

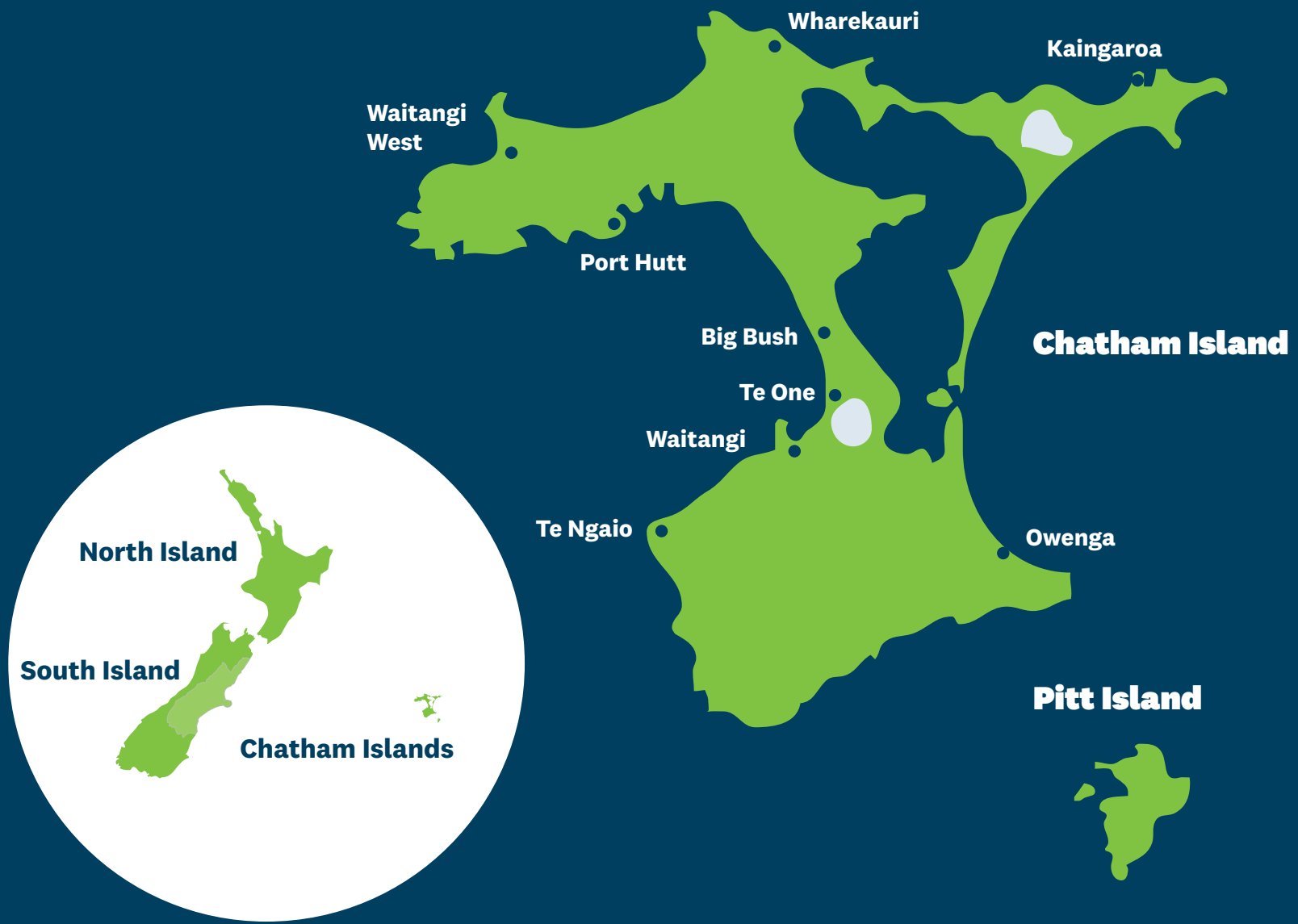
# Chatham Islands Council

Annual Plan 2023/24

*Our people, our Islands, our future*



chatham islands council



# Contents

- 2 Profile of the Chatham Islands
- 4 Welcome from the Mayor and Chief Executive
- 5 Highlighting our key projects
- 6 Financial information
- 6 Significant forecasting assumptions
- 8 Accounting policies
- 9 Reserve fund disclosure
- 10 Financial statements
- 10 Statement of Comprehensive Revenue and Expense
- 10 Statement of Changes in Equity
- 11 Statement of Financial Position
- 12 Statement of Cash Flows
- 13 Council funding impact statement
- 14 Rating information
- 17 Annual Plan disclosure statement
- 18 Fees and charges
- 21 Council dues
- 22 Glossary
- 23 The organisation



# Welcome from the Mayor and Chief Executive

## Kioranga, kia ora, hello,

It is our pleasure to present our Annual Plan for the 2023/24 year.

This document provides our plan and budget for the upcoming financial year including key projects, finance, and rating information.

The Council relies heavily on receiving an annual Crown appropriation which currently sits at just over \$4M. We do the best with what we have, but this budget does mean we often struggle to meet new legislative requirements and reforms and what would be considered “best practice” in New Zealand.

Interestingly, in November 2021, McGredy Winder was engaged to review the Council’s ability to meet its statutory obligations. It was pleasing to see that an increase to near \$8M/year was recommended. However, Central Government has yet to agree to this increase. This means environmental standards compliance work, among others, will be deferred to future years.

Waste management will continue to be a focus in the coming year. In the past year we have done much in this space thanks to project funding from the Ministry for the Environment including further storage and the establishment of a new weigh bridge to facilitate better reporting.

New signage at the transfer stations has also been organised, as well as other resources and education material for locals. Council is continuing to work with waste receivers in Timaru with the view to exporting recyclable waste off the Island. We are also working with Chatham Islands Shipping to find an affordable means of making this happen.

Three Waters reforms, now known as Affordable Water, continues to demand a lot of staff resource. The proposed Affordable Water reforms will result in the Chatham Islands being a standalone entity supported by Crown funding using the existing Crown appropriation.

Reforms has enabled significant upgrades to occur to our water and wastewater facilities both at Waitangi and Kaingaroa through the stimulus funding from Three Waters and a Ministry of Health grant. However, the Waitangi supply is still vulnerable during dry times when we apply restrictions to make sure demand meets supply.

Better Off funding has also been awarded to the Council which is to be spent on projects in consultation with imi and iwi. You can find further details of this on page 7.

We continue to work closely with Hokotehi Moriori Trust, Ngati Mutunga O Wharekauri Iwi Trust and Chatham Islands Enterprise Trust.

As the four main entities on the Island, we meet monthly to discuss what each of us are doing and we come together to provide a collective view on Island issues. A wider stakeholder group also meet twice a year to update the various Government departments on what’s happening on the Island.

The current financial climate has had a magnified effect on the Chatham Islands with the cost of living reaching unsustainable levels. For low and fixed-income earners there is little relief, with relief offered by the Government not being fit for purpose on the Island. The biggest driver has been the cost of diesel which drives most of the Island, including the power grid which resulted in electricity being as high as \$1.37 per unit.

As part of the review of the Island’s Investment Strategy, Council continues to work with the entities, including CIET’s application for renewable energy sources on the Island.

Council has adopted a 3% rate increase. Our usual approach to rating increases is to do this in line with inflation, although this is increased slightly to reflect the cost of transporting goods to the Island. Inflation is currently sitting at 6.7% (March 2023).

We know that with the current cost of living crisis, household budgets are being squeezed from every direction and a rates increase of this nature would make things even more difficult for you, which is why Council agreed to 3%.

We finally want to acknowledge the many hard-working people who support the Council's efforts. Their work is greatly appreciated.

Me rongo, ngā mihi, warm regards,



**Monique Croon,**  
*Mayor*



**Owen Pickles,**  
*Chief Executive*

# Highlighting our key projects

The Council aspires to deliver the following projects to the community:

## Roading infrastructure

Roading infrastructure works are undertaken regularly to enhance the efficiency, reliability, and safety of the Chatham Islands road network. The cost of maintaining the roading networks and establishing capital projects is high in proportion to the population and Waka Kotahi commits an 88% subsidy rate to the funding of the Islands' roading network.

The key project for 2023/24 is the design works for a barge loading facility at Owenga, and pre-design works for the Maipito Bridge replacement.

## Water and wastewater schemes

Safe, reliable and sustainable water and wastewater services for Chatham Island remain at the forefront of our key projects. Council is driven to ensure we meet drinking water standards and address issues that have a direct impact on the health, safety and wellbeing of our community.

The proposed Affordable Water reforms will mean the Chatham Islands being a standalone entity supported by Crown funding using the existing Crown appropriation. Until this is confirmed, and more detail is made available, the schemes and network remain vulnerable. Currently, only limited day-to-day maintenance and repairs can be undertaken using the annual appropriation.

Critical investments identified in the Long-Term Plan but not currently funded are the Waitangi water supply upgrade with extension to Te One (\$4M), Waitangi wastewater upgrade (\$4M), Kaingaroa reticulation renewal (\$0.6M), and the water tank loan scheme (\$0.5M). The high-level costs were estimated in early 2021; costs will have escalated considerably since then for various reasons, including impacts of the global COVID-19 pandemic on supply costs, availability and logistics.

Three waters funding in 2022 and 2023 allowed for critical repairs to water and wastewater assets. Better off funding will be reallocated to other key projects (including housing) with capex on water and wastewater projects deferred.

# Key changes from our 2021-31 Long-Term Plan

There have not been any significant changes made between year three of the Long-Term Plan 2021-31 and the 2023/24 budget, except where a grant is provided to fund a work variance (e.g. three waters).

The Crown appropriation for the 2023/24 year will be \$4.37M, which should enable the Council to continue business as usual.

As mentioned, the proposed Affordable Water reforms will mean the Chatham Islands being a standalone entity supported by Crown funding using the existing Crown appropriation. There is still much to be decided and worked through in this space.

Also, through Three Waters, Council was allocated \$2.2M as part of the 'better off' fund in September 2022. The Council worked with imi and iwi in prioritising the use of these funds, but broadly, it has been allocated to:

## Completed

- With thanks also to the Ministry for the Environment for funding, waste management initiatives have included the new weighbridge facility and the establishment of a waste recovery building.
- The Kaingaroa Wharf safety repairs.
- The Owenga Wharf upgrades.

## In progress

- Upgrading three social/community housing units.
- Maintenance and works on existing housing facilities for Council staff.

## Waiting for funding

- The NKMRC initiative to provide seed funding to build a roof over the netball courts.
- Building a hostel-like accommodation facility.
- Building new houses for visitor and contractor accommodation.





## Financial information

Chatham Islands Council is the smallest council in New Zealand, with less than one thousand residents and rateable units. This makes the Council unique in that funding sources available to other councils to finance key projects, such as rate increases, growth, or debt are not considered appropriate options for the Chatham Islands Council, as this would unfairly burden our ratepayers. There is a significant reliance on external support from the Government for our Council to remain financially sustainable, where support is not provided, Council may reduce or cease to provide some services or elect to not comply with legislation. Council expects to recognise a surplus during the year, recognising grants to fund expenditure on infrastructural assets. Council expects there to be a decrease in our cash and equity reserves, deteriorating our overall financial viability.



## Responsibility for Financial Statements

Council is responsible for the prospective financial statements presented in this Annual Plan. The Council considers that appropriate assumptions have been used to produce these prospective financial statements and that all disclosure requirements have been met.

**The forecast financial statements of this Annual Plan provide information on the budgets for all of Council and are comprised of:**

## Our significant forecasting assumptions

Our key assumptions made in compiling our financial information are included in our significant forecasting assumptions. Price level adjusters and assumptions with high financial risk are detailed, along with analysis on the impact of assumptions used where applicable.

The prospective financial information contained in this document are estimates. Actual results are likely to vary from the information presented and these variations may be material.

## Accounting Policies

Our accounting policies are compliant with International Public Sector Accounting Standards for Public Benefit Entities (PBE IPSAS) and provide detail on how Council applies the standards to the prospective financial statements.

## Reserve funds

Reserve funds detail the funds Council holds for specific purposes and how the balance of the funds are expected to move over the course of the year of the Annual Plan.

## Our prospective Financial Statements

these prospective statements include the prospective statement of comprehensive revenue and expense, prospective statement of financial position, prospective statement of changes in equity and prospective statement of cash flows for Council, which are in all annual plans and reports.

The purpose of these prospective Financial Statements is to 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 is an overview and may not be appropriate for purposes other than those described.

Actual financial results are likely to vary from that forecast within this Plan. These prospective financial statements are a forecast of one year, based on the latest information and knowledge at hand, and in conjunction with assumptions considered appropriate at that time.

## Annual Plan disclosure statement

A disclosure statement is required that discloses Council's planned financial performance in relation to various benchmarks to enable an assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The 2021-2031 Long-Term Plan financial strategy limits general rate increases to the movement in the Consumer Price Index for the period plus 2%, and limits total borrowing to 175% of total revenue (omitting earmarked capital grants).

All estimates within the 2023/24 Annual Plan comply with these financial limits.

## Statement concerning balancing the budget

Council expects to recognise an after-tax surplus for the year. Council notes the forecast places reliance on the detailed forecasting assumptions, where actual results may differ to that estimated. Council considers the balanced budget assumption to be met.

# Significant forecasting assumptions

In creating our budget, the following significant assumptions have been made:

## Annual Crown Contribution

The Council receives an annual appropriation as a contribution to the cost of Council's statutory responsibilities.

A Deed of Funding agreeing to provide ongoing support with the Crown exists, however the level of support is not determined until May each year, as part of the appropriation process, so a significant level of uncertainty related to funding exists. Funding for the 2023/24 financial year is anticipated to be \$4.2 million, which is consistent with prior period funding and excludes inflationary adjustments, increased funding to meet new legislative compliance requirements and asset replacement works. The result of such a funding approach is service levels may drop or Council may be non-compliant with legislation until sufficient funding is received to improve the service level offered to our community.

## Waka Kotahi NZ Transport Agency subsidy rates

The current Funding Assistance Rate provided by Waka Kotahi is 88% of total roading expenditure. It is assumed the financial subsidy will continue over the period of the Annual Plan. The difference between roading expenditure and the Waka Kotahi grant is expected to be funded from targeted rates and allocated general funds (which includes the annual Crown contribution).

Capital and operational expenditure for the period is expected to match the approved Waka Kotahi programme of work for the three-year period ending 2024, noting there may be work deferred or other variations between the three-year period which may require Council to review and amend its roading programme. Any work not completed at the end of the year, will be incorporated into a new funding bid.

## Growth and other price changes

It has been assumed that the population base will remain stable for the foreseeable future. It has been further assumed that the number of rateable properties will not change significantly over the period. Council assumes any ratepayer financial hardships will be managed through the rates remission and postponement policy.

Future price level adjustments, including inflation and interest adjustments are based on those recommended to Local Government by Business and Economic Research (BERL)..

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 other services like air transport. To incorporate the higher costs of living and transportation impacts into Council's budgetary assumptions, an additional adjustment of 0.75% to expenditure price movements has been made.

## Legislative change

Government legislation, 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. No provision has been made for the impact of legislative or other changes in the Annual Plan, including the increased cost of compliance.

Council does not have the ability to fund higher levels of expenditure driven by legislative change, unless additional funding support is provided from Central Government. If such funding is not provided, the Council will be unable to comply with the legislation.

## Climate change

No significant impacts related to climate change impacts has been included in the financial forecast. However, it is acknowledged that planning is required.

Temperature and level of rainfall are expected to rise over time, resulting in the following potential impacts for our Islands:

- **Flooding** – More heavy rainfall will increase the risk of flooding on the islands. For instance, higher water levels in Te Whanga lagoon after heavy rainfall could increase the risk of surface flooding of nearby roads.
- **Coastal hazards** – Coastal roads and infrastructure may face increased risk from coastal erosion and inundation, increased storminess and sea-level rise.
- **Biosecurity** – Warmer, wetter conditions could increase the spread of pests and weeds.

As a group of islands, we are increasingly vulnerable to the impacts of climate change. Any change to the land or water level pose a threat to our way of life for current and future generations.

Council is committed to taking a collaborative approach to addressing any identified local causes and impacts of climate change, which includes strategically varying our core Council infrastructure and internal policies to reduce or mitigate any greenhouse gas emissions. We are also working to protect and enhance our natural environment to ensure we meet our obligations. We take these steps to enable our community to remain buoyant in response to any climate changes. Such costs of meeting our climate change obligations are expected to be absorbed into our current financial projections.

### Resilience of infrastructure related to natural hazards

Financial estimates 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 community development and emergency response 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. If infrastructure is damaged, roading repair work will fall under the Waka Kotahi NZ Transport Agency 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 Mayoral 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.

### The Three Waters reform

The Water Services Entities Act 2022, establishes four publicly owned water services entities to take over responsibilities for three waters service delivery and infrastructure from local authorities from 1 July 2024, with later legislation proposed to enable the transfer of three waters related assets and liabilities to these water services entities.

In April 2023, the Government announced further proposed amendments changing the number of water entities and date of transfer to the new water service entities. There remains a significant amount of uncertainty related to how this will impact the Chatham Islands Council.

For the purposes of the Annual Plan and completing our financial forecast, it is assumed that the responsibility for managing the Three Waters programme, including providing levels of service, collection of rates, and payment of operating and capital expenditure (including any associated debt repayment), will rest with the Council.

### The Local Government Review

The Government has completed a Ministerial Inquiry assessing the Future for Local Government. The review has considered aspects of Local Government roles, functions, and partnerships; representation and governance; and funding and financing. Recommendations from this review are likely to take effect after 1 July 2024. The impact of the review remains unclear. However, Council has prepared the Annual Plan on the assumption the existing role and functions will continue for the life of the plan. Any changes will be incorporated in the 2024-34 Long-Term Plan.



# Accounting policies

## Reporting entity

Chatham Islands Council is a Unitary Local Authority under the Chatham Islands Council Act 1995 and the Local Government Act 2002 and is domiciled and operates in New Zealand.

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

The prospective financial statements of Chatham Islands Council are for the period 1 July 2023 to 29 June 2024. They were authorised for issue by Chatham Islands Council on 29 June 2023. The prospective financial information will next be reviewed as part of the 2024 Long-Term Plan process. The accounting policies have been applied consistently 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 financial statements are prepared in accordance with the requirements of the Local Government Act 2002, which requires information to be prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS). This includes preparing the accounts on a going concern basis.

Chatham Islands Council has elected to prepare the financial statements in accordance with Tier 2 PBE accounting standards as it is not publicly accountable or large and therefore reduced disclosure requirements will apply.

## Changes in accounting policies

Council has identified no substantive differences between new standards and those currently applied by Council. New standards may become effective during the year ending 30 June 2024, which may have a minor impact to information reported in the current Annual Plan and prior Annual Reports.

## Measurement base

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

The 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.

## Critical 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 financial statements require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. 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 may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and, if applicable, future periods if the revision affects both current and future periods.

The prospective financial statements have been prepared in accordance with Council's accounting policies. Details on Council's specific accounting policies can be found in the Long-Term Plan or the Annual Report.

# Reserve fund disclosure

## Public equity and capital management

The Local Government Act 2002 requires the Council to manage its finances prudently and in a manner that promotes the current and future interests of the community. Our general funds are largely managed as a by-product of managing our other general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Local Government Act 2002 and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has asset management plans in place for major classes of assets, detailing renewal and programmed maintenance.

These plans ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

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.

Reserve	Opening balance 1 July 2023	Increases	Decreases	Closing balance 30 June 2024
<b>General Funds</b> - Income appropriation account to fund future development	20,311	1,339	-	21,650
<b>Emergency Services Reserve</b> - Funds are set aside for emergency events such as natural disasters	250	-	-	250
<b>Mayoral Relief Reserve</b> - Funds are set aside for emergency relief	25	-	-	25
<b>Asset Revaluation Reserve</b> - Reserves generated by revaluations in property, plant and equipment and other assets	78,529	-	-	78,529
<b>Total Equity</b>	<b>99,115</b>	<b>1,339</b>	<b>-</b>	<b>100,454</b>

# Financial statements

## Statement of Comprehensive Revenue and Expense

	Annual Plan 2022/23 \$000	Annual Plan 2023/24 \$000
<b>Revenue</b>		
General Rates	347	358
Targeted Rates	342	400
Grants & Subsidies	13,869	9,834
Council Dues	336	281
User Pays, Fees & Charges and Other Income	585	330
Interest	31	16
<b>Total Revenue</b>	<b>15,637</b>	<b>11,219</b>
<b>Expenditure</b>		
Depreciation and Amortisation	2,707	2,484
Employment Benefits	1,188	990
Financial Costs	12	3
Other Expenditure	5,875	6,553
<b>Total Expenditure</b>	<b>9,782</b>	<b>10,030</b>
Share of surplus of associate	129	150
<b>Total Surplus/Deficit</b>	<b>5,855</b>	<b>1,339</b>
<b>Comprehensive Income</b>		
Increase/decrease in Revaluation Reserve	10,262	-
Total Other Comprehensive Income	10,262	-
<b>Total Comprehensive Income</b>	<b>16,117</b>	<b>1,339</b>

## Statement of Changes in Net Assets/Equity

	Annual Plan 2022/23 \$000	Annual Plan 2023/24 \$000
Equity at the start of the year	80,538	99,115
Total comprehensive income	16,117	1,339
<b>Equity at the end of the year</b>	<b>96,655</b>	<b>100,454</b>

## Statement of Financial Position

	Annual Plan 2022/23 \$000	Annual Plan 2023/24 \$000
<b>Current Assets</b>		
Cash & Cash Equivalents	2,501	189
Current Trade And Other Receivables	1,417	719
<b>Total Current Assets</b>	<b>3,918</b>	<b>909</b>
<b>Non-Current Assets</b>		
Investment in associate	184	500
Property, Plant & Equipment	95,113	100,827
<b>Total Non-Current Assets</b>	<b>95,297</b>	<b>101,327</b>
<b>Total Assets</b>	<b>99,215</b>	<b>102,235</b>
<b>Current Liabilities</b>		
Trade & Other Payables	2,092	1,541
Employee Entitlements	112	99
Provisions	25	25
Current Term Liabilities	36	21
<b>Total Current Liabilities</b>	<b>2,265</b>	<b>1,686</b>
<b>Non-Current Liabilities</b>		
Term Liabilities	295	95
<b>Total Non-Current Liabilities</b>	<b>295</b>	<b>95</b>
<b>Total Liabilities</b>	<b>2,560</b>	<b>1,781</b>
<b>Net Assets</b>	<b>96,655</b>	<b>100,454</b>
<b>Public Equity</b>		
Accumulated Funds & Reserves	96,655	100,454
<b>Total Public Equity</b>	<b>96,655</b>	<b>100,454</b>

## Statement of Cash Flows

	Annual Plan 2022/23 \$000	Annual Plan 2023/24 \$000
<b>Cash Flow from Operating Activities</b>		
Receipts from rates revenue	690	811
Receipts from grants and subsidies	13,869	10,295
Receipts from Council Dues	336	301
Interest received	31	16
Receipts from other revenue	523	431
Payments made to employees	(1,188)	(982)
Interest paid	(12)	(3)
Other payments to suppliers	(5,875)	(6,808)
Net Cash Flow from Operating Activities	8,374	4,061
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(3,077)	(4,242)
Sale (Purchase) of Other Assets	-	-
Net Cash Flow from Investing Activities	(3,077)	(4,242)
<b>Cash Flow from Financial Activities</b>		
Loans Raised	200	-
Repayment of Loans	(25)	(22)
Net Cash Flow from Financial Activities	175	(22)
Increase/(Decrease) in Cash Held	5,472	(203)
Opening Cash Balance	(2,971)	392
<b>Closing Cash Balance</b>	<b>2,501</b>	<b>189</b>



# Council funding impact statement

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.

Details on how activities are funded and the rationale for each funding source selected are provided in the revenue and financing policy of our 2021-31 Long-Term Plan. Examples of the impact of the rating proposals on the rates assessed on different categories of rateable land are also included on page 21.

	Long-Term Plan 2022/23 \$000	Long-Term Plan 2023/24 \$000	Annual Plan 2023/24 \$000
<b>Source of Operating Funding</b>			
General Rates, Uniform Annual General Charge, Rates Penalties	326	334	358
Targeted Rates	321	329	400
Subsidies and Grants for Operating Purposes	6,084	5,906	6,520
Fees and Charges	104	107	43
Interest and Dividends from Investments	57	58	16
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	486	487	568
<b>Total Operating Funding</b>	<b>7,378</b>	<b>7,221</b>	<b>7,905</b>
<b>Applications of Operating Funding</b>			
Payments To Staff And Suppliers	6,545	6,755	7,543
Finance Costs	4	3	3
<b>Total Application of Operating Funding</b>	<b>6,549</b>	<b>6,758</b>	<b>7,546</b>
<b>Surplus (Deficit) of Operating Funding</b>	<b>829</b>	<b>463</b>	<b>359</b>
<b>Source of Capital Funding</b>			
Subsidies and Grants for Capital Expenditure	2,479	2,182	3,314
Increase (Decrease) in Debt	(21)	(19)	(19)
<b>Total Source of Capital Funding</b>	<b>2,458</b>	<b>2,163</b>	<b>3,295</b>

	Annual Plan 2022/23 \$000	Long-Term Plan 2023/24 \$000	Annual Plan 2023/24 \$000
<b>Application of Capital Funding</b>			
Capital Expenditure			
-- to improve the level of service	492	257	1,420
-- to replace existing assets	2,445	2,222	2,822
Increase (Decrease) in reserves	350	147	(588)
<b>Total Applications of Capital Funding</b>	<b>3,287</b>	<b>2,626</b>	<b>3,654</b>
<b>Surplus (Deficit) of Capital Funding</b>	<b>(829)</b>	<b>(463)</b>	<b>(359)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Reconciliation of Operating Funding to Statement of Comprehensive Revenue and Expense</b>			
Surplus (Deficit) of Operating Funding	829	463	359
Subsidies and Grants for Capital Expenditure	2,479	2,182	3,314
Depreciation	(3,081)	(2,057)	(2,484)
Share of surplus of associate	150	150	150
Movement in revaluation	10,262	-	-
<b>Surplus/(deficit) before taxation per Statement of Comprehensive Revenue and Expense</b>	<b>10,639</b>	<b>738</b>	<b>1,339</b>





# Annual Plan disclosure statement

## Annual Plan disclosure statement for the year ending 30 June 2024

### What is the purpose of this statement?

The purpose of this statement is to disclose the Council’s planned financial performance in relation to various benchmarks to enable the 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 Annual 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 some of the terms used in this statement.

Benchmark	Benchmark	Planned
Rates affordability benchmark		
- Income	NA	NA
- Increase	6.2%	3.0%
Debt affordability benchmark	16,829	116
Balanced budget benchmark	100.0%	111.9%
Essential services benchmark	100.0%	170.8%
Debt servicing benchmark	10%	0.0%

### Rates (income) affordability

For this benchmark, a comparison is made between the Council’s planned rates income for the year and a quantified limit/quantified limits on rates contained in the financial strategy included in the Council’s Long-Term Plan.

The Council meets this benchmark if its planned rates income for the year equals or is less than each quantified limit on rates.

As the majority of Council’s income is by way of funding from the Government, movement in rate receipts is considered to have a minimal impact and will not significantly influence project costs therefore no rate limit has been applied.

### Rates (increases) affordability

For this benchmark, a comparison is made between the Council’s planned rates increases for the year are compared with a quantified limit/quantified limits on rates increases for the year contained in the financial strategy included in the Council’s Long-Term Plan.

The Council meets this benchmark if its planned rates increases for the year equal or are less than each quantified limit on rates increases.

The quantified limit on general rates increases that it must not exceed actual movement with the consumer price index (CPI) for the year, plus 2%.

### Debt affordability benchmark

For this benchmark, the Council’s planned borrowing is compared with a quantified limit/quantified limits on borrowing contained in the financial strategy included in the Council’s Long-Term Plan.

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

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

The quantified limit to total borrowings is not to exceed 150% of total revenue.

### Balanced budget benchmark

For this benchmark, the Council’s planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

### Essential services benchmark

For this benchmark, the Council’s planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.

The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

### Debt servicing benchmark

For this benchmark, the Council’s planned borrowing costs are presented 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).

Because Statistics New Zealand projects that the Council’s population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

# Council funding impact statement and rating information

The funding impact statement consists of two parts:

- Rating information for 2023/24,
- Rating samples for 2023/24

The funding impact statement should be read in conjunction with our revenue and financing policy, rating policy and rates remission and postponement policies all detailed in our 2021-31 Long-Term Plan.

## Rating information for 2023/24

Council sets and assess the following rates under the Local Government (Rating) Act 2002:

- General rates
- Targeted rates, including:
  - » Service use – roading
  - » Service use – potable water
  - » Service use – wastewater
  - » Service use – waste management.

Details of the rates revenue to be collected and the rating categories that will pay these rates are detailed in this funding impact statement.

## General rates

A general rate is set and assessed on the capital value of all rateable land on the islands.

General rates are set on a differential basis on the category of land identified below. The differential basis is driven by the primary use of the land.

The objective of including differentials in the general rate is to achieve a fair distribution of the general rate, ensuring our rates are affordable among other considerations by Council.

This funding mechanism is used to fund all the services we provide.

The general rate is set and assessed on a differential basis as follows:

Differential categories	Percentage of total general rates	Rate in the dollar of capital value (including GST)	Rates revenue (including GST \$)
Infrastructure	5.0%	0.00326520	20,564
Industrial	14.5%	0.00675000	59,636
Commercial	11.0%	0.00275374	45,241
Rural Residential	69.5%	0.00183960	285,843
<b>Total revenue sought</b>			<b>411,284</b>

For the purposes of classification, the differential categories are defined in our rating policy of our 2021-31 Long-Term Plan. Council does not require a uniform annual general charge (UAGC) to be set on any property, due to the minimal number of rateable units in the area and therefore no revenue is sought from this funding category.



### Targeted rates

Targeted rates are applied to the properties which use the service provided. Council applies the waste management targeted rate on a differential basis, separating between rural and residential ratepayers and other ratepayers. With this exception, no other targeted rates are set on a differential basis.

Targeted rates are set based on a rating unit basis for funding roading and waste management activities and connections for potable water supply activities and pans for wastewater activities will be used.

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

Activity for setting a targeted rate	Category for setting targeted rate	Calculation factor	Factor used		Revenue sought (including GST) 2023/24
Roading	The provision or availability of a roading service.	A per rating unit charge for roading activities.	267.22	Fixed amount per unit	142,965
Potable water supply	The provision or availability of a public water supply service.	The number of connections for water supply activities – for both Kaingaroa and Waitangi connections.	867.23	Fixed amount per connection	92,793
Wastewater	The provision or availability of a sewage disposal service.	A per pan rate for sewage disposal activities.	901.45	Fixed amount per pan	117,188
Waste management	The provision or availability of a waste management service.	A per rating unit charge for waste management activities.	279.14	Fixed amount per rural or residential unit	87,929
			351.43	Fixed amount per Infrastructure, Industrial or Commercial unit	18,626
<b>Total</b>					<b>459,501</b>



## Rates instalment and penalty dates

The following instalment and penalty dates apply for the 2023/24 set rates:

Instalment	Due date	Penalty date
1	14 September 2023	15 September 2023
2	14 November 2023	15 November 2023
3	14 February 2024	15 February 2024
4	14 May 2024	15 May 2024

A penalty of 10% is added to each instalment or part thereof that is unpaid after the last date for payment. Previous year's rates that remain unpaid will have a further 10% penalty added on 7 July.

## Inspection of the rating information database

In accordance with the Local Government (Rating) Act 2002, the District Valuation Roll and Rates Records are available for public inspection at the Council Offices, 13 Tuku Road, Waitangi, Chatham Islands, between the hours of 8:30am and 4:30pm on all business days of the week.

## Rating base

For the 2022/23 financial year, Council has 690 rating units, with a total capital value for all rating units within the region of \$250,530,550 and total land value estimated at \$99,282,250. Council has assumed minimal growth and expects the number and value of these rating units to remain stable for the period of the Annual Plan.

Sample property	District Capital Value of Property (\$)	2023/24 general rate (\$)	2023/24 targeted rate (\$)	2023/24 total rate (\$)	Movement in total rates from 2022/23 compared with 2023/24
Infrastructure	1,470,000	4,799.84	267.22	5,067.06	707
Industrial	220,000	1,485.00	1,485.88	2,970.88	294
Commercial	140,000	385.52	618.65	1,004.17	(75)
Rural Residential	385,000	708.25	2,315.04	3,023.28	505
		2022/23 targeted rate (\$)	2022/23 total rate (\$)	2023/24 total rate (\$)	
Infrastructure	1,470,000	4,175.20	184.60	4,359.80	
Industrial	220,000	1,318.78	1,358.43	2,677.21	
Commercial	140,000	547.02	532.35	1,079.37	
Rural Residential	385,000	610.56	1,907.79	2,518.35	

## Why are the rating samples not increasing at 3%?

Council decided as part of the 2021 Long-Term Plan that it was appropriate to raise the roading targeted rate – doubling it over three years based on an exercise evaluating contributions between comparative rural and small mainland Councils. This is the third year of this increase meaning the increase in the roading targeted rate exceeds the inflationary movement.

In addition, Council has recently completed a revaluation on all capital values of property on the island. A capital value assessment considers the market value of land, plus the improvements as per the valuation roll of all properties on the island.

The new values have been incorporated into the proposed rates calculation for 2023/24. This means that while the 'total' general rate revenue levied by the Council will increase by the rates driver, the actual increases experienced by individual ratepayers between 2022/23 and 2023/24 fiscal years may vary.

# Statement of fees and charges 2023/24

Fees and charges are used by Council to recover reasonable and actual costs from the beneficiary of the service to fund the operation and maintenance of a variety of services provided to the community.

Fees and charges will predominantly increase by the rate of inflation. However, some fees will change due to a legislative or bylaw change or a revision in the rates provided by our contractors.

Fees and charges for Council's services are based on a cost recovery basis and are subject to change. These may be updated at any time during the year to meet changing market conditions.

## 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	2023/24 Fee GST Exclusive
<b>Rates affordability benchmark</b>		
Rock Lobster, Paua, Scallops and Oysters	Tonne	200
Other fish meat and fish bait	Tonne	18
Cooler goods (fruit, vege, etc.)	m <sup>3</sup>	5
General Cargo	m <sup>3</sup> /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 <sup>3</sup> /Tonne*	18
Small vehicles (including small trailers, motorbikes, etc.)	m <sup>3</sup>	5
Large vehicles (including cars, boats, trailers, etc.)	m <sup>3</sup>	50
Timber	m <sup>3</sup>	12
Dry Bulk (cement, fertiliser, coal, animal feed)	m <sup>3</sup> /Tonne*	12
Wool and Moss	Bale	12
Animals, large (cattle/horses)	Each	5
Animals, small (sheep, pigs, dogs, fowls, goats)	Each	1
Minimum freight		24.30

\*m3/Tonne - whichever is the greatest

Carriage by air	Quantity	2023/24 Fee GST Exclusive
Rock Lobster, Paua, Scallops and Oysters	Tonne	200
Other fish meat and fish bait	Tonne	18
General Cargo	kg	3.04
Minimum Freight		17.50

Activity	Fee Type	Description	2022/23	2023/24
<b>Building Consents</b>	Building Consents Fees		External service provider, a deposit is required based on the estimated Building Consent application charges, further fees may be required based on actual Inspection costs incurred. Costs outlined on <a href="https://wellington.govt.nz/property-rates-and-building/building-and-resource-co">https://wellington.govt.nz/property-rates-and-building/building-and-resource-co</a>	
<b>Resource Consents*</b>	Land Information Memorandums (LIM's)		255	265
	Urgent LIM's		366	381
	Project Information Memorandum (PIM's)	Single residential	437	455
		All other buildings	525	546
<b>Land Use Consents*</b>	Notified Consent		2,000 deposit	
	Charge out rates	Recovery of actual planner costs charged to Council	An administration charged at cost	
	Non Notified Consents		523	544
	Controlled Activity Consents		785	817
<b>Subdivision Consents*</b>	Non Notified - Boundary Adjustments		669	696
	Non Notified - 2 lots or less		757	788
	Non Notified - 3 to 5 lots		1,745	1,816
	S 223 Certificate		349	363
	S 224 Certificate		349	363
	S 226 Certificate		465	484
	S 139 Certificate of Compliance		552	574

\* Further costs may be charged in recovery of actual consultancy costs incurred.

Activity	Fee Type	Description	2022/23	2023/24
<b>Vehicle hire</b>	Waste management truck	1 hour hire minimum, hourly rate (excluding mileage)	160	166
<b>Liquor Licensing</b>	Club License	To comply with the Sale and Supply of Alcohol Act 2012	<a href="https://www.justice.govt.nz/justice-sector-policy/key-initiatives/sale-and-supply-of-alcohol/licensing/">https://www.justice.govt.nz/justice-sector-policy/key-initiatives/sale-and-supply-of-alcohol/licensing/</a>	
	On Licence			
	Off Licence			
	Managers Certificate			
	Annual Fees			
	Special Licence			
<b>Food licencing fees</b>	New Registration	<a href="https://wellington.govt.nz/services/consents-and-licences/selling-food/food-safety-fees">https://wellington.govt.nz/services/consents-and-licences/selling-food/food-safety-fees</a>	\$166	173
	Inspection Fee		303	315
	Food control plan registration fee (annually)		77.50	77.50
	National programme registration fee (biennial)		77.50	77.50
<b>Animal Control</b>	Dog registration		69	72
	Dog registration – Early		44	46
	Replacement dog tag	To replace lost dog tag or as an administration fee for dog transfer from other Councils	5	5
	Fines under Dog Control Act 1996	Vary per offence, (Per Sch. 1 of the Dog Control Act)	From \$100 up to \$750	
	Impounding Fees		117	122
<b>Cemetery</b>	Sale of Caskets		At cost plus 10%	
	Sexton Fees		At cost plus 10%	
	Burial plot purchase		619	644
	Cremation plot purchase		335	349
<b>Community Housing</b>	Rentals – 3 Bedroom	Per week (effective from 1 January)	144	150
	Rentals – 2 Bedroom	Per week (effective from 1 January)	115	120
<b>Staff Housing</b>	Rental – 3 bedrooms	Per week (effective from 1 January)	181	188



Activity	Fee Type	Description	2022/23	2023/24	
<b>Coasts, Harbours &amp; Navigation</b>	Swing Mooring Fees – Registration and Transfer	Per year	86	89	
		Waitangi	per rural or residential unit, which will collect	3,489	3,630
		Owenga	per Infrastructure, Industrial or Commercial unit, which will collect	2,907	3,025
		Kaingaroa	Per year	2,324	2,418
		Port Hutt	Per year	2,324	2,418
		Flower Pot	Per year	583	607
		Permission of Harbourmaster – Oil Tanker		117	122
		Application for Exemption		70	73
		Application for Suspension		291	303
		Application for Reservation		291	303
		Cruise ship fee	Per visit	42 per passenger	44 per passenger
	<b>Facilities</b>	Room hire	Per hour		17
	<b>Administration Requests</b>	Information Requests	Staff time	\$42 per half hour or part thereof	\$44 per half hour or part thereof
		Printed Council agenda		5 per copy	
		Photocopying	With own paper	10 cents per copy	
			With CIC paper	20 cents per copy	
			With CIC coloured paper	50 cents per copy	
			With CIC card	50 cents per copy	
			Colour printing (with CIC paper)	From 2.50 per copy	
			Double sided photocopies	30 cents per copy	
		Laminating	Per page	3	3
		Stationery	A4 paper per ream (white)	17	18
			A4 paper per ream (coloured)	20	21
			Envelopes – plain	65 cents per envelope	
			Envelopes – plain with postage	1.40 per envelope	
		Large envelopes	1.70 per envelope		
<b>Library</b>	Book rentals	Per book	Free		

# The organisation

## **Council**

### ***Mayor***

Monique Croon

### ***Deputy Mayor***

Keri Lea Day

### ***Councillors***

Celine Gregory-Hunt

Graeme Hoare

Greg Horler

Richard Joyce

Judy Kamo

Nigel Ryan

Amanda Seymour

## **Council Staff**

### ***Chief Executive***

Owen Pickles

owen@cic.govt.nz

### ***Operations Manager***

Colette Peni

operations@cic.govt.nz

### ***Engineers***

Stantec Ltd (Christchurch)

Nigel Lister, Rebecca Tinga, Bryan Peters

*Roads and bridges*

Kristen Norquay, Andrew Wong

*Water and wastewater*

Phil Landmark

*Waste management and minimisation*

## **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)



## Contact us

P (03) 3050 033  
(03) 3050 034

E [info@cic.govt.nz](mailto:info@cic.govt.nz)

Chatham Islands Council  
PO Box 24, Tuku Road, Waitangi, Chatham Island

[cic.govt.nz](http://cic.govt.nz)

R23/3 E23/7935



**chatham islands council**