quarterly visits. Stantec is in regular contact with the on-island Operations and Maintenance Contractor, with a monthly operations meeting between Stantec and Fulton Hogan and other dialogue as required to discuss scheme performance, any issues that have arisen, and practical solutions to resolve these. Routine monitoring is carried out at each plant, with the results manually uploaded to a database to enable Stantec to remotely trouble-shoot problems with Fulton Hogan. Monthly compliance sampling is carried out at the plants and analysed at a laboratory on mainland New Zealand. Laboratory results are issued directly to both Stantec and Fulton Hogan to ensure a prompt response by both parties in the case of abnormal results. For potable water, the appropriate response is outlined in the relevant Water Safety Plan.

Council's solid waste management and minimisation assets are in some cases, so recent that responses to events of assets failures are still to be identified through the compilation of Management Plans, which include details of emergency responses.

Based on the site visits and Stantec's understanding of the Islands' infrastructure, Stantec has identified the water, wastewater, and solid waste minimisation and management needs of the Islands in consultation with the operations and maintenance contractor and the Council. Collectively, they have created a plan for renewals and new capital, dependent on available funding.

Council has identified the following significant infrastructural issues facing the community over the next 30 years:

- ageing infrastructure
- identifying future needs of solid waste management and minimisation assets
- supply of suitable pavement materials and other locally sourced materials (e.g. drainage, pipe bedding and backfill, landfill cover)
- maintaining existing levels of service (including road safety, water pressure, potable water quality, treated wastewater standards)
- predicted effects of climate change
- cost of freighting materials/plant
- relatively low levels of population growth and an ageing population



AGEING INFRASTRUCTURE

- **Roading:** Nearly half of Council's bridges (42%) have been replaced with large culverts over the past 25 years. However, a number of the remaining 14 bridges have greater challenges that make a direct culvert replacement less straight forward, i.e. topography, length of span, land acquisition issues and those located on Pitt Island. Five of the remaining bridges have a life expectancy of ten years or less. In 2017/18 two of these bridges received heavy renewal work to greatly extend their life. In early 2018/19 one will be replaced with twin culverts. This leaves two bridges that need to be closely monitored by Council.
- The age of many culverts are unknown, but rusting steel culverts that are starting to fail indicate that many are at the end of their useful life. The roading network has suffered from a lack of positive drainage asset renewal for a number of years i.e. collapsed small culverts, blocked existing or lack of water tables etc. This has led to an increasing amount of culvert replacements being required than had previously been planned for.
- **Water:** The location, age and condition of the water reticulation system at Kaingaroa is not well known, however, a significant proportion is likely to be nearing the end of its useful life. Whereas the water reticulation in Waitangi was installed in 2005 and is expected to have a remaining useful life exceeding 30 years.
- **Wastewater:** Components of the wastewater treatment plant at Waitangi are at or near the end of their useful life and now require significant repair or replacement. The land application system also needs remedial works to minimise localised ponding. Whereas the wastewater reticulation is expected to have a remaining useful life exceeding 30 years.
- **Solid waste:** Whilst not ageing per se, the new sanitary landfill will require ongoing capital expenditure as the capacity of a particular landfill cell is reached, requiring new landfill cells to be constructed and old cells to be capped off, as described further in the 'Identifying future needs of solid waste management and minimisation assets' section.

Principal responses

- **Roading:** Council will begin long-term planning for the replacement of key bridges with 10-20 years estimated life remaining. At this stage that would amount to early option identification of possible replacement alignments and/or replacement structures.
- Continue to conduct the biennial bridge inspection of all bridges and large culverts, to identify the key maintenance interventions required to extend the life of the structures.
- Complete resilience planning especially with Nairn Bridge and Te Awainanga Bridge to design temporary river crossings, in the unlikely event a bridge fails or is damaged by a natural disaster. This work will ensure that the contractor has a plan available to install a temporary river crossing (a series of culverts with a metal overlay) to restore connectivity for communities, which would be particularly important in the event of a natural disaster.
- The next NLTP period has targeted a significant change in programme for positive drainage asset renewal to reverse the historic trend, by requesting a budget of enhanced funding to construct much more positive drainage assets on-island. The intention is to improve the road surface by letting the surface runoff drain away more efficiently, increasing the life of road pavements and reducing the frequency of potholes which increase the wear and tear costs on vehicles.
- **Water:** Remedial works to the lake intake structure and renewal of critical sections of reticulation at Kaingaroa have been allowed for to protect public health and improve resilience
- **Wastewater:** Significant renewals at the wastewater treatment plant site have been allowed for to protect public health and minimise adverse environmental effects associated with the treated wastewater discharge.

Do nothing

- **Roading:** Not performing renewal or replacement to the older bridge structures could lead to structural failure of the bridge. Such a failure could put motorists' lives at risk, if failure occurred whilst a vehicle was passing over the bridge or had already failed without the approaching motorist being aware prior to crossing.
- Failure to perform smaller pieces of ongoing structural maintenance can lead to the bridge requiring replacement earlier than would have been anticipated, which is an increased, unexpected cost to Council.
- If failed culverts are not replaced, they may become blocked which creates a drainage problem and could saturate the adjacent pavement, requiring a more costly repair necessary to two asset classes rather than just one. If the larger culverts are not replaced, there is the possibility that a collapse could occur that creates a hole in the road. This creates a hazard for vehicles and could lead to vehicles running off-road by either hitting the hole or trying to avoid it.
- **Water:** The existing network at Kaingaroa poses public health risks associated with loss of water supply (due to excessive leakage and unsustainable abstraction of water from the lake) and potential ingress of harmful contaminants (due to breaks or backflow).
- **Wastewater:** Failure of the existing wastewater treatment plant equipment poses risk of failing to meet resource consent and associated risks of inadequately treated wastewater being discharged to land, localised ponding, and runoff to adjacent property.

IDENTIFYING FUTURE NEEDS OF SOLID WASTE MANAGEMENT AND MINIMISATION ASSETS

The solid waste management and minimisation work undertaken recently involved the construction of a new landfill, new transfer stations, and the procurements of plant and equipment. As the plant and equipment has been recently acquired, consideration for deterioration of these assets over time will need to be assessed given the environment of the islands.

Principal responses	Do nothing
<p>Future planning will be based on identified need based on waste management and minimisation activities. The sanitary landfill is intended to be implemented in a number of stages, with the commencement of each stage based on the available capacity within the landfill which is affected by the amount of waste being disposed of into the landfill each year; the density at which the waste is compacted when placed into the landfill; and the amount of soil material used to cover the waste to mitigate against nuisances.</p> <p>When each stage has an assessed capacity of less than two years remaining, the next stage will be constructed, subject to funding availability. When each stage has been filled, it will be capped off to help control storm water runoff and reduce leachate generation. A conservative estimate for the Owenga landfill will require construction to begin on a new stage in 2021; this will require a separate approach to the Ministry for the Environment to assist with funding requirements.</p>	<p>If no further work occurred, Council would not have a waste management and minimisation facility on-island and therefore have to ship all waste products off-island, at high cost to the Council. This may require specialist shipping suppliers and contracts with other councils in place to deal with the Islands' waste, the cost of freight may also be an issue (as noted in the 'Cost of freighting materials to/from the Islands' section).</p>

SUPPLY OF SUITABLE PAVEMENT MATERIALS AND OTHER LOCALLY SOURCED MATERIALS

- **Roading:** The existing quarries do not provide rock that fully complies with NZTA standards for basecourse. However, it is difficult to secure good sources of rock as landowners are hesitant to allow quarry development on their land, outside of existing quarries.
- At some point in the future the existing basalt rock quarries will either be exhausted of good rock seams, or accessing those seams may become uneconomical. Therefore, planning needs to begin soon to identify possible future quarry locations and enter into negotiations with landowners.

Principal responses	Do nothing
<ul style="list-style-type: none">• Roading: Geogrid (a geosynthetic material used to reinforce soils) is now being added within the sealed pavement layers to increase the structural strength of the pavement and ensure a longer asset life. This further increases the costs of road construction, but acts as an important layer to try and ensure longevity of the pavement.• With the maintenance contract awarded to Fulton Hogan in 2016, it is hoped that a clean slate approach can be applied to landowner negotiations over the associated royalty costs of possible future quarry locations.	<ul style="list-style-type: none">• Roading: Failure to try and secure future quarry sites may leave the Council in the position of freighting all necessary pavement materials to the Island at a hugely significant cost, which would restrict sealed pavement renewals to only very short sections. In the long-term this could mean that the ability to renew a pavement falls behind frequency of failures.

MAINTAINING EXISTING LEVELS OF ROAD SAFETY

- **Roading:** Road crashes are always a concern for community safety and wellbeing. Over recent years the number of serious injury crashes has remained relatively low compared to historic trends.
- With the planned improvements to drainage and pavements over the next 3-6 years, the level of service experienced by motorists should improve, which in turn could lead to increased travel speeds on the network. The risk is that the existing road alignments may not be suitable to such speeds, increasing the risk of an injury crash.

Principal responses

- **Roading:** To maintain the low injury crash trend, Council will continue to authorise the biennial road safety inspections conducted by Stantec, to identify safety deficiencies that need to be addressed to improve the level of safety for road users. The safety inspections provide a clear focus on safety issues, that include items which could otherwise be missed due to their being at the lower end of the scale i.e. missing edge marker posts, dirty signs etc.
- Road safety promotion on the Island occurs via a local council coordinator. This has been very successful, with the Weka themed campaign striking a cord with local residents, and particularly with school-aged children, who will hopefully carry good road safety knowledge with them as they grow older.

Do nothing

- **Roading:** Failure to conduct the biennial road safety inspection may lead to necessary improvements not being identified, if left solely to Stantec identifying items on their quarterly visits. The intention of those visits is typically wide reaching over numerous pieces of work. Missed safety issues could in turn result in an injury crash if not identified in a timely manner.



MAINTAINING EXISTING LEVELS OF SERVICE AND DISPARITY OF SERVICE TO MAINLAND NEW ZEALAND

- **Water:** Council is required to provide a sustainable potable water supply that meets current drinking water standards. Demand from Waitangi is at or near the sustainable yield of the Tikitiki bore and, if 'secure' bore status is abolished in the future, the existing Waitangi treatment plant will not meet the current drinking water standards. Council is deemed to be taking "all practicable steps" to comply with current standards at Kaingaroa, but if this exception is removed from the Health Act in the future, the existing Kaingaroa treatment plant will also not meet the current standards. All other residents on the Island operate on rainwater collection and/or private bores and, if this is not sufficient (eg during extended dry periods), top up their supply from Council's public water tank in Waitangi.
- **Wastewater:** The treated wastewater discharge from Waitangi wastewater plant is required to comply with the resource consent (or Council's Resource Management Document). Remedial work is required for the existing plant to continue to achieve the required discharge limits.
- **Solid waste:** Because of the small size of the settlements on-island, there is no formal waste collection service. Residents are required to take their wastes to the transfer stations or landfill at Te One. This means, there have been a number of 'unofficial' waste sites created on-island, which are unlikely to meet waste management standards. Creating transfer stations that are easy to use, will hopefully encourage patronage.
- In addition, the type of wastes that needs to be dealt with on-island are somewhat unique, and presents challenges on the Chatham Islands. For instance, the amount of cardboard that needs to be disposed of is high because many goods are brought to the Islands in cardboard boxes.
- The quantities of waste are low compared to other local authorities, which means that there are very minor quantities of some wastes that need disposal, such as hazardous wastes, which need to be transported to mainland New Zealand. The cost of doing so is very much higher than elsewhere in mainland New Zealand (as noted in the 'Cost of freighting materials to/from the Islands' section).
- Other differences in the Chatham Islands compared to mainland New Zealand solid waste management and minimisation services include:
 - Potential issues with storing quantities of recovered resources and hazardous wastes because of the unavailability of shipping;
 - The high cost of transporting such wastes and diverted materials to disposal outlets/markets;
 - The dependence on support from mainland New Zealand, to process recyclables received from the Chatham Islands;
 - Lack of options for disposal or re-use of some diverted materials such as glass.

Principal responses

- **Water:** A significant upgrade to Waitangi water supply and extension to Te One has been allowed for which will address future compliance. An upgrade to Kaingaroa water supply and provision of additional rainwater collection tanks at Owenga have also been allowed for to protect public health and improve resilience.
- **Wastewater:** Significant renewals at the wastewater treatment plant site have been allowed for to protect public health and minimise adverse environmental effects associated with the treated wastewater discharge.
- **Solid waste:** Future work programmes are dependent on funding being made available to implement subsequent developmental stages. If funding is not made available, works are delayed, increasing the disparity in services offered on-island and focusing on stop-gap solutions. A creative approach, including developing waste management and minimisation solutions with other councils, is required to address a number of these issues.

Do nothing

- **Water:** Failure to upgrade the water supplies poses the risks of the Tikitiki bore running dry and microbiological contaminants being present within the water supplied to Waitangi or Kaingaroa.
- **Wastewater:** The existing wastewater treatment plant poses risks associated with inadequately treated wastewater being discharged to land, localised ponding, and runoff to adjacent property.
- **Solid waste:** Over time the discrepancy in services between the Chatham Islands and mainland New Zealand will increase, likely increasing the number of 'unofficial' disposal sites on-island. Such waste management approaches may result in a number of unintended environmental consequences.

PREDICTED EFFECTS OF CLIMATE CHANGE

- **Roading:** As with all road controlling authorities, the threat that climate change poses to infrastructure cannot be ignored. Council has a minimal number of roads situated at or just above sea level along coastlines, which would be of a concern with rising sea levels. The main area of concern is Waitangi, where the combination of higher sea levels and a severe storm could adversely affect the road connecting Waitangi wharf. Most other roads on the Island are well above sea level or are inland.
- Climate change is likely to mean that an increasing number of severe storms will occur, which would put more pressure on drainage and bridge assets to cater for the larger volumes of water passing through. For bridges and large culverts this could amount to large debris such as trees being carried downstream and hitting the structure, potentially causing significant damage.
- **Water and wastewater:** Climate change may result in change in rainfall patterns with extended periods of little or no recharge of raw water aquifers/lakes (i.e. drought) and more frequent storms with increased peak flows to wastewater system, disruption to power supply, and damage to low-lying water and wastewater assets.

Principal responses	Do nothing
<ul style="list-style-type: none"> • Roading: The long-term requirement is to monitor the integrity of the sea walls in Waitangi, to ensure that no degradation is occurring and to intervene with maintenance as required. • Larger climate change factors may need to be applied to culvert sizing calculations than are already adopted. In terms of maintenance, key structures may need to have their upstream channels reviewed for large trees that might be susceptible to falling into the watercourse in a significant weather event. • Water: The Waitangi upgrade will provide greater resilience in the water supply with more storage, less reliance on power, and ability to use the Tikitiki bore in an emergency. Extension of the lake intake structure into deeper water at Kaingaroa and provision of additional rainwater collection tanks at Owenga will also improve resilience during extended dry periods. • Wastewater: A minor allowance has been allowed for protection works around low-lying assets in this Long-Term Plan. Bypasses and other mechanisms will be considered to minimise cost of accommodating increased storm flows. 	<ul style="list-style-type: none"> • Roading: If the sea walls supporting the road towards Waitangi wharf were to fail and cut off access to the wharf, it would have major implications for the Island. The delivery of imported and exported goods would be put at risk, which would have significant financial implications for the community. • Water: If Waitangi were to run out of a reliable source of potable water, it would be devastating for the Island. The community and local industry would be reliant on rainwater (but most properties no longer have an on-site tank) and bottled water imported from the mainland New Zealand until an alternative supply was established. • Wastewater: If the primary pump station that transfers wastewater to the treatment plant was damaged, raw wastewater would discharge directly into Waitangi harbour (either through leakage or overflow).

COST OF FREIGHTING MATERIALS TO/FROM THE ISLANDS

- Currently only one shipping company operates between mainland New Zealand and the Chatham Islands resulting in a lack of competition on freight charges.
- With the new Waitangi wharf completed, it is possible that other companies may be encouraged to include the Chatham Islands in their shipping network.

Principal responses	Do nothing
<ul style="list-style-type: none"> • Council will encourage additional shipping companies to travel to the Island to ensure freight pricing remains reasonable. 	<ul style="list-style-type: none"> • No change in the status quo.

LIMITED POPULATION GROWTH AND AGEING POPULATION	
<ul style="list-style-type: none"> Currently there is limited (or declining) population growth with minimal economic growth, which means the rating base to fund capital upgrades will remain static. In addition, the population is ageing, which will provide challenges and opportunities for infrastructure networks, particularly for roading and footpaths. 	
Principal responses	Do nothing
<ul style="list-style-type: none"> Seek external funding from Central Government to fund all or the majority of capital renewals and upgrades. 	<ul style="list-style-type: none"> No change in the status quo.

Availability of funding

Council is reliant on external funding from Central Government Agencies to support on-island projects.

Due to a small rateable base and the high dependence on Government Agency funding for any capital project, it is difficult to forecast a feasible works programme of major capital projects and coinciding timeframes. However, the list below are the projects that Council has identified as critical works and will be prioritised for funding:

- Waikato Bridge replacement 2018
- Subsequent bridge replacements every three to four years thereafter
- Waitangi water supply upgrade and extension to Te One

Opening balances

The following table assumes all planned operational spending in the 2017/18 budget goes ahead. If planned capital spending is delayed, there will be a variance in the opening balances, with spending deferred until later in 2018/19 and beyond.

RESERVE	OPENING BALANCE 1 JULY 2018	INCREASES	DECREASES	CLOSING BALANCE 30 JUNE 2028
General Funds Annual Crown contribution to fund future development	19,041	7,588	(391)	26,238
Emergency Services Reserve Funds are set aside for emergency events such as natural disasters	250	-	-	250
Mayoral Relief Reserve Funds are set aside for emergency relief	25	-	-	25
Te Whanga Funds are set aside for the opening of Te Whanga (lagoon)	(3)	-	-	(3)
Burial Register Reserve The Burial Register Reserve is a fund to provide for the mapping of burial sites in the Chatham Islands with a view to accurately documenting these historic sites of significance in a register	31	-	-	31
Asset Revaluation Reserve Reserves generated by revaluations in property, plant and equipment and other assets	42,331	11,333	-	53,664
Total Equity	61,676	18,921	(391)	80,206

30-year projections for infrastructure work

Financial estimates of the projected capital and operating expenditure are disclosed in the following tables.

Capital expenditure: to improve the level of service	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028-33	2033-38	2038-43	2043-48
Roading	1,287	105	869	403	231	1,009	439	251	1,029	475	3,731	4,346	5,063	5,898
Solid waste	710	-	-	-	-	-	-	-	-	-	-	-	-	-
Water	-	3,070	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,997	3,175	869	403	231	1,009	439	251	1,029	475	3,731	4,346	5,063	5,898

Capital expenditure: to replace existing assets	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028-33	2033-38	2038-43	2043-48
Roading	2,209	2,483	1,713	2,060	2,044	2,170	1,954	2,094	2,043	1,758	11,672	13,597	15,839	18,451
Sewerage	-	238	112	-	-	-	103	-	-	-	1,274	-	-	-
Solid waste	-	-	658	-	48	-	-	-	-	-	1,173	1,447	2,010	2,551
Water	-	314	163	115	36	37	38	40	41	43	-	-	-	-
Total	2,209	3,035	2,645	2,175	2,127	2,207	2,095	2,134	2,085	1,802	14,118	15,044	17,849	21,003

Total Capital expenditure	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028-33	2033-38	2038-43	2043-48
Roading	3,496	2,589	2,582	2,463	2,274	3,179	2,393	2,345	3,072	2,233	15,403	17,943	20,902	24,349
Sewerage	-	238	112	-	-	-	103	-	-	-	1,274	-	-	-
Solid waste	710	-	658	-	48	-	-	-	-	-	1,173	1,447	2,010	2,551
Water	-	3,384	163	115	36	37	38	40	41	43	-	-	-	-
Total	4,206	6,210	3,514	2,578	2,358	3,216	2,534	2,385	3,114	2,276	17,849	19,390	22,911	26,900

Operational Expenditure	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028-33	2033-38	2038-43	2043-48
Roading	1,504	1,576	1,597	1,637	1,713	1,745	1,785	1,863	1,894	1,934	10,742	12,513	14,577	16,981
Sewerage	94	97	100	103	106	110	113	117	121	126	687	804	942	1,102
Solid waste	356	367	377	389	401	413	427	441	456	471	2,572	2,996	3,490	4,066
Water	248	257	266	275	285	296	307	319	331	345	1,871	2,190	2,563	3,000
Total	2,202	2,297	2,340	2,404	2,505	2,564	2,632	2,740	2,802	2,876	15,871	18,503	21,572	25,149

Our financial and funding considerations

Central Government funding

Central Government funding comprises 88% of Council's total funding. Therefore, the continued financial viability of Council is dependent on continued funding from Central Government. As detailed in the availability of funding assumption, we assume sufficient funding will be available from external sources, to ensure Council meets minimal legislated levels of service and supports the funding of network asset construction.

Achieving the roading network budgets outlined is heavily reliant on continued funding assistance from the NZ Transport Agency (NZTA), who have set the Funding Assistance Rate (FAR) at 88% of total roading expenditure. The difference between roading expenditure and NZTA funding is (on average over ten years) \$507,000 per annum and this shortfall is not covered by roading rates. It was expected that the difference would be supported from an increased annual Crown contribution. However, Council was not successful in its application for additional Crown funding for the 2018/19 year, but an application will be made in 2019/20 for additional support going forward.

Historically, the Crown has agreed to provide the Council with an annual Crown contribution to meet our statutory obligations as a council with both regional and district functions. The financial assistance package, based on previous assistance, is for \$3.2 million per annum including our waste management programme; this is the confirmed level of support for 2018/19. Budgeted operating requirements exceed the status quo Crown contribution, therefore additional support is required to fund the NZ Transport Agency shortfall and new items of expenditure, such as rent on the new Council office. This means Council will need to prioritise infrastructure projects. An application for additional Crown funding will be made in 2019/20 for additional support going forward, but there is no certainty as to whether the difference will be funded; we have assumed the level of assistance will be sufficient to assist in repayment of our proposed infrastructural projects.

As the confirmed level of assistance from the annual Crown contribution is below Council's expectation, levels of service will need to be reassessed. This may mean works specified in the asset management plans or identified as a community need based on public consultation may not be undertaken, or operating services may reduce.

Rates

Rate income equates to approximately 6% of Council's total funding. Individually, rate levels are comparable to other rural councils. The low level of rates to fund Council operating activities is unusual for a council and arises because Chatham Islands Council has the lowest number of rateable units of any council in New Zealand. Council does not have the population base to sustain its operating requirements, therefore Council is reliant on external funding to support its operating activities.

Limits on rate increases

Given the ratepayer base, it is impossible for Council to operate in a self-sufficient manner and is therefore reliant on assistance from Central Government. It is considered that an increase in rates above the Consumer Price Index (CPI) would place an unreasonable burden on Chatham Islands ratepayers, and therefore rate increases are limited to the rate of inflation. As the majority of Council's income is by way of funding from Central Government Agencies, movement in rate receipts is considered to have a minimal impact and will not significantly influence project costs. However, Council aims for total rates revenue to not exceed 7% of total revenue.

Rates are charged based on the Capital Value of a ratepayer's property and for the Council services utilised by the ratepayer. Consequently, actual rates charged may vary between various rating properties and each rating year. For more detail, refer to Council's revenue and financing policy, in Part C of this document.

Council dues

Council dues are a levy on goods imported to and exported from the Chatham Islands and represents 3% of total funding. Chatham Islands Council is the only council with the authority to charge such a tax.

Other funding

Other funding represents 3% of total funding and is made up of a number of miscellaneous funding streams including user-pays income.

Funding impact on our level of service demands

Council's focus is to invest in infrastructure to meet community outcomes and maintain these assets accordingly. Council does not have the resources to sustain significant debt levels without assistance and therefore is reliant on external support to meet these standards.

The current financial assistance package does not provide cover for the use of our assets over time (depreciation) and therefore where an improvement or replacement of our infrastructure is required, we have no available funds set aside for such work, requiring a separate approach to Central Government to support the development.

In recent times, where development is required to increase levels of service such as legislation setting higher standards of service, Council has been able to source funds to meet the revised requirements; albeit with a transitional period of non-compliance. Assuming appropriate funding is provided, it is considered that Council has the ability to maintain existing levels of service and meet any additional standards. If funding cannot be sourced, projects will be deferred until appropriate funding can be found. This may mean minimal best practice standards may not be met within the prescribed timeframes.

The limits set on rates, rating increases and borrowing levels are unlikely to have an impact on Council's ability to meet existing levels of service or any additional demands, as reliance is placed on other funding, such as Central Government support to meet service demands.

Balanced budget

Council was not successful in its application for additional Crown funding for the 2018/19 year. Consequently, the majority of proposed capital expenditure (excluding roading) has been deferred by one year to 2019/20. In addition, Council will use cash reserves to fund any capital development shortfalls. An application for additional Crown funding will be made in 2019/20 for additional support going forward. If unsuccessful, Council does not have the ability to fund any shortfall on an ongoing basis.

Council assumes future annual Crown contribution funding will be provided at a higher rate for 2019/20 onward, covering the NZ Transport Agency funding shortfall and any new items of expenditure (such as rent on the new Council building and assistance with debt repayments for its investment fund). The inflationary rate applied to future annual Crown contributions is less than the level of adjustment for future expenditure elements, therefore, the recognised surplus decreases over time. A future review for the annual Crown contribution is expected in 2020/21, and it is expected that funding will be adjusted to respond to Council's needs. For these reasons, any reserve use is considered to be prudent. Council expects to achieve surpluses in all years (prior to revaluation adjustments) except 2027/28; which is after the 2020/21 contribution review and therefore Council considers in these instances the unbalanced budget to be prudent.

Our liability management

Cash resources will be drawn down for the procurement or improvement of assets, where external sources cannot be found. In extraordinary circumstances, it may be required to fund operating activities in the short term. Council considers borrowing should ensure intergenerational equity and smooth funding demands; it may enter into any new borrowing arrangements over the ten-year period of this Long-Term Plan if external funding assistance with repaying borrowings can be obtained.

The primary instrument for Council borrowing will be through membership of the Local Government Funding Agency (LGFA). Security for any borrowing would be by way of a charge over its rates and Council dues or by mortgage over the property being purchased or upgraded. Council does not utilise internal borrowing.

Council's limits on borrowing are outlined in its liability management policy (see Part C of this document) and is summarised in the following table:

Ratio	Limit	Average ratio across 10 years
Interest Expense/ Operating Revenue	20%	1.2%
Net Debt/ Operating Revenue	2	0.29

Additional information on Council's financial investments and liability management can be found in the liability management policy, in Part C of this document.

Our financial investments

Council endeavours to ensure the continuance of a banking facility on the Chatham Islands. Consequently, Council's primary investment strategy is to invest any available funds with ANZ Bank, the only registered banking facility on the Islands. With the exception of investing funds at the best available negotiated rate with ANZ Bank, there are no targets for returns on these investments.

A consequence of this investment strategy is that Council may forgo a higher interest rate available with other banks off-island, to ensure a banking facility is available on-island.

Council is reliant on external funding to meet operating and capital requirements. This reliance, coupled with the asset upgrade programme, means that over the term of the Long-Term Plan, Council is likely to remain in debt and is unlikely to hold any long-term cash or other investments.

Council has no equity investments and does not usually invest in equity (shares). Investments in the New Zealand Government and territorial local authority securities are limited to 40% of total investments.

Council's objectives in holding and managing financial investments include:

- Providing certainty in relation to interest costs, and avoiding large adverse impacts on annual rates arising from interest rate rises
- Managing investments to take advantage of ANZ's on-island banking facilities.

Independent auditor's report

To the reader:

Independent auditor's report on Chatham Islands Council's 2018-2028 Long-Term Plan

I am the Auditor General's appointed auditor for Chatham Islands Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long-Term Plan (the Plan). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 28 June 2018.

Opinion

In my opinion:

- the Plan provides a reasonable basis for:
 - long-term, integrated decision-making and coordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the Plan are reasonable; and
- the disclosures on pages 48 and 49 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the Plan.

This opinion does not provide assurance that the forecasts in the Plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the Plan.

Emphasis of matter - Uncertainties over Central Government funding support

Without modifying our opinion, we draw your attention to the disclosures on pages 5 and 24 of the Plan, which states that the Council relies significantly on Central Government funding support to continue to operate and provide services to its community. This funding support is negotiated periodically. The Council is also borrowing externally to fund some capital expenditure. The total amount of borrowings including bank overdraft is forecast to reach a peak of \$4.2 million in 2020/21, reducing to \$1.3 million in 2027/28.

The Plan has been prepared on the basis that sufficient support will be obtained from Central Government to fund planned operating and capital expenditure. We draw your attention to these matters because any significant reduction in funding support from the forecast levels could affect rates, debt, investments, borrowings, expenditure or levels of service over the ten year period of the Plan.

We consider the Council's disclosures about these matters to be adequate.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the Plan and the application of its policies and strategies to the forecast information in the Plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the Plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the information in the Plan is based on materially complete and reliable information;

- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the Plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the Plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the Plan.

We did not evaluate the security and controls over the electronic publication of the Plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the Plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on the Plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the Plan's policy content.

Independence

In carrying out our work, we complied with the Auditor General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council.



Julian Tan
Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand

Accounting policies

Reporting entity

Chatham Islands Council is a local authority under the Chatham Islands Council Act 1995 and the Local Government Act 2002.

The primary objective of Chatham Islands Council is to provide goods or services for the community or social benefit rather than to make a financial return. Accordingly, for the purposes of financial reporting, Chatham Islands Council is a public benefit entity.

The prospective financial statements of Chatham Islands Council are for the period 1 July 2018 to 30 June 2028. They were authorised for issue by Chatham Islands Council on 28 June 2018, the proposed financial information is not subject to amendment. The accounting policies have been applied consistently to all periods presented in these prospective financial statements.

Chatham Islands Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Basis of preparation

The prospective financial statements are prepared in accordance with the Local Government Act 2002, which requires information to be prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable financial reporting standards, as appropriate for public benefit entities. The financial statements have been prepared in accordance with Tier 2 PBE accounting standards.

Council has adopted the going concern assumption on the basis that it will continue to receive operational funding from Central Government in order to fulfil its required regional and territorial local Government responsibilities.

Measurement base

The prospective financial statements have been prepared on an historical cost basis, modified by the revaluation of certain infrastructural assets.

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand (\$000). The functional currency of Chatham Islands Council is New Zealand dollars.

Financial assumptions, judgements and estimations

These prospective financial statements have been prepared in compliance with PBE IPSAS, specifically PBE FRS 42 Prospective Financial Statements. The purpose of these prospective financial statements is to: contain the proposed annual budget and funding impact statement for the year to which the Annual Plan relates; identify any variation from the financial statements and funding impact statement included in the local authority's Long-Term Plan in respect of the year; provide integrated decision-making and coordination of the resources of the local authority; and contribute to the accountability of the local authority to the community. The information in these statements may not be appropriate for purposes other than those described.

The financial statements have been prepared using judgements, estimates and assumptions from management. These estimates and the associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Actual results are likely to differ from those estimates and the variations may be material. The estimates and underlying assumptions are reviewed on an ongoing basis. Details on significant assumptions are disclosed as part of the assumptions disclosure in this document.

Significant risks considered when preparing the budget

A number of risks have been considered in the preparation of the budget information. They are outlined in the 'Financial assumptions' section in Part B of this document. The prospective financial statements have been prepared in accordance with Council's accounting policies.

The following accounting policies, which materially affect the measurement of results and financial position, have been applied.

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. The recognition criteria for specific revenue items are described below:

- Rates revenue is recognised when it is levied. General rates and targeted rates are non-exchange transactions
- The NZ Transport Agency (NZTA) roading subsidies are recognised when the conditions pertaining to eligible expenditure have been fulfilled. These subsidies and grants are non-exchange transactions
- Government assistance and grants are recognised when eligibility is established. Grants are non-exchange transactions
- Other grants and bequests are recognised when control over the asset is obtained. Grants are non-exchange transactions.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Chatham Islands Council does not have any finance leases.

Taxation

Chatham Islands Council is a public authority and consequently is exempt from the payment of income tax, except for income derived from Council controlled organisations.

Goods and services tax

All amounts in the financial statements are exclusive of GST, except for debtors and creditors, which are shown inclusive of GST. The net amount of GST recoverable from or payable to the Inland Revenue is included as part of receivables or payables in the statement of financial position.

The net amount of GST paid to or received from the Inland Revenue, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other receivables

Trade and other receivables are measured at cost, less any provision for impairment.

A provision for impairment is established when there is evidence that the Council will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of the amounts expected to be collected.

Other financial assets

Cash investments include investments in bank with maturities exceeding three months. They are initially measured at the amount invested, adjusted for interest received. Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council have transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- Fair value through surplus or deficit
- Loans and receivables
- Held-to-maturity investments
- Fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial assets at fair value through surplus or deficit

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

Property, plant and equipment

The initial or subsequent cost of an item of property, plant and equipment is recognised as an asset where it is probable that future economic benefits or service potential will flow to the Council. Costs that do not meet these

criteria are expensed. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially recognised at fair value.

Work in progress is recognised at cost less impairment and is not depreciated.

Asset classes that are revalued are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. The valuation cycle for revalued asset classes is normally five years. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation, this balance is expensed in the statement of comprehensive revenue and expense.

The Council has the following classes of assets:

Operational assets

Land and buildings were valued at deemed cost by way of Government Valuation, as at 1 July 1989. Subsequent additions are valued at cost. All other operational assets are valued at cost less accumulated depreciation.

Infrastructure assets

Roading: Roading assets (excluding land under roads) were revalued by MWH Ltd (Registered Engineers) at depreciated replacement cost, as at 30 June 2013. Subsequent additions are included at cost. Land under roads is recorded at cost and is not depreciated.

Storm water and sewerage reticulation: The reticulation systems were valued by MWH Ltd (Registered Engineers) as at 30 June 2014. The valuation provided is depreciated replacement cost. Subsequent additions are included at cost.

Solid waste: Solid waste assets are new and will be revalued as part of the next asset revaluation, scheduled for 30 June 2018 unless necessary to review prior.

Water: The reticulation systems were valued by MWH Ltd at depreciated replacement cost as at 30 June 2014. Subsequent additions are included at cost.

Harbour: Harbour assets were valued by MWH Ltd at depreciated replacement cost as at 30 June 2013. Subsequent additions are included at cost.

Depreciation

Depreciation is provided on a straight-line basis on all assets. Rates are calculated to allocate the asset's cost or valuation less estimated residual value over their estimated useful life, as follows.

Asset	Years
Operational assets	
Vehicles	5–10 years
Furniture/fittings	5–10 years
Buildings	25–50 years
Office equipment	5 years
Parks and reserves	25 years
Solid waste	25 years
Infrastructure assets	
Roading	
Top surface (seal)	10 years
Pavement (base course) Sealed	66 years
Pavement (base course) Unsealed	Not depreciated
Pavement Unsealed (wearing course)	5 years
Sub-base and formation	Not depreciated
Culverts	75–100 years
Footpaths and kerbs	60 years
Signs	25 years
Street lights	50 years
Retaining walls	50 years
Bridges	30–50 years
Water reticulation	
Pipes, valves, hydrants	25 years
Pump stations	5–25 years
Tanks	80 years
Sewerage reticulation	
Pipes	80 years
Manholes	60 years
Sand filter	26 years

Asset	Years
Storm water system	
Pipes	40–60 years
Harbour	
Owenga Wharf	50 years

Intangible assets

Intangible assets are primarily the costs associated with acquiring computer software, which is valued at cost less accumulated amortisation.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows.

Asset	Years
Computer software	5 years

Impairment of property, plant and equipment and intangible assets

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of comprehensive revenue and expense.

Trade and other payables

Short-term payables are recorded at their face value.

Employee benefit liabilities

Provision has been made in respect of the Council's liability for annual leave, at balance date. This has been calculated on an actual entitlement basis. Chatham Islands Council recognises a liability for sick leave measured as the amount of unused entitlement accumulated at balance date that the entity anticipates employees will use in future periods in excess of the days they are entitled to.

Provisions

Chatham Islands Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event; in such cases, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the future expected expenditure.

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Public equity

Equity is the community's interest in Chatham Islands Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves. The components of equity are:

- Retained earnings
- Restricted reserves
- Asset revaluation reserves.

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Chatham Islands Council. Restricted reserves are those subject to specific conditions accepted as binding by Chatham Islands Council and that may not be revised by Chatham Islands Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Financial statements

Statement of Comprehensive Revenue and Expense

	Actual 2016/17 (\$000)	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Revenue												
General Rates	285	287	292	297	301	307	312	317	323	329	335	342
Targeted Rates	263	288	256	260	264	268	274	279	283	289	295	301
Grants & Subsidies	7,668	8,033	7,921	8,059	9,888	8,250	8,249	9,308	8,544	8,650	9,584	8,768
Council Dues	336	290	275	279	283	288	293	298	304	310	316	322
User Pays, Fees & Charges and Other Income	198	158	221	222	227	226	231	233	240	244	249	252
Interest	126	184	18	18	18	19	20	23	25	29	35	42
Total Revenue	8,876	9,240	8,983	9,135	10,981	9,358	9,379	10,458	9,719	9,851	10,814	10,027
Expenditure												
Depreciation and Amortisation	1,570	1,854	2,080	2,239	2,339	2,341	2,324	2,502	2,594	2,656	2,701	2,824
Employment Benefits	1,233	887	882	912	929	955	989	1,011	1,041	1,080	1,105	1,139
Financial Costs	25	23	19	106	180	187	171	151	135	113	91	69
Other Expenditure	5,270	4,644	4,633	4,977	5,196	5,249	5,477	5,699	5,770	5,992	6,262	6,387
Total Expenditure	8,098	7,408	7,614	8,234	8,644	8,732	8,961	9,363	9,540	9,841	10,160	10,418
Total Surplus/Deficit	778	1,832	1,370	901	2,337	626	418	1,094	178	10	654	(391)
Comprehensive Income												
Increase/decrease in Revaluation Reserve	-	-	-	-	-	-	4,797	-	-	-	-	6,536
Total Other Comprehensive Income	-	-	-	-	-	-	4,797	-	-	-	-	6,536
Total Comprehensive Income	778	1,832	1,370	901	2,337	626	5,215	1,094	178	10	654	6,145

Statement of Changes in Net Assets/Equity

	Actual 2016/17 (\$000)	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Equity at the start of the year	57,595	61,491	61,676	63,046	63,947	66,283	66,910	72,125	73,219	73,397	73,407	74,061
Total comprehensive income	778	1,832	1,370	901	2,337	626	5,215	1,094	178	10	654	6,145
Equity at the end of the year	58,373	63,323	63,046	63,947	66,283	66,910	72,125	73,219	73,397	73,407	74,061	80,206

Statement of Financial Position

	Actual 2016/17 (\$000)	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Current Assets												
Cash & Cash Equivalents	1,550	23	-	-	-	-	-	-	-	-	-	-
Funds Held in Trust	70	72	25	10	-	-	-	-	-	-	-	-
Current Trade And Other Receivables	889	516	900	915	1,100	937	939	1,047	973	987	1,083	1,004
Total Current Assets	2,509	611	925	925	1,100	937	939	1,047	973	987	1,083	1,004
Non-Current Assets												
Non-Current Trade And Other Receivables	72	137	78	56	33	13	1	-	-	-	-	-
Intangible Assets	-	3	-	-	-	-	-	-	-	-	-	-
Property, Plant & Equipment	58,816	63,666	64,050	68,307	71,232	71,470	76,301	77,014	76,954	76,682	77,095	83,083
Total Non-Current Assets	58,888	63,806	64,128	68,363	71,266	71,482	76,301	77,014	76,954	76,682	77,095	83,083
Total Assets	61,397	64,417	65,052	69,288	72,365	72,419	77,241	78,062	77,927	77,669	78,178	84,087
Current Liabilities												
Bank Overdraft	241	-	386	217	376	96	42	180	236	448	785	1,066
Trade & Other Payables	2,144	614	1,004	1,086	1,140	1,152	1,182	1,235	1,259	1,298	1,340	1,375
Employee Entitlements	90	-	64	67	68	70	72	74	76	79	81	83
Provision For Pitt Island Barge Society	25	65	20	20	20	20	20	20	20	20	20	20
Current Portion Of Provision - Landfill	121	50	25	-	-	-	-	-	-	-	-	-
Current Portion Of Term Liabilities	61	62	62	381	478	505	526	548	584	586	615	580
Total Current Liabilities	2,683	791	1,562	1,771	2,082	1,843	1,842	2,057	2,174	2,431	2,841	3,124
Non-Current Liabilities												
Provision - Non-Current	25	-	-	-	-	-	-	-	-	-	-	-
Term Liabilities	316	303	444	3,570	4,000	3,667	3,274	2,786	2,356	1,831	1,275	758
Total Non-Current Liabilities	341	303	444	3,570	4,000	3,667	3,274	2,786	2,356	1,831	1,275	758
Total Liabilities	3,024	1,094	2,007	5,341	6,082	5,510	5,116	4,843	4,530	4,262	4,116	3,881
Net Assets	58,373	63,323	63,046	63,947	66,283	66,910	72,125	73,219	73,397	73,407	74,061	80,206
Public Equity												
Accumulated Funds & Reserves	58,373	63,323	63,046	63,947	66,283	66,910	72,125	73,219	73,397	73,407	74,061	80,206
Total Public Equity	58,373	63,323	63,046	63,947	66,283	66,910	72,125	73,219	73,397	73,407	74,061	80,206

Statement of Cash Flows

	Actual 2016/17 (\$000)	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Cash flow from operating activities												
Receipts from rates revenue	538	574	553	556	564	574	584	594	605	616	628	641
Receipts from Council Dues	351	289	279	278	282	287	292	297	302	308	314	320
Receipts from grants and subsidies	7,668	8,014	7,939	8,046	9,705	8,416	8,250	9,202	8,621	8,640	9,491	8,851
Interest received	126	72	18	18	18	19	20	23	25	29	35	42
Receipts from other revenue	85	260	243	243	250	246	243	234	240	244	249	252
Cash provided from operating activities	8,767	9,208	9,031	9,141	10,819	9,541	9,389	10,350	9,793	9,838	10,717	10,106
Payments made to employees	(1,204)	(885)	(882)	(910)	(928)	(953)	(987)	(1,009)	(1,039)	(1,077)	(1,103)	(1,137)
Interest paid	(25)	(23)	(19)	(106)	(180)	(187)	(171)	(151)	(135)	(113)	(91)	(69)
Other payments to suppliers	(5,061)	(4,632)	(4,631)	(4,920)	(5,142)	(5,237)	(5,447)	(5,646)	(5,747)	(5,952)	(6,220)	(6,353)
Cash required for operating activities	(6,290)	(5,540)	(5,532)	(5,936)	(6,250)	(6,377)	(6,604)	(6,807)	(6,920)	(7,142)	(7,414)	(7,558)
Net Cash Flow from Operating Activities	2,478	3,668	3,500	3,205	4,569	3,164	2,784	3,544	2,872	2,695	3,303	2,548
Cash flow from investing activities												
Purchase of fixed assets	(2,521)	(3,650)	(4,406)	(6,495)	(5,264)	(2,578)	(2,358)	(3,216)	(2,534)	(2,385)	(3,114)	(2,276)
Sale (purchase) of other assets	(1,467)	(1,076)	38	-	-	-	-	-	-	-	-	-
Net cash flow from investing activities	(3,988)	(4,726)	(4,368)	(6,495)	(5,264)	(2,578)	(2,358)	(3,216)	(2,534)	(2,385)	(3,114)	(2,276)
Cash flow from financial activities												
Loans raised	-	-	200	3,622	1,149	115	36	37	141	40	41	43
Repayment of loans	(47)	(66)	(8)	(178)	(623)	(420)	(409)	(502)	(535)	(562)	(568)	(596)
Net cash flow from financial activities	(47)	(66)	192	3,444	526	(305)	(373)	(465)	(394)	(522)	(527)	(553)
Increase/(decrease) in cash held	(1,557)	(1,123)	(677)	154	(169)	281	54	(138)	(56)	(212)	(337)	(281)
Opening cash balance	1,469	1,218	316	(361)	(207)	(376)	(96)	(42)	(180)	(236)	(448)	(785)
Closing cash balance	(88)	95	(361)	(207)	(376)	(96)	(42)	(180)	(236)	(448)	(785)	(1,066)

Prudence graphs

Long-Term Plan disclosure statement for the period commencing 1 July 2018

Purpose

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks, enabling assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

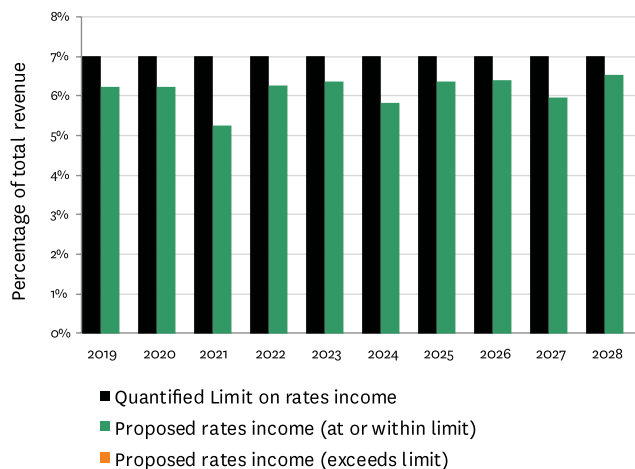
The Council is required to include this statement in its Long-Term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of the terms used in this statement.

Rates affordability benchmark

The Council meets the rates affordability benchmark if its planned rates income equals or is less than each quantified limit on rates; and its planned rates increases equal or are less than each quantified limit on rates increases.

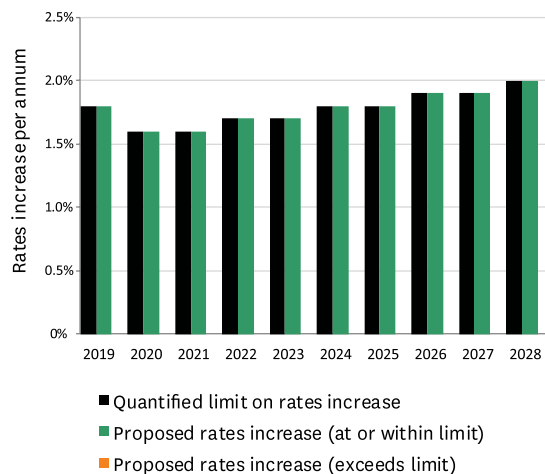
Rates (income) affordability

The following graph compares the Council's planned rates income with a quantified limit on rates contained in the financial strategy included in this Long-Term Plan. The quantified limit is 7% of total revenue.



Rates (increases) affordability

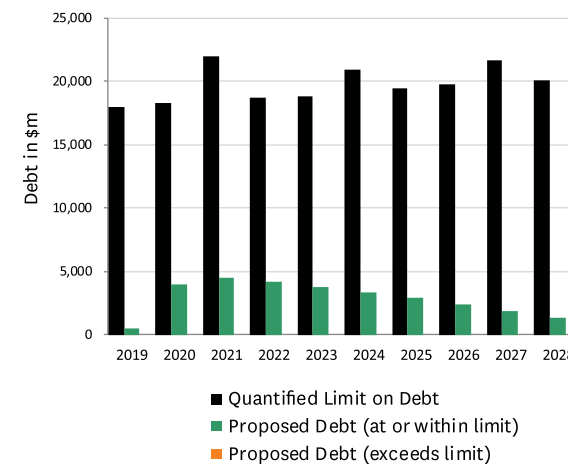
The following graph compares the Council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this Long-Term Plan. The quantified limit on rates increases is CPI.



Debt affordability benchmark

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graph compares the Council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this Long-Term Plan. The quantified limit is 200% of total revenue.



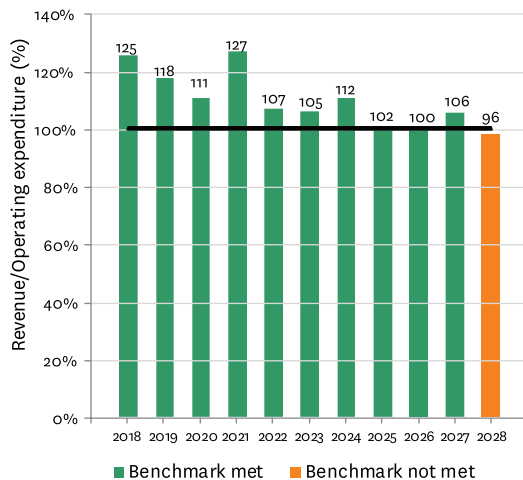
Council controlled organisation

Chatham Islands Council has one dormant Council controlled organisation; this is the Chatham Islands Housing Trust. The purpose of the Chatham Islands Housing Trust is to achieve affordable and quality social housing for the people of the Chatham Islands so that community wellbeing is enhanced. The Trust has three main objectives: to provide and facilitate the establishment of suitable housing for people of the Chatham Islands who are in social or economic need; to facilitate housing repairs for existing houses where the health and safety of residents are threatened and to enable such houses to meet all legal requirements; and to facilitate housing loans for potential home buyers.

The Council has exempted the Trust from reporting under section 7 of the Local Government Act 2002. Due to the size of the Trust, there are no performance targets or other measures by which the Council will judge the Trust's performance.

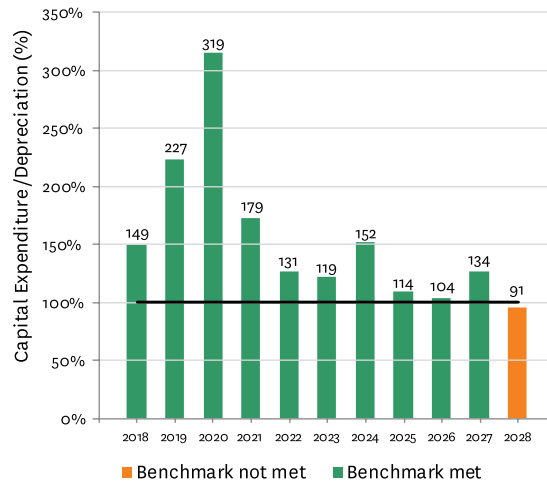
Balanced budget benchmark

The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment). The Council meets this benchmark if its planned revenue equals or is greater than its planned operating expenses.



Essential services benchmark

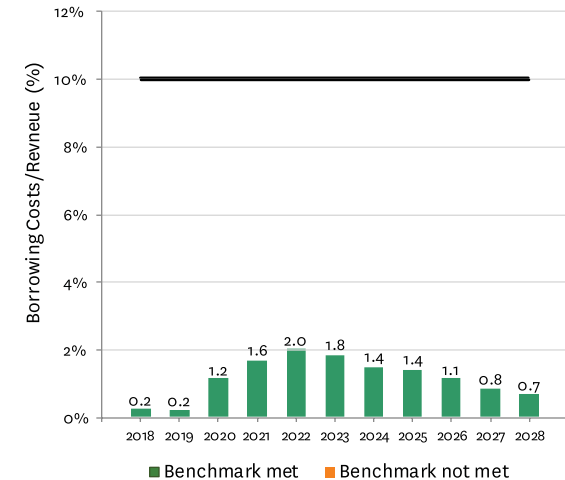
The following graph displays the Council's planned capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt servicing benchmark

The following graph displays the Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment).

The Council meets the debt servicing benchmark if its borrowing costs are equal or less than 10% of its revenue.



Part C: Funding, financial and other policies

1. Revenue and financing policy

Our revenue and financing policy provides due consideration to the following:

- funding sources will be at a level to cover our net funding requirements,
- the number and costs of projects instigated are acceptable to the community, and where possible, substantially funded by Government grant,
- the needs of current and future ratepayers are considered, including following limits and ratios set in our financial strategy,
- rates are collected from properties that are the direct beneficiaries of services where these can be identified with the incidence of rates spread as fairly as possible.

Funding mechanisms

Council has determined funding sources for both operating and capital expenditure below. For the most part, funding sources for both operating and capital expenditure are similar, where the rationales differ, these are separately identified.

General rates

Council uses Capital Value, being the market value of land, plus the improvements as per the valuation roll to levy rates. General rates are appropriate for funding activities where it is not practicable or cost-effective to identify the individual or group of beneficiaries of the service and charge them for the benefits received or costs imposed.

The rationale being that those with more capital are better able to bear the costs. It is also argued that those with more capital tend to consume more resources and have a greater interest vested in the management of those resources. Relief from rates is available through our rates rebate schemes targeted at community groups or those of low fixed incomes. Refer to our rates remission and postponement policies (from page 56) for further details.

The differentials used depend on land use and are set to achieve the following appropriate allocations representing benefits from the activities being funded.

Council will set a general rate based on the capital value of each rating unit in the territory. The general rate will be set on a differential basis based on land use. The categories and apportionment are:

- Infrastructure will be charged 5.0% of the General Rate
- Industrial will be charged 14.5% of the General Rate
- Commercial will be charged 11.0% of the General Rate
- Rural and Residential will be charged 69.5% of the General Rate

This will result in the following rates:

Land Use	Rate (GST inclusive)	Total Collected
Infrastructure	0.002932	\$16,759
Industrial	0.006942	\$48,604
Commercial	0.004618	\$37,078
Rural Residential	0.002169	\$233,362
Total		\$335,803

Rate increases will be limited over the next ten years to the rate of inflation, as outlined in the rating graphs on page 48. Council does not propose to set a uniform annual general charge.

For the 2018/19 financial year, it is projected Council will have 662 rating units within the region. As outlined in the financial strategy, Council assumes minimal growth and therefore it is expected the number of rating units will remain stable over the ten-year period.

Targeted rates

Targeted rates are appropriate for funding specific operating or capital projects where the activity mainly benefits a specific group of ratepayers or where the action or inaction of that group contributes to the need for the activity. Targeted rates are applied to the properties which benefit from the service provided. Targeted rates cannot be applied to purposes other than for which they were raised.

Council uses the number of connections for funding the water supply activities, a per pan rate for funding sewerage activities, and a rating unit basis for funding waste management activities and the roading activities.

Lump sum contributions will not be invited in respect of targeted rates.

Council will set targeted rates based on a variety of rating bases as follows:

Water supply

Council uses the number or nature of connections for funding the water supply activities. Council will set a targeted rate for the public water supply. Rating units not connected to this scheme are not liable for this rate.

The estimated rates for the 2018/19 year are:
\$757.41 per connection, which will collect \$79,528 (GST inclusive). This rate is the same for Kaingaroa and Waitangi.

Sewerage disposal

Council uses a per pan rate for funding sewerage disposal activities. Council will set a targeted rate for sewerage disposal based on each pan connected to the public service. Rating units that are not connected to the scheme are not liable for this rate.

The estimated rates for 2018/19 year are:
\$787.30 per pan, which will collect \$77,155 (GST inclusive)

Solid waste

Council uses a rating unit basis for funding waste management activities and will set a targeted rate for sanitation (waste management) activities. Council will set a targeted rate for solid waste activities. Rating units on which there is no functional structures are not liable for this rate.

The estimated rates for the 2018/19 year are:
\$182.40 per unit, which will collect \$61,835 (GST inclusive)

Roading

Council uses a rating unit basis for funding the land transport (roading) activities and will set a targeted rate for roading activities. This rate will be charged to all rating units on Chatham Island.

The estimated rates for the 2018/19 year are:
\$142.07 per unit, which will collect \$62,653 (GST inclusive)

Fish rate

Council will set a targeted rate on a rating unit basis to the following rating units 49, 420, 208 and 635. These rating units are for fishing businesses and the fee is to cover the charge of disposing of fish waste.

The estimated rates for the 2018/19 year are:
\$0.005535 per tonne including GST will collect \$13,865 (GST inclusive)

Warm homes

Council, along with the Energy Efficiency and Conservation Authority and the Chatham Islands Enterprise Trust, has provided a warm homes programme for residents. This programme provides subsidies for owners meeting certain criteria to insulate and install clean heating appliances. The difference is funded by way of loan, repaid by the homeowner over ten years through the rates account. The targeted rate is set to ensure there is sufficient cash to repay the loan over the ten-year period. Warm Homes repayments in 2018/19 will total \$34,526 (GST inclusive).

Rating table for 2018/19

The table below provides examples of the financial impact of rates on ratepayers in 2018/19 compared with 2017/18.

Sample property*	District Capital Value of Property (\$)	2018/19 general rate (\$)	2018/19 targeted rate (\$)	2018/19 total rate (\$)	Movement in total rates from 2018/19 to 2017/18
Infrastructure	1,260,000	3,693.71	142.07	3,835.78	67.82
Industrial - Waitangi	175,000	1,214.92	1,869.18	3,084.10	54.53
Commercial	120,000	554.15	324.48	878.63	15.54
Rural Residential - Waitangi	260,000	563.95	1,869.18	2,433.13	43.02
		2017/18 general rate (\$)	2017/18 targeted rate (\$)	2017/18 total rate (\$)	
Infrastructure	1,260,000	3,628.40	139.56	3,767.96	
Industrial - Waitangi	175,000	1,193.44	1,836.13	3,029.57	
Commercial	120,000	544.36	318.74	863.09	
Rural Residential - Waitangi	260,000	553.98	1,836.13	2,390.11	

* sample properties not using water, sewerage or solid waste schemes will not incur the targeted rate.

Rate increases will be limited over the next ten years to the rate of inflation. It is expected these targeted and general rate funding sources will continue over the ten-year period of the Long-Term Plan.

Penalties shall be added to the balance of the rates instalments levied in the current financial year that remain unpaid after each collection date and at year end.

Rates by instalments

Council proposes to collect the rates in three instalments, issued on: 1 September 2018, 1 January 2019 and 1 May 2019.

Penalties

A penalty of 10% is added to each instalment or part thereof that is unpaid after the last date for payment. The penalty dates are 15 October 2018, 15 February 2019 and 15 June 2019.

Previous year's rates that remain unpaid will have a further 10% penalty added on 6 July.

Council dues

The Council is unique in that the Chatham Islands Council Act 1995 allows the Council to charge Council dues. These take the form of a tax on the import and export of goods, payable by the carrier of the goods. The rates of tax vary by commodity. Under the Act all money received forms part of the general revenue of the Council.

Council dues are payable on a weight or volume basis for carriage of goods by sea or air and apply for both export and imports.

Council dues are a tax on trade. Trade taxes are generally found by economists to be inefficient relative to direct or income taxes. They have a distortionary effect on the welfare of taxpayers. However, the taxpayers in this case include fish and rock lobster quota owners who are not necessarily Chatham Islands residents. The Council dues act more as a resource rental for the harvesting of the Islands resources than as a trade barrier.

Government and other grants

We rely heavily on Central Government to support us in supplying essential infrastructure and services to the Islands. The Crown provides Council with an annual contribution to meet our statutory obligations as a council for both regional and district functions, with levels of assistance subject to negotiation. Financial assistance excludes infrastructural development, requiring a separate approach to Central Government to support the development or assist with debt repayment.

Fees and charges

Fees and charges can be applied where the users of a service can be identified and charged according to their use of the service. For example, the cost of obtaining a consent is met by the landowner. Refer to our statement of fees and charges (from page 58) for a summary of these rates.

Other income

Other revenue sources may be used where appropriate to support operational or capital expenditure projects and to reduce the reliance on other funding. For example, Council receives income from excess funds invested in accordance with the Council's policy, and from renting Council buildings and housing properties. The aim is to maximise the return to Council and to use these funds to reduce the amount of revenue required to be raised elsewhere.

Loans and asset sales

Borrowing will not generally be used to fund operating expenditure. Council may choose to borrow funds to finance specific capital projects, where it is in line with the Council's policy and Council are able to afford the cost of the debt repayment. Council may consider selling assets no longer required for Council purposes.

Application of funding principles to the funding of operating and capital expenditure for each activity

Community outcomes activity contributes	Distribution and period of benefits	External factors influencing activity	Rationale of the costs and benefits of distinct funding for the activity
Democracy services:			
• Embracing diversity	The community benefit from, and contribute to the Council's decision-making process, this includes an open and transparent decision-making process. The benefits occur predominately within the year in which the expenditure is incurred.	Legislative requirements mandate engagement with the community including involving Moriori and Māori in decision-making. The community direct Council through the consultative and election process.	Appropriate engagement with the community ensures a greater awareness and understanding of Island issues, where the Council can make informed decisions. Community representation and engagement is considered to be a public good. This is because the benefit accrues to individuals equally. All operational costs are funded from general rates and the annual Crown contribution. The contribution of the public to the decision-making process is valuable as it ensures public expectations are known and considered, and promotes public accountability of Council. This funding source is deemed to be the most efficient and equitable. Capital and operating costs are funded from a mix of general rates and the annual Crown contribution.

Table continued on next page

Community outcomes activity contributes	Distribution and period of benefits	External factors influencing activity	Rationale of the costs and benefits of distinct funding for the activity
Infrastructural services:			
<i>Roading:</i>			
<ul style="list-style-type: none"> • Resilient community • Sustainable action • Growth builders 	<p>The community benefits from increased transportation links, including moving goods to reach markets and people to work, providing vital connections for economic growth, and greater access and mobility.</p> <p>The benefits accrue immediately and into the future.</p>	Need is created from the public and road users.	Provision of a roading service is considered to be a public good. Funding will be principally from NZ Transport Agency grants, so it is unnecessary to apportion funding across future years. Any shortfall is expected to come from targeted roading rates set as a fixed sum per rating unit, and the remainder from the annual Crown contribution. For 2018/19 the application for additional funding of the shortfall was unsuccessful. Another application will be made for 2019/20 going forward.
<i>Sewerage:</i>			
<ul style="list-style-type: none"> • Resilient community • Sustainable action • Growth builders 	<p>The community benefits from waste material being processed or disposed of in an appropriate and sustainable manner. These activities will be managed to minimise the impact on the environment.</p> <p>The benefits accrue immediately and into the future.</p>	Need is created from residents and tourists inhabiting the Islands who are connected to the wastewater scheme.	<p>This activity group is largely a private service to those connected to the Waitangi Village wastewater scheme. However, there are public good demands in that the environment is protected by the scheme.</p> <p>Capital expenditure is funded from Government grants. Operating expenditure is funded by a mix of a targeted fixed uniform charge per pan connection and the annual Crown contribution.</p>
<i>Solid waste:</i>			
<ul style="list-style-type: none"> • Resilient community • Sustainable action • Growth builders 	<p>The community benefits from solid waste material being processed or disposed of in an appropriate and sustainable manner. These activities will be managed to minimise the impact on the environment.</p> <p>The benefits accrue immediately and into the future.</p>	Need is created from residents wishing to dispose of solid waste.	<p>This activity is largely categorised as private services.</p> <p>Capital expenditure is funded from Government grant or debt. Operating expenditure will be funded from a mix of a uniform targeted rate on all rating units and the annual Crown contribution.</p>
<i>Water:</i>			
<ul style="list-style-type: none"> • Resilient community • Sustainable action • Growth builders 	<p>The community benefits from the water supply activity being managed so the impact of the water take does not prove detrimental to the surrounding environment, nor community health.</p> <p>The benefits accrue immediately and into the future.</p>	Need is created from residents connected to the Waitangi and Kaingaroa water schemes.	<p>This is almost wholly a private good.</p> <p>Capital expenditure is to be funded by Government grant or debt.</p> <p>Operating expenditure is funded by a fixed uniform targeted rate on all rating units with a connection to the water supply scheme and the annual Crown contribution.</p>
<i>Storm water:</i>			
<ul style="list-style-type: none"> • Resilient community • Sustainable action • Growth builders 	<p>The community benefits from effective drainage on-island and controlling the level of Te Whanga lagoon to prevent flooding.</p> <p>The benefits accrue immediately and into the future.</p>	Need is created from residents.	<p>This activity involves drainage from the public roading network and is largely categorised as a public good.</p> <p>Capital and operating costs are funded from a mix of annual Crown contribution and general rates.</p>

Community outcomes activity contributes	Distribution and period of benefits	External factors influencing activity	Rationale of the costs and benefits of distinct funding for the activity
Community and regulatory services:			
<i>Community services:</i>			
<ul style="list-style-type: none"> • Embracing diversity • Resilient community 	<p>The community benefits from on-island collaboration opportunities.</p> <p>Benefits accrue both in the immediate and long-term.</p>	Need is created from residents.	<p>The community benefits from Council creating the environment in which communities can enjoy parks and reserves, enhancing health and wellbeing.</p> <p>Capital and operating costs are funded from a mix of Crown contribution and general rates.</p>
<i>Licensing and building:</i>			
<ul style="list-style-type: none"> • Embracing diversity • Resilient community 	<p>Consent holders benefit directly from gaining compliance and holding a consent.</p> <p>All benefits accrue immediately once the consent is issued. Although, there are future benefits throughout the life of the consent.</p>	Need is created by applicants seeking consent under the Building Act 2004 or Sale and supply of Alcohol Act 2012.	<p>Consent and licensing applications are considered to be a largely private good; therefore, the associated processing costs are to be fully funded by the applicant.</p> <p>Capital and operating costs are funded from a mix of Crown contribution and general rates.</p>
<i>Dog and animal control:</i>			
<ul style="list-style-type: none"> • Embracing diversity • Resilient community 	Benefits accrue both in the immediate and long-term.	Dog owners create the necessity for the expenditure.	Funding is through dog registration fees and fines (fees and charges) and the residual is from a mix of Crown contribution and general rates.
Emergency Management:			
<ul style="list-style-type: none"> • Resilient community 	<p>The community benefit from the maintenance of a response capability and from planning for major emergency services.</p> <p>Benefits occur mostly in the year the expenditure is made. There is a residual benefit carried forward as knowledge and experience grows.</p>	Need is created to provide advance warning systems to detect emergency events and the capability to respond.	<p>A coordinated emergency management system is a public good in respect of reduction, readiness, response, and recovery across the region. Oil spill response is for the public good, but the shipping industry can be pointed to as an exacerbating factor.</p> <p>Capital and operating costs are funded from a mix of Crown contribution and general rates.</p>

Community outcomes activity contributes	Distribution and period of benefits	External factors influencing activity	Rationale of the costs and benefits of distinct funding for the activity
Environmental services:			
<i>Resource management:</i>			
<ul style="list-style-type: none"> • Sustainable action • Growth builders 	<p>The community benefits from the environmental protection that comes from our activities that follow the Resource Management Act 1991.</p> <p>Benefits accrue both in the immediate and long-term.</p>	<p>Need is created by applicants seeking consent under the Resource Management Act 1991.</p>	<p>Planning, consenting and compliance monitoring is required as a result of the actions or inactions of individuals; compliance provides an indirect benefit to the public. The allocation of costs to those who cause such costs, through fees and charges, ensures our environment is maintained in accordance with consent conditions, encouraging sustainable use of resources.</p> <p>Other capital and operating costs are funded from a mix of Crown contribution and general rates.</p>
<i>Biosecurity:</i>			
<ul style="list-style-type: none"> • Sustainable action • Growth builders 	<p>Individuals and the community benefit from improved image and retention of productive values of land, reducing adverse effects of natural resources.</p> <p>Furthermore, the community benefits from protecting biodiversity by the containment of plant and animal pests.</p> <p>Benefits accrue both in the immediate and long-term.</p>	<p>Individuals and the community who undertake practises which are detrimental to the environment or who wish to foster and enhance the environment are influencing factors.</p> <p>In addition, the community who benefit from the active control of animal and plant pests and the protection of our unique ecosystems.</p>	<p>The provision of biodiversity and biosecurity activities is considered to be a public good; however, there can be a private element of benefit, with plant and animal pest monitoring and inspection. Therefore, such monitoring and inspection costs will be funded equally from a mix of the Crown contribution and general rates and landowner contributions. All other operating activities to be funded from the Crown contribution.</p> <p>Capital and operating costs are funded from a mix of Crown contribution and general rates.</p>
Coasts, harbours and navigation:			
<ul style="list-style-type: none"> • Resilient community • Sustainable action • Growth builders 	<p>The community benefits from safer coastal areas for recreation. Commercial and recreational users benefit from safe water transport.</p> <p>The benefits accrue immediately and into the future.</p>	<p>Need is created by recreational and commercial coastal water users.</p>	<p>The provisions of harbour safety and navigation services provide both public and private benefits. The public, including small vessel recreational users benefit from the provisions of these services. User charges are levied on larger vessel and coastal structure owners, who are direct beneficiaries of the services. Remaining operating and capital costs are funded from a mix of Crown contribution and general rates.</p>

Council is required to make adequate provision in the Long-Term Plan to meet our identified expenditure needs. Council believes the outlined approach to funding and the consequential impacts on our operating budgets, debt and levels of service is prudent, reasonable and appropriate having had regard to our funding principles, legislation and other relevant matters, including achieving a balanced budget.

2. Rates remission and postponement policy

This policy should be read in conjunction with the Council's revenue and financing policy.

This policy allows Council, at its discretion, to apply to ratepayers and organisations a remission to their rates where relevant qualifying criteria are met.

Specific areas where rates exemptions or postponements apply include:

- Sporting, recreation and other community organisations
- Sanitation charges on unimproved rating units
- Extreme financial hardship and
- Late payment penalties

Sporting, recreation and other community organisations

The remission of rates for community, sporting and other organisations is to facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities. The purpose of granting rates remission to an organisation is to:

- Recognise the public good contribution to community wellbeing made by such organisations
- Assist the organisation's survival
- Make membership of the organisation more accessible to the general public, particularly disadvantaged groups including children, youth, young families, aged people and economically disadvantaged people.

Conditions and criteria

Council supports applications for financial assistance by any organisation not conducted for private profit. The principal object of the organisation should be to promote development and provide for at least one of the following: the public, recreation, health, enjoyment, instruction, sport or any form of culture, or for the improving or developing of amenities, where the provisions of any one of these areas is to the benefit of our Islands. An organisation making an application should include the following information in support of its application:

- Evidence that other areas of assistance have been investigated if available
- That there is a need for assistance
- That there has been a reasonable effort made to meet the need by the organisation itself
- The organisation's most recent financial accounts.

Sanitation charges on unimproved rating units

The objective of this policy is that only those rating units with dwelling houses or places of business upon them will be charged a sanitation rate, i.e. the rate that covers the cost of the refuse disposal systems and sites.

The criteria for the Council applying this remission will be based on information that it will receive from the valuation service provider from time to time.

Extreme financial hardship

To assist ratepayers experiencing extreme financial circumstances which affect their ability to pay their rates, Council may consider postponing rates to assist those experiencing financial hardships.

The conditions and criteria include:

- considering all of the ratepayer's personal circumstances, including the following factors: age, physical or mental disability, injury, illness, and family circumstances.
- The ratepayer must be the current owner of, and have owned for not less than five years, the rating unit which is the subject of the application.
- The rating unit must be used solely for non-business purposes.
- If the Council is satisfied that the ratepayer is unlikely to have sufficient funds left over after the payment of rates for normal health care, proper provision for maintenance of their home and chattels at an adequate standard, as well as making provision for normal day to day living expenses.
- The ratepayer must not own any other rating units, investment properties or other realisable assets.

Any postponed rates will be postponed until:

- The death of the ratepayer(s); or
- Until the ratepayer(s) ceases to be the owner of the rating unit; or
- Until the ratepayer(s) ceases to use the property as his/her residence; or
- Until the date specified by the Council in any particular case.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the property title.

Council may add a postponement fee to the rates postponed. This fee will cover the Council's administration and financial costs.

Procedure

The application for rates remission must be made to the Council prior to the commencement of the rating year (including any additional information requirements requested by the Council). Applications received during a rating year will not be applicable until the commencement of the following rating year. No applications will be backdated.

Each application will be considered by Council on its merits. A provision of a remission in any year does not set a precedent for similar remissions in future years. The extent of any remission to any qualifying organisation shall be as determined by the Council. A maximum of remission of 50% rates will apply to organisations that hold a liquor licence.

No remission will be granted on a rate set solely for water supply, sewerage disposal, or refuse collection, in respect of those rates.

Late payment penalties

The objective of the remission policy is to enable Council to act fairly and reasonably in its consideration of rates that have not been received by Council by the penalty date, due to circumstances outside the ratepayer's control. Remission will be made when any of the following criteria applies:

- Where there exists a history of regular punctual payment over the previous two years and payment is made within a reasonable time of the ratepayer being made aware of the non-payment
- When the rates instalment was issued in the name of a previous property owner
- On compassionate grounds, such as family illness, death or other tragedy and has been unable to attend to payment
- Where it can be proved that the rate account was not received and a genuine cause exists
- Where full payment of arrears of rates is made in accordance with an agreed repayment programme
- Where an error has been made on the part of Council staff or arising through error in the general processing which has subsequently resulted in a penalty charge being imposed.
- Where the ratepayer is in arrears, and it is in the opinion of the chief executive and corporate services manager that the remission of all or any part of additional charges already made or yet to be incurred will assist in resolving a long-term debt situation.

In implementing this policy, the circumstances of each case will be taken into consideration on their individual merits and will be conditional upon the full amount of such rates having been paid. Decisions on remission of penalties are delegated to the chief executive and corporate services manager.

All penalties remitted shall be recorded in a register and reported to the Council in the months of November, March and July.

3. Postponements and remission policy on Moriori and Māori freehold land

Moriori and Māori freehold land is defined in the Local Government (Rating) Act 2002 as land where beneficial ownership has been determined by an order issued by the Māori Land Court, irrespective of whether the owners identify as Moriori or Ngāti Mutunga. Only land that is the subject of such an order may qualify for remission or postponement under this policy.

Whether rates are remitted or postponed in any individual case will depend on the individual circumstances of each application. In general, a remission of rates will be considered unless there is a reasonable likelihood that the land will be used or developed in the immediate future.

This policy has been formulated for the purposes of ensuring the fair and equitable collection of rates from all sectors of the community by recognising that certain Moriori and Māori-owned lands have particular conditions, features, ownership structures, or other circumstances that make it appropriate to provide relief from rates.

The objectives of this policy are:

- To set aside land that is better set aside for non-use because of its natural features (whenua rāhui) or physical accessibility
- To recognise and take account of the presence of wāhi tapu that may affect the use of the land for other purposes;
- To facilitate development or use of the land where the Council considers rates based on the rateable value make the use of the land uneconomic.

The conditions and criteria are:

Application for this remission or postponement should be made prior to the commencement of the rating year. Applications made after the commencement of the rating year may be accepted at the discretion of the Council.

Owners or trustees making application should include the following information in their applications:

- Details of the property
- The objectives that will be achieved by providing a remission; and
- Documentation that proves the land, which is the subject of the application, is Moriori or Māori freehold land.

The Council may, of its own will, investigate and grant remission or postponement on any Moriori or Māori freehold land within the Chatham Islands territory.

Relief and the extent thereof, is at the sole discretion of the Council and may be cancelled and reduced at any time.

The Council may give a remission or postponement of up to 100% of all rates based on the following criteria:

- The land is fully or partially unoccupied and no income is derived from the use or occupation of the land; or
- The land is inaccessible and is unoccupied; or
- The land is better set aside for non-use (whenua rāhui) because of its natural features, or
- The property carries a best potential use value that exceeds the economic value arising from its actual use.

Statement of fees and charges 2018/19

Fees and charges will increase in line with inflation except where they are determined by Government or bylaw.

ACTIVITY	FEE TYPE	DESCRIPTION	2017/18 FEE GST INCLUSIVE	2018/19 FEE GST INCLUSIVE
Building Consents	Building Consents Fees		Refer to http://wellington.govt.nz/services/consents-and-licences/building-consents/fees	Refer to http://wellington.govt.nz/services/consents-and-licences/building-consents/fees
Resource Consents	Land Information Memorandums (LIMs)	Per memorandum	\$222	\$226
	Urgent LIMs	Per memorandum	\$318	\$324
Land Use Consents	Notified Consent		\$2,000 deposit	\$2,000 deposit
	Charge out rates	Recovery of actual planner costs charged to Council	An administration charge of \$115 per planner hour	An administration charge of \$115 per planner hour
	Non-Notified Consents		\$455	\$463
	Controlled Activity Consents		\$682	\$694
Subdivision Consents	Non-Notified – Boundary Adjustments		\$581	\$591
	Non-Notified – 2 lots or less		\$657	\$669
	Non-Notified – 3 to 5 lots		\$1,517	\$1,544
	S 223 Certificate		\$303	\$308
	S 224 Certificate		\$303	\$308
	S 226 Certificate		\$404	\$411
	S 139 Certificate of Compliance		\$480	\$489
Liquor Licensing	Club License	Fees will be based on the Sale and Supply of Alcohol Act 2012	Determined by the Liquor Licensing Inspector and the District Licensing Committee	Determined by the Liquor Licensing Inspector and the District Licensing Committee
	On License	Fees will be based on the Sale and Supply of Alcohol Act 2013	Determined by the Liquor Licensing Inspector and the District Licensing Committee	Determined by the Liquor Licensing Inspector and the District Licensing Committee
	Off License	Fees will be based on the Sale and Supply of Alcohol Act 2014	Determined by the Liquor Licensing Inspector and the District Licensing Committee	Determined by the Liquor Licensing Inspector and the District Licensing Committee
	Managers Certificate	Fees will be based on the Sale and Supply of Alcohol Act 2015	\$316	\$316
Health Inspection	Inspection Fee		\$263	\$268
Animal Control	Dog registration		\$61	\$62
	Dog registration – Early		\$37	\$38
	Fines under Dog Control Act 1996	Vary per offence, (Per Sch. 1 of the Dog Control Act)	From \$100 up to \$750	From \$100 up to \$750
	Impounding Fees		\$101	\$103

ACTIVITY	FEE TYPE	DESCRIPTION	2017/18 FEE GST INCLUSIVE	2018/19 FEE GST INCLUSIVE
Cemetery	Sale of Caskets		At cost plus 10%	At cost plus 10%
	Sexton Fees		At cost plus 10%	At cost plus 10%
	Sale of Plots		\$576	\$586
Community Housing	Rentals – 3 Bedroom	Per week (effective from 1 January)	\$126	\$128
	Rentals – 2 Bedroom	Per week (effective from 1 January)	\$99	\$101
Staff Housing	Rental – 3 bedrooms	Per week (effective from 1 January)	\$157	\$160
Coasts, Harbours & Navigation	Swing Mooring Fees – Registration and Transfer	Per year	\$77	\$78
	Waitangi	Per year	\$3,085	\$3,141
	Owenga	Per year	\$2,571	\$2,617
	Kaingaroa	Per year	\$2,056	\$2,093
	Port Hutt	Per year	\$2,056	\$2,093
	Flower Pot	Per year	\$515	\$524
	Permission of Harbourmaster – Oil Tanker		\$103	\$105
	Application for Exemption		\$62	\$63
	Application for Suspension		\$257	\$262
	Application for Reservation		\$257	\$262
	Cruise ship fee	Per visit	Per Arrival \$1/GT (Gross Tonnage)	Per Arrival \$1/GT (Gross Tonnage)
			Per Departure \$1/GT	Per Departure \$1/GT
			Anchoring/Sheltering \$0.20/GT per day or part thereof	Anchoring/Sheltering \$0.20/GT per day or part thereof

ACTIVITY	FEE TYPE	DESCRIPTION	2017/18 FEE GST INCLUSIVE	2018/19 FEE GST INCLUSIVE
Administration Requests	Information Requests	Staff time	\$40 per half hour or part thereof	\$40 per half hour or part thereof
		Photocopying	20 cents per page copied after the first 20 pages	20 cents per page copied after the first 20 pages
	Photocopying	With own paper	10 cents per copy	10 cents per copy
		With CIC paper	20 cents per copy	20 cents per copy
		With CIC coloured paper	50 cents per copy	50 cents per copy
		With CIC card	50 cents per copy	50 cents per copy
		Double sided photocopies	30 cents per copy	30 cents per copy
	Laminating	Per page	\$3	\$3
	Stationery	A4 paper per ream (white)	\$16	\$16
		A4 paper per ream (coloured)	\$19	\$19
		Envelopes – plain	65 cents per envelope	65 cents per envelope
		Envelopes – plain with postage	\$1.40 per envelope	\$1.40 per envelope
		Large envelopes	\$1.70 per envelope	\$1.70 per envelope
Library	Book rentals	Per book	Free	Free
	DVD hire	Per night	\$5 per DVD	\$5 per DVD

Council dues

No change to Council dues. The current Special Order for the adoption of rates for Council dues was ratified by the Council to take effect from 25 November 1991.

Carriage by sea	Quantity	2018/19 Fee GST Exclusive
Rock Lobster, Paua, Scallops and Oysters	Tonne	\$200
Other fish meat and fish bait	Tonne	\$18
Cooler goods (fruit, vege, etc.)	m ³	\$5
General Cargo	m ³ / Tonne*	\$18
Diesel, Oil in bulk	1,000 litres	\$24
Petrol/Avgas in bulk tanks	1,000 litres	\$25
Petrol/Avgas in 200 litre drums	Drum	\$5
Hazardous Goods	m ³ / Tonne*	\$18
Vehicles (including boats, trailers, motorbikes, etc.)	m ³	\$5
Timber	m ³	\$12
Dry Bulk (cement, fertiliser, coal, animal feed)	m ³ / Tonne*	\$12
Wool and Moss	Bale	\$12
Animals, large (cattle/horses)	Each	\$5
Animals, small (sheep, pigs, dogs, fowls, goats)	Each	\$1

*m³/Tonne - whichever is the greatest

Carriage by air	Quantity	2018/19 Fee GST Exclusive
Rock Lobster, Paua, Scallops and Oysters	Tonne	\$200
Other fish meat and fish bait	Tonne	\$18
General Cargo	6% of freight charged	
Minimum Freight	0.1	

4. Investment policy

The investment policy outlines how the Council plans to manage their investments so that:

- Local banking facilities remain available on-island
- Investments are managed to maximise returns
- Risks associated with costs and adverse interest rates are minimised
- We comply with best practice

Policy on new and existing investments

In an endeavour to ensure the continuance of a trading bank on the Islands, surplus funds will be utilised to repay borrowings and any surplus cash will be invested with the ANZ Bank or other on-island agencies at the best available negotiated rate. Investments held with ANZ bank will mature in less than three months and are held for working capital purposes.

With the exception of cash and cash equivalents, any new investments require the approval of Council. The day-to-day cash management of the Council may be approved by staff responsible for the Treasury function.

Policy on investment disposal

Council may elect to dispose of investments or other financial assets that no longer meet our investment objectives. Proceeds from the sale of these investments will be utilised to repay borrowings in the first instance.

Monitoring and reporting

The chief executive is responsible for monitoring compliance and recommending investment strategies to the Council. The chief executive will certify compliance with the investment policy to Council.

Council will receive a quarterly statement of investment balances and interest rates, and income received compared to budget.

Risk management

The primary investment risk is credit exposure. Bank deposits including term deposits and debtors are the main credit risks. Investing in only high credit, quality institutions minimises bank risk. The Council does not deal in foreign currency, other than by way of payment for specific items.

Forward rate agreements, future markets and options are not normally used, except with specific approval by the Council. Interest rate swaps are not to be used.

Specific limits for investment arrangements are set out in more detail in operating policies approved by the Council. Delegations to officers are formally approved by the Council.

5. Liability management policy

The liability policy outlines how the Council plans to manage their current and term liabilities. Current liabilities are those obligations which the Council expects to meet within the next 12 months. Term liabilities are those obligations which are not immediately payable, i.e. not expected to be paid within the next 12 months. Borrowings comprise the majority of the Council's term liabilities.

The liability management policy outlines how the Council plans to manage their debt so that:

- There is effective debt management
- the cost of borrowing is affordable to the Council ratepayers
- There is a prudent level of borrowings, in line with Council's borrowing limits.

Use of borrowing

Borrowing will normally be undertaken only for the acquisition, or improvement of assets. Council will enter into borrowing arrangements as it considers appropriate and in accordance with the provisions of the Local Government Act 2002. New borrowing will be approved by the Council as part of the Long-Term Plan or Annual Plan process. The Council delegates the authority to the chief executive to raise the approved borrowing during the financial year as and when the funding is required. Any additional borrowing beyond that approved in the Long-Term Plan or Annual Plan must be approved by the Council.

Borrowing to meet operating costs is not considered financially prudent. The exception to this would be the use of overdraft facilities or other short-term facilities to cover temporary fluctuations in cash flow. Any debt agreement entered into must be approved by the Council.

The Council will repay borrowings from a combination of operating surpluses, and any rates specifically set to repay borrowings.

Borrowing limits

The Council's borrowing limits are:

Ration	Limit
Interest Expense/ Operating Revenue	20%
Net Debt /Operating Revenue	2

For the purpose of calculating the ratios above:

Interest Expense: interest expense recorded in the Council's accounts.

Operating Revenue: operating revenue recorded in the Council's accounts, excluding income from vested assets and income from asset revaluations.

Net Debt: gross debt less funds set aside for debt repayment.

Security

The Council will offer security for its borrowing by way of a charge over its rates and Council dues or by mortgage over the property being purchased or upgraded.

Credit risk exposure

While the Council will only borrow from reputable financial institutions, there is no minimum credit rating requirements imposed by the Council on its lenders. Also, there is no limit on the level of borrowing to which the Council may commit from any one lender.

Liquidity risk management

Liquidity risk management refers to the timely availability of funds when needed.

The Council minimises its liquidity risk by matching expenditure closely to its revenue streams and managing cash flow differences to its favour.

The Council has minimal debt and borrowing will normally be undertaken only for the acquisition, renewal or improvement of assets. An overdraft facility may be utilised from time to time to manage cash flows.

Interest rate risk management

Interest rate refers to the impact that movements in interest rates can have on the Council's cash flows. Borrowing gives rise to exposure to interest rate movements.

Given:

- The Council's desire to have predictable, certain interest costs.
- The need to avoid large adverse impacts on annual rates arising from interest rate rises.
- The long-term nature of the Council's assets and intergenerational factors.

The primary instrument for Council borrowing will be fixed interest stocks modelled on Government stocks and floating rate securities.

6. Policy on development or financial contributions

Council does not have any capital expenditure identified in this Annual Plan or Long-Term Plan that will be funded by development contributions or financial contributions.

Council does have the power to collect financial contributions as per the Chatham Islands Resource Management Document. Specifically: A financial contribution, in the form of money, land, or any combination thereof, may be required as a condition of any resource consent granted.

A financial contribution shall be made for the purposes of:

- restoring, at the same location or in close proximity, any natural or physical resources which suffer damage or loss as a result of the activity; or
- ensuring that there are positive effects on the environment, at the same or any other location in the region, to offset any adverse effects of the activity on natural or physical resources.

The financial contribution shall be determined as follows:

Where the environment can be restored, the financial contribution shall be limited to: the costs of measures of restoration actually undertaken or to be undertaken.

Where the environment cannot be restored, the financial contribution shall be limited to an amount calculated by the consent authority as if the environment could be restored to a pre-activity state. In this situation, the contribution shall be used for the purpose of environmental enhancement or maintenance on the Chatham Islands.

A financial contribution shall not exceed 100% of the construction cost of the project for which the resource consent is granted.

7. Significance and engagement policy

Introduction

Decisions made by Council affect the residents and ratepayers of the Chatham Islands. Council is committed to building and maintaining good relationships with stakeholders and our community so that decisions are well informed. Wherever practical, we will engage with individuals, organisations and groups in our community in ways that give them the best opportunity to have their say.

This significance and engagement policy meets the requirements of the Local Government Act 2002 (LGA 2002).

The objectives of the policy are:

1. To establish a general approach and process for identifying the significance of Council decisions
2. To set out when and how Council will engage with the community in decision-making, depending on the significance of the decision.

The LGA 2002 states that one role of a Council is to enable democratic local decision-making and action by, and on behalf of, communities. This policy explains how Council will decide the level of significance that a matter has, the types of matters where the community will be involved in the decision-making process, and when the community can expect Council to make a decision on its behalf.

There are many formal ways that Council engages with the community during its everyday business which helps to inform it on community views. There are also decisions that a council must make which require a more structured form of engagement. This is because of the importance that a matter has within the wider community, or for groups within the community.

Purpose and scope

Chatham Islands Council has developed this policy to:

- Enable Council and our communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities
- Provide clarity about how and when communities can expect to be engaged in decisions made by Council
- Inform Council from the beginning of a decision-making process about the extent, form and type of engagement required.

The LGA 2002 contains principles to guide Council when making decisions. With this in mind, Council commits to:

- Identify and assess a reasonable range of options
- Evaluate costs and benefits of each option
- Show evidence of how Council comply with this policy
- Provide processes to encourage and engage with Moriori and Māori

This adopted policy may be amended from time to time

When adopting or amending this policy, Council must consult in accordance with section 82 of the LGA 2002, unless Council considers (on reasonable grounds) that it has sufficient information about community interests and preferences to enable the purpose of this policy to be achieved.

Process

From the beginning of a decision-making process the Council will be informed about

- the extent of any public engagement that is expected before a particular decision is made; and
- the form or type of engagement required.

On every proposal or decision, Council will consider the degree of significance and the most appropriate level of engagement.

Council will refer to the criteria for significance to identify matters, issues or proposals that require a Council decision. Advice on significance will come from a Council officer and be provided to Council on an objective basis. Council will consider and make decisions, taking into account the degree of significance of the issue and referring to the criteria for engagement, to identify the appropriate level and type of engagement.

Advice from a Council officer normally comes through the report format. This report specifically alerts elected members to significant decisions and engagement considerations.

Our general approach to significance

Council will consider each proposal or decision on a case by case basis to determine the degree of significance. In determining the significance, Council will apply the criteria and thresholds set out in this policy.

Significance means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, relating to its likely impact on and likely consequences for:

- Parts of the Chatham Islands territory or the territory as a whole
- Any persons who are likely to be particularly affected by or interested in the issue, proposal, decision, or matter
- The achievement of, or means to achieve, Council's stated levels of service as set out in the current Long-Term Plan
- The capacity of Council to perform its role and carry out its activities, now and in the future
- The financial, resource, and other costs of the decision, or that these are already included in an approved Long-Term Plan.

Significant means that the issue, proposal, decision or other matter has a high degree of importance.

If the issue, proposal, decision, or other matters concerned involve a significant decision in relation to land or a body of water, Council will take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other tāonga.

When making decisions, Council will:

- Identify and assess as many options as are practical
- Evaluate the costs and benefits resulting from the decision/s to be made
- Provide detailed information, which will be accessible to the public
- Maintain clear and complete records showing how compliance with this policy was achieved.

As part of the engagement process Council will ask people in the district their engagement preferences.

Council will also take into account views already expressed in the community and make judgements on the level of support for those views, when determining the significance of a decision.

Criteria for significance

When determining the significance of a matter, issue, decision, or proposal, the Council will assess:

- The likely level of community interest
- The likely impact or consequences for affected individuals and groups in the region
- The relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other tāonga
- How much a decision or action promotes community outcomes or other Council priorities
- The impact on levels of service identified in the current Long-Term Plan

- The impact on rates or debt levels
- The cost and financial implications of the decision to ratepayers and the community
- The extent and degree to which consequences of a decision are irreversible
- The involvement of a strategic asset.

Strategic assets

Strategic assets are defined as ‘an asset or group of assets that the local authority needs to retain to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future wellbeing of the community.’

Council considers the following to be strategic assets:

- Roading system (as a whole)
- Wastewater system (as a whole)
- Reservoirs and water reticulation system (as a whole)
- Landfills and transfer stations
- Parks and reserves
- Community buildings and housing
- Administration and community complex
- Inner harbours
- Owenga wharf

Decisions in relation to strategic assets will fall within level 5 or level 6 of the engagement spectrum (see page 66).

Significant activities

Special consultative procedures must be used if there is a change in the mode of delivery from Council to a Council-controlled organisation or other body unless already provided for in the current Long-Term Plan.

The activities that the Council considers significant in terms of section 88 (1) of the LGA 2002 are:

- The administration of elections and democratic functions
- Infrastructural services

- Community functions such as housing and buildings
- Regulatory monitoring and planning functions under the Resource Management Act; Dog control Act; Waste Minimisation Act; Sale of Alcohol Act; and Biosecurity Act
- Emergency management and civil defence
- Provision of navigation safety activities.

Change in level of service

Significant alterations in levels of service of any significant activity can be provided in the Long-Term Plan or an amendment to the Long-Term Plan as per section 97 (1) (a) of the LGA 2002.

Impact on wellbeing

A policy that will have a major impact on wellbeing and where that policy is considered by Council as likely to be contentious.

Funding impact

- Impact on ratepayers in general
- A large impact on a small number of ratepayers
- Source of funding
- If the proposal is to be centrally funded it may not be necessary to invoke the full consultative procedure.

Capacity to perform role – increase

Where this is not major, is not likely to be contentious, or is to be centrally funded, consultation may not always be necessary.

Capacity to perform role – decrease

The Council will consult on major decreases in service involving strategic assets, e.g. withdrawal from water supply service.

Our general approach to engagement

Engagement is a term used to describe the process of seeking information from the community to inform and assist decision-making. There is a spectrum of engagement (see page 66).

Council follows these general principles:

- (a) We conduct our business in an open, transparent, democratically accountable manner
- (b) We maintain awareness of, and have regard to, the views of all of our communities
- (c) At the beginning of a decision-making process, we consider:
 - (i) the diversity of the community and the community's interests in its district or region
 - (ii) the interests of future as well as current communities and
 - (iii) the likely impact of any decision on these interests
- (d) We provide opportunities for Māori and Māori to contribute to our decision-making processes.

Council seeks authentic engagement with our community and applies a criteria for engagement. We acknowledge that “community” may be ‘communities of place’ or ‘communities of issue’ and will use appropriate tools and techniques to make meaningful and timely connections that result in feedback. Formal consultation is one of many approaches that can be used.

At the beginning of the decision-making process, Council will consider how and when the community will be engaged in relation to any decision. Decisions of low significance will generally require little or no direct engagement with the community and instead consideration will be given to the views of the community via elected members’ knowledge of their constituents. For more significant decisions an engagement plan will be prepared detailing how engagement is to occur (see engagement spectrum, page 66).

An engagement and communication strategy will outline:

- Engagement objectives – the feedback that is sought from communities
- Timeframe and completion date
- Communities to be engaged with
- Engagement tools and techniques to be used
- Resources needed to complete the engagement
- Basis of assessment and feedback to the communities involved
- The relationship and engagement with imi and iwi

Engagement is not solely about providing information, reaching an agreement or consensus, or negotiation. Engagement is not appropriate when outweighed by commercial sensitivity or when there is a threat to public health and safety.

Criteria for engagement

Community engagement is a process. It involves all or some of the community, and is focused on decision-making or problem-solving.

Council considers the significance of a decision to be made, and uses the engagement spectrum to assess the approach it might take to engage the community.

The level of engagement will be agreed on a case-by-case basis. The significance of the decision will guide the selection of appropriate engagement tools and techniques to be used.

The tools and techniques are as described in the engagement spectrum table below. A low level of engagement does not mean that engagement is diminished, inappropriate or necessarily that a decision is of lesser significance. Resourcing and timing issues may determine what is appropriate and possible on some occasions.

In some circumstances, Council is required to use the special consultative procedure, set out in section 83 of the LGA 2002 and described on page 67.

While community and stakeholder engagement improves decision-making, it is not the sole input into a decision. There are a wide range of information sources and perspectives that will inform a Council decision. All the input gathered is collated and assessed to help make a ‘sustainable’ decision (i.e. unlikely to require re-visiting because it is well-informed and well-considered). Decisions made by Council may differ from the prevailing public opinion.

Engagement spectrum – our approach

Level	1. Inform	2. Seek Views	3. Comment	4. Consult	5. Involve	6. Collaborate
<i>What it involves</i>	One-way communication To provide public with balanced, objective information to assist them in understanding problems, alternatives, opportunities and/or solutions	Asking the community for information Seek ideas, opinions and information for the community in the development of the Long-Term Plan	Informal two-way communication To obtain selected feedback on alternatives	Formal two-way communication To obtain public feedback on analysis, alternatives and/or decisions	A participatory process To work with the community through the process to ensure that public concerns and aspirations are consistently understood and considered	Working together To partner with public in each aspect of the decision including the development of alternatives and identifying the preferred solution
<i>Types of issues that we might use this for</i>	Annual Report, timing and programme for an approved significant project once approved by Council	The feedback process from the community may assist Council in determining whether to develop the project further	Development of the timing schedule for a project e.g. a waste management strategy project	Long-Term Plan/Annual Plan where there is significant changes from the content of the Long-Term Plan for that financial year	Development of policy change as a result of a review e.g. liquor ban, Harbour Bylaw, Pest Management Strategy	Development options for a new large capital project which has a community focus and has a large number options e.g. Waitangi wharf project
<i>Tools Council might use</i>	Website, local newspaper, mail drop, brochure/flyer, public notice/s	Informal gatherings, surveys, website, mail drop	Informal meetings with effected groups	Formal submissions and hearings, social media, email, focus groups, phone surveys, surveys	Workshops with community groups and organisations	External working groups (including community representatives and professional experts)
<i>Examples of Council engagement, consultation documents, and information</i>	Annual Report Summary Information on activities Notices Uniquely Chathams Council news Ratepayer database	Community development project Community complex project Satisfaction surveys	Hui with imi/iwi/DOC Kaingaroa community	Annual Plan Long-Term Plan Resource Management Document Bylaws Pest Management Strategy Waste Management Strategy Rating policy	Annual Plan Long-Term Plan Resource Management Document Bylaws Pest Management Strategy Waste Management Strategy Rating policy	Waitangi Wharf Governance Group DIA Liaison Group

Council engages with communities in many ways, from face-to-face meetings, forums, and surveys. The preferences for different community engagement methods will be periodically evaluated through a variety of feedback mechanisms.

Special consultative procedure

In some cases, and in circumstances required under the LGA 2002, Council will follow the special consultative procedures defined in the LGA 2002 to consult with the Chatham Islands community. When that happens, the proposal will be open to the community to provide their views for at least one month. The process we will follow is to:

- Prepare and adopt a statement of proposal, and in some cases a summary of the statement of proposal which is:
 - a fair representation of the statement of proposal
 - in a form determined by Council, i.e. published online, in the local newspaper and/or mailbox drop, so long as it is distributed as widely as reasonably practical
 - indicated where it is available
 - stated how long it is open for public submission
- Make publicly available:
 - the statement of proposal
 - a description of how people can present their views
 - a statement of the period the proposal is open for comments
- Allow people to present their views to Council ensuring that they have a reasonable opportunity to do so, and know how and when this opportunity will be available to them.

Council may also request advice or comment from a Council officer or any other person.

Where Council is required to use the special consultative procedure as part of making or amending bylaws, the statement of proposal must include:

- A draft of the proposed bylaw, or the proposed amendment of the bylaw
- The reasons for the proposal
- A report on any determinations made under the LGA 2002 on whether a bylaw is appropriate.

As defined in the LGA 2002, the special consultative procedure is used in relation to the adoption or amendment of a Long-Term Plan. In this case, instead of a statement of proposal and a summary of the information contained in the statement of proposal, a consultation document must be prepared and adopted.

Where Council is required to or chooses to use the special consultative procedure, the statement of proposal is a draft of any plan, policy or similar document, or in any other case a detailed statement of the proposal which must include:

- The reasons for the proposal
- An analysis of options
- Any other relevant information.

Review of this policy

This policy will be reviewed at least once every three years as part of the Long-Term Plan consultation process. It may also be amended from time to time.



8. Moriori, Māori and Chatham Islands Council

The Local Government Act 2002 provides principles and requirements for local authorities that are intended to facilitate participation by Moriori and Māori in local Government decision-making processes.

This is to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Moriori and Māori to contribute to local Government decision-making processes.

These principles and requirements may be summarised as follows:

1. Opportunities for Moriori and Māori – a local authority should provide opportunities for Moriori and Māori to contribute to its decision-making processes
2. Local authority decision-making – where, in the course of the decision-making process a significant decision relates to land or a body of water, the local authority must take into account the relationship of Moriori and Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu (sacred places), valued flora and fauna, and other taonga (treasures)
3. Contributions from Moriori and Māori – a local authority must ensure that it has processes in place to provide opportunities for Moriori and Māori to contribute to the decision-making processes of the local authority and also consider ways to foster the development of Moriori and Māori capacity
4. Consultation with Moriori and Māori – a local authority must ensure that it has processes in place for consulting with Moriori and Māori which are in accordance with the principles of consultation as set out in the Local Government Act 2002

Working with tchakat henu and tangata whenua

While the Local Government Act sets out provisions relating to Moriori and Māori, it is recognised that, within the Chatham Islands territory Moriori are recognised as 'tchakat henu' and Māori are recognised as 'tangata whenua', both identities being the people of the land. They have special status in terms of Chatham Islands Council resource management activities, and are not just another interest group. These activities can directly affect the interests of tchakat henu/tangata whenua, particularly those relating to land and water. In addition to the Local Government Act obligations, the Resource Management Act 1991 gives the Council specific obligations regarding 'kaitiakitanga' (stewardship) and the principles of the Treaty of Waitangi, particularly regarding the relationship between Moriori and Māori, and their respective cultures and traditions with their ancestral lands, water, sites, wāhi tapu and other taonga.

To give effect to the obligations under the Local Government Act and related obligations under the Resource Management Act, the Council must continue to develop its relationship with Moriori and Māori. This is essential for achieving sustainable management of the natural resources within the Chatham Islands territory.

Recognition of tikane Moriori and tikanga Māori

The Council recognises that differences may arise in the values, beliefs and traditions between Moriori and Māori, or tikane Moriori and tikanga Māori. When working with Moriori or Māori, consideration of such differences will be acknowledged.

Consultation and providing information

The Local Government Act 2002 states the obligations for local authorities in relation to the involvement of Māori in the decision-making process, or in this instance Moriori and Māori as separate identities. For the purpose of this policy, 'Moriori and Māori' means all individuals or groups who identify themselves as such. The Council will endeavour to identify and consult with as many Moriori or Māori as practicable. It will work towards establishing a schedule of individuals and groups. This schedule will provide the basis for the dissemination of information with the aim of encouraging and providing opportunities for Moriori and Māori to participate in the decision-making process. The Council recognises the importance of 'kanohi ki te kanohi' (face to face) as a means of effective consultation with Moriori and Māori.

Strategic planning documents

The Chatham Islands Resource Management Document is a key document that tangata whenua have made a significant contribution towards in terms of specifying matters of resource management significance to tchakat henu/tangata whenua. These contributions have helped frame the Council's response for addressing these resource management matters. The Council acknowledges and values the importance of tchakat henu and tangata whenua as an integral part of the community.

Memorandum of Understanding

It is envisaged that the Council, in partnership with Moriori and Māori, will seek to promote closer working relationships.

Building capacity

Chatham Islands Council will work with Moriori, Māori and others to investigate how the Council may foster development of Moriori and Māori capacity to contribute to the decision-making processes of Chatham Islands Council. Related to this process is the need for the Council to gain a clear understanding, through hui and ongoing relationships, of Moriori and Māori expectations and to agree and commit to practicable steps to building Moriori and Māori capacity. More formal arrangements, such as memoranda of understanding and consultative processes under the Local Government Act, will also need to be agreed upon.

Education and promotion

Chatham Islands Council recognises the need to resource education programmes for elected members and staff to provide for the development of Moriori and Māori values and traditions and gain an appreciation of these needs and expectations in relation to the Local Government Act 2002 and Resource Management Act 1991.



Appendix: Funding impact statements

The Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 require the Council to adopt a funding impact statement for both the Council and each group of activities. The funding impact statement must identify: the sources of funding to be used; the amount of funds expected to be produced from each source; and how the funds are to be applied.

The timing of the recognition of income and expenditure in the funding impact statements is consistent with the forecast financial statements. However, transactions with no funding impact, such as depreciation, have been removed. The regulations also require each funding impact statement for a group of activities to disclose internal charges and cost allocation and not eliminate these as required by NZ GAAP. Funding impact statements for each group of activities are disclosed in the following pages.

Details on how activities are funded and the rationale for each funding source selected are given in the revenue and financing policy. Examples of the impact of the rating proposals for the first year covered by the Long-Term Plan on the rates assessed on different categories of rateable land are also included.

Council	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Source of Operating Funding											
General Rates, Uniform Annual General Charge, Rates Penalties	287	292	297	301	307	312	317	323	329	335	342
Targeted Rates	288	256	260	264	268	274	279	283	289	295	301
Subsidies and Grants for Operating Purposes	4,695	4,506	5,470	5,773	5,787	5,927	6,129	6,151	6,305	6,512	6,535
Fees and Charges	78	-	-	-	-	-	-	-	-	-	-
Interest and Dividends from Investments	72	-	-	-	-	-	-	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	482	514	519	528	533	544	554	569	583	600	616
Total Operating Funding	5,902	5,568	6,546	6,866	6,895	7,057	7,279	7,326	7,506	7,742	7,794
Applications of Operating Funding											
Payments To Staff And Suppliers	4,678	5,515	5,889	6,125	6,204	6,466	6,710	6,811	7,072	7,367	7,526
Finance Costs	23	19	106	180	187	171	151	135	113	91	69
Other Operating Funding Applications	853	-	-	-	-	-	-	-	-	-	-
Total Application of Operating Funding	5,554	5,534	5,995	6,305	6,391	6,637	6,861	6,946	7,185	7,458	7,595
Surplus (Deficit) of Operating Funding	348	34	551	560	504	420	417	380	321	284	199

Council	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Source of Capital Funding											
Subsidies and Grants for Capital Expenditure	3,338	3,415	2,589	4,115	2,463	2,322	3,179	2,393	2,345	3,072	2,233
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Debt	-	138	3,364	565	(352)	(431)	(494)	(409)	(533)	(555)	(557)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total Source of Capital Funding	3,338	3,553	5,953	4,680	2,111	1,891	2,685	1,984	1,813	2,517	1,676
Application of Capital Funding											
Capital Expenditure											
- to meet additional demand											
- to improve the level of service	990	1,997	3,460	2,619	403	231	1,009	439	251	1,029	475
- to replace existing assets	2,668	2,409	3,035	2,645	2,175	2,127	2,207	2,095	2,134	2,085	1,802
Increase (Decrease) in reserves	28	(818)	8	(24)	37	(47)	(113)	(170)	(252)	(313)	(401)
Increase (Decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Capital Funding	3,686	3,588	6,504	5,240	2,616	2,311	3,103	2,364	2,133	2,800	1,876
Surplus (Deficit) of Capital Funding	(348)	(34)	(551)	(560)	(504)	(420)	(417)	(380)	(321)	(284)	(199)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation of Operating Funding to Statement of Comprehensive Revenue and Expense											
Surplus (Deficit) of Operating Funding	348	34	551	560	504	420	417	380	321	284	199
Subsidies and Grants for Capital Expenditure	3,338	3,415	2,589	4,115	2,463	2,322	3,179	2,393	2,345	3,072	2,233
Depreciation	(1,854)	(2,080)	(2,239)	(2,339)	(2,341)	(2,324)	(2,502)	(2,594)	(2,656)	(2,701)	(2,824)
Movement in revaluation	-	-	-	-	-	4,797	-	-	-	-	6,536
Statement of Total Comprehensive Income	1,832	1,370	901	2,337	626	5,215	1,094	178	10	654	6,145

Any revenue or expenditure item not directly attributed to a particular activity, is allocated across multiple Funding Impact Statements. Unallocated revenue and expenditure items are allocated on a proportional basis to a particular activity Funding Impact Statement. This may result in significant reserve movements between activity Funding Impact Statements. A more accurate summary of reserve use can be found in the Council Funding Impact Statement.

Democracy	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Source of Operating Funding											
General Rates, Uniform Annual General Charges, Rates Penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and Grants for Operating Purposes	979	993	1,009	1,125	1,043	1,060	1,179	1,099	1,120	1,241	1,164
Fees and Charges	-	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Recovered	-	-	-	-	-	-	-	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	42	101	102	104	105	108	110	113	116	120	124
Total Operating Funding	1,021	1,094	1,111	1,229	1,148	1,168	1,289	1,212	1,236	1,361	1,288
Applications of Operating Funding											
Payments To Staff And Suppliers	775	306	322	322	329	356	355	367	399	397	411
Finance Costs	-	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Applied	293	466	544	629	613	642	686	673	695	752	753
Other Operating Funding Applications											
Total Application of Operating Funding	1,068	772	866	951	942	998	1,041	1,040	1,094	1,149	1,164
Surplus (Deficit) of Operating Funding	(47)	322	245	278	206	170	248	172	142	212	124
Source of Capital Funding											
Subsidies and Grants for Capital Expenditure	990	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total Source of Capital Funding	990	-	-	-	-	-	-	-	-	-	-
Application of Capital Funding											
Capital Expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	990	-	35	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Reserves	(47)	322	210	278	206	170	248	172	142	212	124
Increase (Decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Capital Funding	943	322	245	278	206	170	248	172	142	212	124
Surplus (Deficit) of Capital Funding	47	(322)	(245)	(278)	(206)	(170)	(248)	(172)	(142)	(212)	(124)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	2	7	5	3	3	3	3	-	-	-	-

Infrastructural services	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Source of Operating Funding											
General Rates, Uniform Annual General Charges, Rates Penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	262	256	260	264	268	274	279	283	289	295	301
Subsidies and Grants for Operating Purposes	1,853	1,732	2,431	2,476	2,536	2,621	2,663	2,725	2,814	2,854	2,906
Fees and Charges	7	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Recovered	-	-	-	-	-	-	-	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	59	41	41	42	42	44	45	47	48	49	50
Total Operating Funding	2,181	2,029	2,732	2,782	2,846	2,939	2,987	3,055	3,151	3,198	3,257
Applications of Operating Funding											
Payments To Staff And Suppliers	2,272	2,202	2,297	2,340	2,404	2,505	2,564	2,632	2,740	2,802	2,876
Finance Costs	-	-	87	146	139	129	115	104	88	71	53
Internal Charges and Overheads Applied	64	102	119	137	134	140	150	147	151	164	164
Other Operating Funding Applications	-	-	-	-	-	-	-	-	-	-	-
Total Application of Operating Funding	2,336	2,304	2,503	2,623	2,677	2,774	2,829	2,883	2,979	3,037	3,093
Surplus (Deficit) of Operating Funding	(155)	(275)	229	159	169	165	158	172	172	161	164
Source of Capital Funding											
Subsidies and Grants for Capital Expenditure	2,348	3,415	2,589	3,240	2,463	2,322	3,179	2,393	2,345	3,072	2,233
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Debt	-	-	3,448	(150)	(198)	(279)	(349)	(273)	(395)	(416)	(437)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total Source of Capital Funding	2,348	3,415	6,037	3,090	2,265	2,043	2,830	2,120	1,950	2,656	1,796
Application of Capital Funding											
Capital Expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	1,997	3,175	869	403	231	1,009	439	251	1,029	475
- to replace existing assets	2,668	2,209	3,035	2,645	2,175	2,127	2,207	2,095	2,134	2,085	1,802
Increase (Decrease) in Reserves	(475)	(1,066)	56	(265)	(145)	(150)	(228)	(242)	(263)	(296)	(316)
Increase (Decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Capital Funding	2,193	3,140	6,266	3,249	2,434	2,208	2,988	2,292	2,122	2,817	1,960
Surplus (Deficit) of Capital Funding	155	275	(229)	(159)	(169)	(165)	(158)	(172)	(172)	(161)	(164)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	1,854	2,021	2,177	2,240	2,245	2,233	2,412	2,513	2,576	2,621	2,744

Roading	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Source of Operating Funding											
General Rates, Uniform Annual General Charges, Rates Penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	54	54	55	56	57	58	59	60	61	63	64
Subsidies and Grants for Operating Purposes	1,323	1,196	1,427	1,444	1,480	1,551	1,578	1,612	1,685	1,709	1,743
Fees and Charges	-	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Recovered	-	-	-	-	-	-	-	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	12	-	-	-	-	-	-	-	-	-	-
Total Operating Funding	1,389	1,250	1,482	1,500	1,537	1,609	1,637	1,672	1,746	1,772	1,807
Applications of Operating Funding											
Payments To Staff And Suppliers	1,504	1,504	1,576	1,597	1,637	1,713	1,745	1,785	1,863	1,894	1,934
Finance Costs	-	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Applied	-	-	-	-	-	-	-	-	-	-	-
Other Operating Funding Applications	-	-	-	-	-	-	-	-	-	-	-
Total Application of Operating Funding	1,504	1,504	1,576	1,597	1,637	1,713	1,745	1,785	1,863	1,894	1,934
Surplus (Deficit) of Operating Funding	(115)	(254)	(94)	(97)	(100)	(104)	(108)	(113)	(117)	(122)	(127)
Source of Capital Funding											
Subsidies and Grants for Capital Expenditure	2,348	3,076	2,589	2,582	2,463	2,274	3,179	2,393	2,345	3,072	2,233
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total Source of Capital Funding	2,348	3,076	2,589	2,582	2,463	2,274	3,179	2,393	2,345	3,072	2,233
Application of Capital Funding											
Capital Expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	1,287	105	869	403	231	1,009	439	251	1,029	475
- to replace existing assets	2,668	2,209	2,483	1,713	2,060	2,044	2,170	1,954	2,094	2,043	1,758
Increase (Decrease) in Reserves	(435)	(673)	(94)	(97)	(100)	(104)	(108)	(113)	(117)	(122)	(127)
Increase (Decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Capital Funding	2,233	2,822	2,494	2,485	2,363	2,170	3,071	2,280	2,228	2,950	2,106
Surplus (Deficit) of Capital Funding	115	254	94	97	100	104	108	113	117	122	127
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	1,663	1,853	1,948	1,967	1,967	1,971	2,111	2,211	2,273	2,318	2,449

Sewerage	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Source of Operating Funding											
General Rates, Uniform Annual General Charges, Rates Penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	66	67	68	69	70	72	73	74	76	77	79
Subsidies and Grants for Operating Purposes	76	78	108	116	122	125	128	136	139	143	147
Fees and Charges	2	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Recovered	-	-	-	-	-	-	-	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	15	8	8	8	8	8	8	9	9	9	10
Total Operating Funding	159	153	184	193	200	205	209	219	224	229	236
Applications of Operating Funding											
Payments To Staff And Suppliers	178	94	97	100	103	106	110	113	117	121	126
Finance Costs	-	-	8	9	10	11	10	11	10	9	7
Internal Charges and Overheads Applied	23	37	43	49	48	50	54	53	55	59	59
Other Operating Funding Applications	-	-	-	-	-	-	-	-	-	-	-
Total Application of Operating Funding	201	131	148	158	161	167	174	177	182	189	192
Surplus (Deficit) of Operating Funding	(42)	22	36	35	39	38	35	42	43	40	43
Source of Capital Funding											
Subsidies and Grants for Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Debt	-	-	174	71	11	(19)	(21)	10	(28)	(30)	(33)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total Source of Capital Funding	-	-	174	71	11	(19)	(21)	10	(28)	(30)	(33)
Application of Capital Funding											
Capital Expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	238	112	-	-	-	103	-	-	-
Increase (Decrease) in Reserves	(42)	22	(28)	(5)	50	20	15	(50)	15	10	10
Increase (Decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Capital Funding	(42)	22	210	107	50	20	15	53	15	10	10
Surplus (Deficit) of Capital Funding	42	(22)	(36)	(35)	(39)	(38)	(35)	(42)	(43)	(40)	(43)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	39	39	42	43	35	20	22	22	23	23	23

Solid waste	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Source of Operating Funding											
General Rates, Uniform Annual General Charges, Rates Penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	65	66	67	68	69	70	72	73	74	76	77
Subsidies and Grants for Operating Purposes	370	371	377	383	390	396	403	410	419	426	435
Fees and Charges	3	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Recovered	-	-	-	-	-	-	-	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	15	14	14	15	15	15	16	16	17	17	17
Total Operating Funding	453	451	458	466	474	481	491	499	510	519	529
Applications of Operating Funding											
Payments To Staff And Suppliers	269	356	367	377	389	401	413	427	441	456	471
Finance Costs	-	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Applied	15	24	28	33	32	34	36	35	36	39	39
Other Operating Funding Applications	-	-	-	-	-	-	-	-	-	-	-
Total Application of Operating Funding	284	380	395	410	421	435	449	462	477	495	510
Surplus (Deficit) of Operating Funding	169	71	63	56	53	46	42	37	33	24	19
Source of Capital Funding											
Subsidies and Grants for Capital Expenditure	-	339	-	658	-	48	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total Source of Capital Funding	-	339	-	658	-	48	-	-	-	-	-
Application of Capital Funding											
Capital Expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	710	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	658	-	48	-	-	-	-	-
Increase (Decrease) in Reserves	169	(300)	63	56	53	46	42	37	33	24	19
Increase (Decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Capital Funding	169	410	63	714	53	94	42	37	33	24	19
Surplus (Deficit) of Capital Funding	(169)	(71)	(63)	(56)	(53)	(46)	(42)	(37)	(33)	(24)	(19)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	63	83	112	125	138	139	162	162	162	162	153

Water	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Source of Operating Funding											
General Rates, Uniform Annual General Charges, Rates Penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	77	69	70	71	72	74	75	76	78	79	81
Subsidies and Grants for Operating Purposes	70	72	505	519	529	533	538	550	555	560	565
Fees and Charges	2	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Recovered	-	-	-	-	-	-	-	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	14	18	18	18	18	19	19	20	20	21	21
Total Operating Funding	163	159	593	608	619	626	632	646	653	660	667
Applications of Operating Funding											
Payments To Staff And Suppliers	314	248	257	266	275	285	296	307	319	331	345
Finance Costs	-	-	79	137	129	118	105	93	78	62	46
Internal Charges and Overheads Applied	21	34	40	46	45	47	50	49	50	55	55
Other Operating Funding Applications	-	-	-	-	-	-	-	-	-	-	-
Total Application of Operating Funding	335	282	376	449	449	450	451	449	447	448	446
Surplus (Deficit) of Operating Funding	(172)	(123)	217	159	171	176	181	197	206	212	221
Source of Capital Funding											
Subsidies and Grants for Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Debt	-	-	3,274	(222)	(210)	(260)	(328)	(283)	(367)	(385)	(404)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total Source of Capital Funding	-	-	3,274	(222)	(210)	(260)	(328)	(283)	(367)	(385)	(404)
Application of Capital Funding											
Capital Expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	3,070	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	314	163	115	36	37	38	40	41	43
Increase (Decrease) in Reserves	(172)	(123)	107	(226)	(154)	(120)	(184)	(125)	(201)	(215)	(226)
Increase (Decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Capital Funding	(172)	(123)	3,491	(63)	(39)	(84)	(147)	(86)	(161)	(174)	(183)
Surplus (Deficit) of Capital Funding	172	123	(217)	(159)	(171)	(176)	(181)	(197)	(206)	(212)	(221)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	45	46	75	105	105	103	116	117	118	119	119

Storm water	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Source of Operating Funding											
General Rates, Uniform Annual General Charges, Rates Penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and Grants for Operating Purposes	14	14	15	15	15	15	16	16	16	17	17
Fees and Charges	-	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Recovered	-	-	-	-	-	-	-	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	3	1	1	1	1	2	2	2	2	2	2
Total Operating Funding	17	15	16	16	16	17	18	18	18	19	19
Applications of Operating Funding											
Payments To Staff And Suppliers	7	-	-	-	-	-	-	-	-	-	-
Finance Costs	-	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Applied	5	7	8	9	9	9	10	10	10	11	11
Other Operating Funding Applications	-	-	-	-	-	-	-	-	-	-	-
Total Application of Operating Funding	12	7	8	9	9	9	10	10	10	11	11
Surplus (Deficit) of Operating Funding	5	8	8	7	7	8	8	8	8	8	8
Source of Capital Funding											
Subsidies and Grants for Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total Source of Capital Funding	-	-	-	-	-	-	-	-	-	-	-
Application of Capital Funding											
Capital Expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Reserves	5	8	8	7	7	8	8	8	8	8	8
Increase (Decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Capital Funding	5	8	8	7	7	8	8	8	8	8	8
Surplus (Deficit) of Capital Funding	(5)	(8)	(8)	(7)	(7)	(8)	(8)	(8)	(8)	(8)	(8)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	-	-	-	-	-	-	-	-	-	-	-

Community and regulatory services	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Source of Operating Funding											
General Rates, Uniform Annual General Charges, Rates Penalties	287	292	297	301	307	312	317	323	329	335	342
Targeted Rates	26	-	-	-	-	-	-	-	-	-	-
Subsidies and Grants for Operating Purposes	970	996	1,233	1,256	1,280	1,305	1,332	1,359	1,389	1,419	1,451
Fees and Charges	52	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Recovered	-	-	-	-	-	-	-	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	321	293	296	301	304	309	314	321	329	337	346
Total Operating Funding	1,656	1,581	1,826	1,858	1,891	1,926	1,963	2,003	2,047	2,091	2,139
Applications of Operating Funding											
Payments To Staff And Suppliers	647	477	491	506	521	537	554	572	591	611	632
Finance Costs	-	19	19	16	13	11	8	6	4	3	2
Internal Charges and Overheads Applied	289	460	536	618	606	632	677	665	683	741	743
Other Operating Funding Applications	-	-	-	-	-	-	-	-	-	-	-
Total Application of Operating Funding	936	956	1,046	1,140	1,140	1,180	1,239	1,243	1,278	1,355	1,377
Surplus (Deficit) of Operating Funding	720	625	780	717	751	746	723	760	769	736	762
Source of Capital Funding											
Subsidies and Grants for Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Debt	-	138	(84)	(62)	(56)	(54)	(47)	(38)	(39)	(42)	(22)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total Source of Capital Funding	-	138	(84)	(62)	(56)	(54)	(47)	(38)	(39)	(42)	(22)
Application of Capital Funding											
Capital Expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	200	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Reserves	720	563	696	655	695	692	677	722	729	694	740
Increase (Decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Capital Funding	720	763	696	655	695	692	677	722	729	694	740
Surplus (Deficit) of Capital Funding	(720)	(625)	(780)	(717)	(751)	(746)	(723)	(760)	(769)	(736)	(762)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	35	43	45	43	40	38	38	35	35	35	35

Environmental services	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Source of Operating Funding											
General Rates, Uniform Annual General Charges, Rates Penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and Grants for Operating Purposes	429	222	226	229	233	237	242	246	251	255	260
Fees and Charges	6	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Recovered	-	-	-	-	-	-	-	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	42	24	24	25	25	25	26	27	27	28	29
Total Operating Funding	477	246	250	254	258	262	268	273	278	283	289
Applications of Operating Funding											
Payments To Staff And Suppliers	578	956	973	900	928	957	989	1,021	1,056	1,093	1,131
Finance Costs	-	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Applied	66	104	122	141	137	144	154	151	155	168	168
Other Operating Funding Applications	-	-	-	-	-	-	-	-	-	-	-
Total Application of Operating Funding	644	1,060	1,095	1,041	1,065	1,101	1,143	1,172	1,211	1,261	1,299
Surplus (Deficit) of Operating Funding	(167)	(814)	(845)	(787)	(807)	(839)	(875)	(899)	(933)	(978)	(1,010)
Source of Capital Funding											
Subsidies and Grants for Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total Source of Capital Funding	-	-	-	-	-	-	-	-	-	-	-
Application of Capital Funding											
Capital Expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Reserves	(167)	(814)	(845)	(787)	(807)	(839)	(875)	(899)	(933)	(978)	(1,010)
Increase (Decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Capital Funding	(167)	(814)	(845)	(787)	(807)	(839)	(875)	(899)	(933)	(978)	(1,010)
Surplus (Deficit) of Capital Funding	167	814	845	787	807	839	875	899	933	978	1,010
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	-	1	1	1	1	1	1	-	-	-	-

Emergency management	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Source of Operating Funding											
General Rates, Uniform Annual General Charges, Rates Penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and Grants for Operating Purposes	211	304	307	418	422	426	430	434	439	444	448
Fees and Charges	6	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Recovered	-	-	-	-	-	-	-	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	41	21	22	22	22	23	23	24	25	26	26
Total Operating Funding	258	325	329	440	444	449	453	458	464	470	474
Applications of Operating Funding											
Payments To Staff And Suppliers	243	168	172	177	183	188	194	200	207	213	220
Finance Costs	-	-	-	18	34	31	28	24	21	17	13
Internal Charges and Overheads Applied	64	102	119	137	134	140	150	147	151	164	164
Other Operating Funding Applications	-	-	-	-	-	-	-	-	-	-	-
Total Application of Operating Funding	307	270	291	332	351	359	372	371	379	394	397
Surplus (Deficit) of Operating Funding	(49)	55	38	108	93	90	81	87	85	75	77
Source of Capital Funding											
Subsidies and Grants for Capital Expenditure	-	-	-	875	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Debt	-	-	-	777	(98)	(98)	(98)	(98)	(98)	(98)	(98)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total Source of Capital Funding	-	-	-	1,652	(98)	(98)	(98)	(98)	(98)	(98)	(98)
Application of Capital Funding											
Capital Expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	250	1,750	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Reserves	(49)	55	(212)	10	(5)	(8)	(17)	(11)	(13)	(23)	(21)
Increase (Decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Capital Funding	(49)	55	38	1,760	(5)	(8)	(17)	(11)	(13)	(23)	(21)
Surplus (Deficit) of Capital Funding	49	(55)	(38)	(108)	(93)	(90)	(81)	(87)	(85)	(75)	(77)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	7	7	9	51	51	48	48	46	45	45	45

Coasts, harbour and navigation	Annual Plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Source of Operating Funding											
General Rates, Uniform Annual General Charges, Rates Penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and Grants for Operating Purposes	253	260	264	268	273	277	282	287	293	299	304
Fees and Charges	7	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Recovered	-	-	-	-	-	-	-	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	49	34	34	34	35	35	36	37	38	40	41
Total Operating Funding	309	294	298	302	308	312	318	324	331	339	345
Applications of Operating Funding											
Payments To Staff And Suppliers	186	50	52	53	55	57	58	60	62	65	67
Finance Costs	-	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Applied	77	122	142	165	160	168	179	176	182	197	197
Other Operating Funding Applications	-	-	-	-	-	-	-	-	-	-	-
Total Application of Operating Funding	263	172	194	218	215	225	237	236	244	262	264
Surplus (Deficit) of Operating Funding	46	122	104	84	93	87	81	88	87	77	81
Source of Capital Funding											
Subsidies and Grants for Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total Source of Capital Funding	-	-	-	-	-	-	-	-	-	-	-
Application of Capital Funding											
Capital Expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Reserves	46	122	104	84	93	87	81	88	87	77	81
Increase (Decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Capital Funding	46	122	104	84	93	87	81	88	87	77	81
Surplus (Deficit) of Capital Funding	(46)	(122)	(104)	(84)	(93)	(87)	(81)	(88)	(87)	(77)	(81)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	-	1	1	1	1	1	1	-	-	-	-

The organisation

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Bryan Peters – Roads and bridges

Richard Bennett – Water and wastewater

John Cocks – Sanitation

Contractors

Environment Canterbury

Fulton Hogan Ltd

Resource Management

Beca Ltd

Solicitors

Wynn Williams

Bankers

ANZ (Waitangi – Chatham Islands)

Auditors

Audit New Zealand

(on behalf of the Auditor-General)



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