



ORDINARY MEETING
of the
PERFORMANCE, AUDIT & RISK
PORTFOLIO COMMITTEE

MEMBERS

Mr Philip Jones (Independent Chair)

Her Worship Monique Croon

Cr KL Day

Cr RS Joyce

Cr G Horler

AGENDA | 2023

Members of the Chatham Islands Council Performance, Audit & Risk Committee.

Notice is hereby given that a meeting of the Chatham Islands Council Performance, Audit & Risk Committee is to be held in Council Chambers, Tuku Road, Waitangi on **Monday 29 May 2023 commencing at 9.00am (8.15am NZ time).**

Owen Pickles
Chief Executive Officer



PERFORMANCE, AUDIT & RISK COMMITTEE

AGENDA

Meeting Held Monday 29 May 2023 at 9.00am

- | | | |
|----|---|---------|
| 1. | Minutes of the PARC Meeting 17 April 2023 | P 1-4 |
| 2. | Financial Report to April 2023 | P 5-7 |
| 3. | Annual Plan 2023/24 | P 8-16 |
| 4. | Performance Report | P 17-25 |
| 5. | Crown Funding | P 26 |

Public Excluded Agenda

P 27-29

Performance, Audit and Risk

1. Minutes of Meeting 17 April 2023

Date of meeting	29 May 2023
Agenda item number	1.0
Author/s	Jo Guise, Executive Assistant

Purpose

To approve the minutes from the Performance, Audit & Risk meeting held on 17 April 2023.

Recommendations

THAT the minutes of the Performance, Audit & Risk meeting held on 17 April 2023 be a true and accurate record.

Purpose

Attached to this report is the minutes from the PARC meeting held on 17 April 2023.

CHATHAM ISLANDS COUNCIL

**Minutes of the Chatham Islands Council Performance, Audit & Risk Committee,
held in the Council Chambers, Tuku Road, Waitangi,
on Monday 17 April 2023, commencing at 9.00am**

Present: Independent Chair, Mr P Jones (via Zoom)
Her Worship the Mayor, M Croon
Cr KL Day
Cr RS Joyce
Cr G Horler (via Zoom)

Management & Officers: Operations Manager, Colette Peni
Executive Assistant, Jo Guise (Minutes)
Financial Lead, Mereraina Hemara
Ms Tanya Clifford, ECan (via Zoom)

Apologies: N/A

1. Minutes of PARC Meeting 13 March 2023

RESOLVED:

THAT the minutes of the Performance, Audit & Risk meeting held on 13 March 2023 be received.

RS JOYCE / KL DAY / CARRIED

2. Financial Report to March 2023

RESOLVED:

THAT the Performance, Audit & Risk Committee receives the report.

M CROON / RS JOYCE / CARRIED

3. Insurance and Policy Schedule

Questions coming from discussion –

- With regards to standing timber, why it was insured when Council were never going to do anything with the timber, or is there a plan for them?
- The broker fees were \$9.5k + gst. Is it reasonable and/or competitive?

RESOLVED:

1. THAT the Performance, Audit & Risk Committee receives the report.

P JONES / G HORLER / CARRIED

4. Three Waters Reform

The Chatham Islands fell outside of the 10 water service entities which were announced earlier in April. The Government had decided that a different approach should be taken for the Chatham Islands which involved the Crown providing financial support directly to the Chatham Islands for water infrastructure.

RESOLVED:
THAT the Performance, Audit & Risk Committee receives the information.
P JONES / KL DAY / CARRIED

5. Credit Card Summary

RESOLVED:
THAT the Performance, Audit & Risk Committee receives the Credit Card summary for January & February 2023.
KL DAY / RS JOYCE / CARRIED

RESOLVED:
THAT the meeting moves in to public excluded.
P JONES / M CROON / CARRIED

At 9.46am the meeting moved in to Public Excluded and out at 9.47am.

Meeting Closure

After consideration of the public excluded agenda, and there being no further business, the meeting was declared closed at 9.48am.

Confirmed this 29th day of May 2023.

Signed: _____ (Chair)

Meeting Date	Meeting Item #	Task	Owner	Status	Date Updated	Comments
11 October 2021	3	a. Maori Land – Need to separate which land is sitting dormant b. Set a process for which aren't being used c. Identify private maori reserves d. New policy setting rates including new legislation	OM	Active	23 March 2022	Ongoing process – expect completion mid 2022 By 1 July 2022
8 November 2021	3	Request for a quarterly balance sheet, along with a forecast	JLP	Active		In process
13 December 2021	1	Contact to be made with other Councils who use Authority to arrange for training.	OM	Active	23 March 2022	In process – training while updating Authority
17 April 2023	2.2	Capital Projects Update	TC			

Performance, Audit & Risk Committee

2. Financial Report

Date of meeting	29 May 2023
Agenda item number	2.
Author/s	Tanya Clifford, ECan

Purpose

To present to the Performance, Audit & Risk Committee the financial report for April 2023.

Recommendations

That the Performance, Audit & Risk Committee receives the report.

Summary of revenue transactions, compared to budget

Classification	April Actual	April Budget	Variance	Note	June Budget
Department of Internal Affairs Funds	4,373,000	5,485,830	(1,112,830)	1	6,582,996
Transportation - includes Waka Kotahi	3,409,393	3,494,310	(84,917)	2*	4,193,172
Community services income incl petrol	1,255,654	499,170	756,484	3	599,004
Water - includes grants	351,536	486,210	(134,674)	4*	583,452
General Rates Income	363,984	289,350	74,634		347,220
Council Dues	279,296	280,150	(854)		336,180
Solid waste charges income	292,439	123,700	168,739	5*	148,440
Interest on Investments Income	9,735	107,670	(97,935)	6	129,204
Heartland Office Income	193,780	97,440	96,340	7	116,928
Regulatory	21,652	68,300	(46,648)		81,960
Wastewater	70,729	58,980	11,749	*	70,776
Other Income	930,708	243,440	687,268	8*	292,128
Grand Total	11,551,906	11,234,550			13,481,460

* Indicates targeted rates included in the balance.

- 1 Figure includes the DIA annual appropriation (fully recognised in July, but allocated across the year in the budget).
 - 2 Roothing subsidy based on 88% of actual expenditure (operational and capital).
 - 3 Community support revenue includes payments from Council now supplying petrol (with a contra increase in expenditure).
 - 4 Actual figures include three waters grant of \$70k. Budget expected higher funds to be allocated, based on historic three waters allocation and three waters programme.
 - 5 Unbudgeted grant of \$120k received related to the waste minimisation grant.
 - 6 Budget assumed investment income to be consistent with previous periods, when Council held funds for the construction for the museum building.
 - 7 Heartlands programme is receiving greater funding as supported by the Governments well-being budget 2020.
 - 8 Unbudgeted civil defence grants of \$540k received primarily related to CD response (water tanks).
- No other significant differences.*

Summary of expenditure transactions, compared to budget

Classification	April Actual	April Budget	Variance	Note	June Budget
Depreciation Expenses	2,255,730	2,255,730	-	1	2,706,876
Contract payments	2,713,828	2,267,970	(445,858)	2	2,721,564
ECan contract payments	1,219,999	1,196,690	(23,309)	2	1,436,028
Salary and wages	1,046,866	1,042,290	(4,576)		1,250,748
Miscellaneous exp - includes petrol	1,089,723	210,900	(878,823)	3	253,080
Grants & donations distributed	211,345	183,770	(27,575)		220,524
Travelling Expenses	88,239	151,080	62,841		181,296
Computer Expenses	127,192	135,820	8,628		162,984
Materials & Services	200,302	81,060	(119,242)	4	97,272
Audit Fees	87,578	73,380	(14,198)		88,056
Insurance Premiums	98,388	61,800	(36,588)		74,160
Other expenditure items	534,495	467,880	(66,615)		561,456
Total Expenditure	9,673,685	8,128,370	- 1,545,315		9,754,044
Capital Projects Additions	2,862,640	123,520	2,739,120	5	148,224
	12,536,325	8,251,890	- 4,284,435		9,902,268

Positive items are where actual expenditure is less than budget. Negative variance items are where actual expenditure is more than budget.

- 1 Depreciation not run for the year, delayed awaiting audits for 2021 & 2022 to be completed and system rolled into 2023 financial year. Actual figures are estimated based on budget.
- 2 Expenditure items primarily relate to the ECan Regional Council contract and the Stantec/Fulton Hogan Roading and water, wastewater contracts. Expenditure in the areas of water & wastewater expenditure have increased, primarily related to the data gathering exercise as part of the three water reforms, along with critical repairs, funded by way of three water support payments. Roading maintenance programme is behind budget related to material/transport delays. ECan's contract for service is up to date and operating within agreed deliverables.
- 3 Expenditure related to the interim office land lease and supply of petrol on island.
- 4 Unbudgeted Council housing upgrade, funded through three water better off funding grant.
- 5 Capital project additions, primarily relate to roading and transportation works, 88% funded from Waka Kotahi grants, No other area of significant variance. Note also, some difference relates to timing of actual transaction, where this has occurred, we have aimed to update the actual figures.

Surplus for the period	1,878,221	3,106,180	2,232,583	3,727,416
Cash impact for the period	- 984,419	2,982,660	- 506,537	3,579,192

The 2022 financial year within the system has not been closed (awaiting finalisation of 2021 and 2022 audits). Therefore, closing balances have not been transferred to the 2023 financial year. It is considered minimal benefit will come from reviewing asset and liability information within the system in it's current state and therefore, further analysis of financial ratios and cash position has been delayed until after the 2022 audit is finalised and system roll complete.

Performance, Audit & Risk Committee

3.0 Annual Plan 2023/24

Date of meeting	29 May 2023
Agenda item number	3.0
Author/s	Tanya Clifford, ECan

Purpose

Having regard to the decision-making provisions within the Local Government Act 2002, for the Performance, Audit & Risk Committee to note and consider:

- the assumptions underlying the budget information,
- the proposed capital expenditure for 2023/24 and
- the financial information forming the 2023/24 Annual Plan budget.

Recommendations

That the Performance, Audit & Risk Committee:

- 1. Recommends to Council that the underlying assumptions applied to the 2023/24 Annual Plan are appropriate;**
- 2. Recommends to Council that the proposed capital expenditure be approved (noting further capital expenditure may occur if grant funding is secured); and**
- 3. Recommends to Council that the 2023/24 budget be approved (or provide direction to changes required).**

Background information

The Long-Term Plan (LTP) is a planning document required under the Local Government Act 2002 that sets out a Council's priorities in the medium to long term. Whilst the plan is for a 10-year period, the document is revised every three years. Its purpose is to –

- Describe the council's activities and the community outcomes it aims to achieve.
- Provide integrated decision-making and coordination of the resources.
- Provide a long-term focus.
- Show accountability to the community.
- Provide an opportunity for participation by the public in council decision-making processes.

An annual plan is completed once a year and focuses on year-to-year budgets. Councils prepare an annual plan in each of the two years between LTP reviews and set out in them what the council plans to do in the next 12 months to move towards achieving its goals.

These plans are adopted before the start of the financial year in July. Whether the Council is required to consult with the public is at the Council's discretion and is dependent on the level of change between the proposed Annual Plan budget and that of the comparative budget in the Long-Term Plan for that year.

Our underlying assumptions

The 2023/24 Annual Plan has been prepared using the following assumptions:

- **Annual Crown Contribution:** The Council receives an annual appropriation of \$4.2 million 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 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 1% 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. 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. 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.

Our capital expenditure

The 2023/24 Annual Plan assumes asset additions currently identified as capital additions in the financial system for 2022/23 are correct and estimated additional capital expenditure for May and June, this is to provide an 'opening balance' for asset additions. Subsequent review may identify other items that require to be added to/removed from this balance and this may impact on the opening property plant and equipment balance accordingly.

The bridge construction project, initially intended to be completed in the 2022/23 has been deferred and therefore the project budget has been included within the 2023/24 financial year (with the expected Waka Kotahi grant being updated to reflect the change). All other roading capital expenditure is in line with the Land transport programme for 2021-24 as agreed with Waka Kotahi.

The Council received a grant in 2022/23 for the purchase and installation of water tanks, \$500k has been recognised in 2023/24 for the implementation of this programme, noting that Council will not own these assets and the exact treatment is still under review. However, to ensure better visibility, the transaction has been recorded as capital expenditure.

With the exception of these two above projects, no other capital purchases have been identified. It is assumed the solid waste capital projects related to the weighbridge and 'Mitre12' building will be completed within the 2022/23 financial year, although some costs may overrun into 2023/23 financial year.

Council may also secure additional grant funding during the 2023/24 financial year to invest in other capital projects, the budget has not included any essential capital upgrades where funding has not been secured.

Our budget

- Our budget for the 2023/24 financial year is based on inflated figures used in the 2021 Long-Term Plan. However, key balances, including: roading (Stantec/Fulton Hogan contract), three waters, ECan contract, salary information and depreciation expenditure estimates have been updated along with the DIA annual appropriation along with other notable expected grants for the 2023/24 financial year.
- Based on previous PARC/Council recommendation, the rates increase has been set at 3% of the 2022/23 base rate.
- The budget has been reviewed for reasonableness, with adjustments made to remove transactions not expected to occur in 2023/24. For example, a one-off grant that is unlikely to be repeated in the future.
- Based on this work performed, a surplus of \$3.3 million is expected, along with a positive cash movement of \$1.6 million and positive reserve contribution of \$1.0 million. For these reasons, it is reasonable to consider the balanced budget assumption to be met.

Attachments

2023/24 Annual Plan financial extract.

Statement of Comprehensive Revenue and Expense

	Actual 2021/22 \$000	Annual Plan 2022/23 \$000	Long-Term Plan 2023/24 \$000	Annual Plan 2023/24 \$000	Long-Term Plan 2024/25 \$000	Long-Term Plan 2025/26 \$000	Long-Term Plan 2026/27 \$000
Revenue							
General Rates	328	347	334	358	342	351	361
Targeted Rates	380	342	329	400	336	345	355
Grants & Subsidies	9,101	13,869	8,088	11,289	8,700	9,223	9,033
Council Dues	324	336	265	281	265	265	265
User Pays, Fees & Charges and Other Income	332	585	329	305	337	349	355
Interest	2	31	58	16	59	60	61
Total Revenue	10,467	15,637	9,553	12,649	10,039	10,593	10,430
Expenditure							
Depreciation and Amortisation	2,889	2,707	2,057	2,470	2,172	2,377	2,566
Employment Benefits	921	1,188	1,091	990	1,117	1,145	1,173
Financial Costs	13	12	3	3	1	-	-
Other Expenditure	6,960	5,875	5,664	6,053	5,678	5,993	6,373
Total Expenditure	10,783	9,782	8,815	9,516	8,968	9,515	10,112
Share of surplus of associate	(4)	129	150	150	-	-	-
Total Surplus/Deficit	(320)	5,855	738	3,283	1,071	1,078	318
Comprehensive Income							
Increase/decrease in Revaluation Reserve	13,490	10,262	-	-	-	-	-
Total Other Comprehensive Income	13,490	10,262	-	-	-	-	-
Total Comprehensive Income	13,170	16,117	738	3,283	1,071	1,078	318

Statement of Changes in Net Assets/Equity

	Actual 2021/22 \$000	Annual Plan 2022/23 \$000	Long-Term Plan 2023/24 \$000	Annual Plan 2023/24 \$000	Long-Term Plan 2024/25 \$000	Long-Term Plan 2025/26 \$000	Long-Term Plan 2026/27 \$000
Equity at the start of the year	83,716	80,538	96,206	98,615	96,944	98,015	99,093
Total comprehensive income	13,170	16,117	738	3,283	1,071	1,078	318
Equity at the end of the year	96,886	96,655	96,944	101,898	98,015	99,093	99,411

Statement of Financial Position

	Actual 2021/22 \$000	Annual Plan 2022/23 \$000	Long-Term Plan 2023/24 \$000	Annual Plan 2023/24 \$000	Long-Term Plan 2024/25 \$000	Long-Term Plan 2025/26 \$000	Long-Term Plan 2026/27 \$000
Current Assets							
Cash & Cash Equivalents	212	2,501	879	1,571	920	903	808
Current Trade And Other Receivables	671	1,417	1,108	811	1,164	1,228	1,209
Total Current Assets	883	3,918	1,986	2,382	2,084	2,131	2,017
Non-Current Assets							
Investment in associate	180	184	500	500	500	500	500
Loan receivable	-	-	385	-	337	288	238
Property, Plant & Equipment	97,785	95,113	96,335	100,718	97,319	98,449	98,995
Total Non-Current Assets	97,965	95,297	97,220	101,218	98,156	99,237	99,733
Total Assets	98,848	99,215	99,206	103,600	100,240	101,368	101,750
Current Liabilities							
Bank Overdraft	-	-	-	-	-	-	-
Trade & Other Payables	1,657	2,092	1,644	1,462	1,672	1,774	1,886
Employee Entitlements	92	112	93	99	95	98	100
Provisions	60	25	25	25	25	25	25
Current Term Liabilities	18	36	68	21	54	50	51
Total Current Liabilities	1,827	2,265	1,830	1,607	1,847	1,947	2,062
Non-Current Liabilities							
Term Liabilities	135	295	432	95	378	328	277
Total Non-Current Liabilities	135	295	432	95	378	328	277
Total Liabilities	1,962	2,560	2,262	1,702	2,225	2,275	2,339
Net Assets	96,886	96,655	96,944	101,898	98,015	99,093	99,411
Public Equity							
Accumulated Funds & Reserves	96,886	96,655	96,944	101,898	98,015	99,093	99,411
Total Public Equity	96,886	96,655	96,944	101,898	98,015	99,093	99,411

Statement of Cash Flows

	Actual 2021/22 \$000	Annual Plan 2022/23 \$000	Long-Term Plan 2023/24 \$000	Annual Plan 2023/24 \$000	Long-Term Plan 2024/25 \$000	Long-Term Plan 2025/26 \$000	Long-Term Plan 2026/27 \$000
Cash Flow from Operating Activities							
Receipts from rates revenue	702	690	667	800	673	691	718
Receipts from grants and subsidies	9,698	13,869	8,126	11,654	8,659	9,176	9,047
Receipts from Council Dues	340	336	267	297	263	263	266
Interest received	2	31	58	16	59	60	61
Receipts from other revenue	617	523	337	385	328	339	358
Cash provided from Operating Activities	11,359	15,449	9,456	13,152	9,983	10,529	10,449
Payments made to employees	(941)	(1,188)	(1,089)	(982)	(1,115)	(1,143)	(1,171)
Interest paid	(13)	(12)	(3)	(3)	(1)	-	-
Other payments to suppliers	(7,375)	(5,875)	(5,814)	(6,387)	(5,648)	(5,891)	(6,262)
Cash required for operating activities	(8,329)	(7,075)	(6,906)	(7,372)	(6,763)	(7,033)	(7,432)
Net Cash Flow from Operating Activities	3,030	8,374	2,549	5,780	3,219	3,495	3,017
Cash Flow from Investing Activities							
Purchase of Fixed Assets	(2,704)	(3,077)	(2,582)	(4,555)	(3,156)	(3,507)	(3,112)
Sale (Purchase) of Other Assets	178	-	-	-	-	-	-
Net Cash Flow from Investing Activities	(2,527)	(3,077)	(2,582)	(4,555)	(3,156)	(3,507)	(3,112)
Cash Flow from Financial Activities							
Loans Raised	-	200	-	-	-	-	-
Repayment of Loans	(31)	(25)	(22)	(22)	(22)	(5)	-
Net Cash Flow from Financial Activities	(31)	175	(22)	(22)	(22)	(5)	-
Increase/(Decrease) in Cash Held	473	5,472	(55)	1,203	41	(17)	(95)
Opening Cash Balance	(261)	(2,971)	933	368	879	920	903
Closing Cash Balance	212	2,501	879	1,571	920	903	808

Reserves

Reserve	Opening balance 1 July 2023	Movements	Closing balance 30 June 2024
General Funds			
Income appropriation account to fund future development	19,811	3,283	23,094
Emergency Services Reserve			
Funds are set aside for emergency events such as natural disasters	250	0	250
Mayoral Relief Reserve			
Funds are set aside for emergency relief	25	0	25
Asset Revaluation Reserve			
Reserves generated by revaluations in property, plant and equipment and other assets	78,529	0	78,529
Total Equity	98,615	3,283	101,898

Annual Plan disclosure statement

Benchmark	Benchmark	Planned	
Rates affordability benchmark			
- Income	NA	NA	
- Increase	6.2%	3.0%	General rates increase less than CPI + 2%
Debt affordability benchmark	18,974	116	Total borrowings is not to exceed 150% of total revenue.
Balanced budget benchmark	100.0%	132.9%	Revenue equals or is greater than its operating expenses.
Essential services benchmark	100.0%	184.4%	Planned capital expenditure on network services equals or is greater than expected a
Debt servicing benchmark	10%	0.0%	Planned borrowing costs are presented as a proportion of planned revenue

CIC FUNDING IMPACT STATEMENT	Actual 2021/22 \$000	Annual Plan 2022/23 \$000	Long-Term Plan 2022/23 \$000	Long-Term Plan 2023/24 \$000	Annual Plan 2023/24 \$000	Long-Term Plan 2024/25 \$000	Long-Term Plan 2025/26 \$000	Long-Term Plan 2026/27 \$000	Long-Term Plan 2027/28 \$000	Long-Term Plan 2028/29 \$000	Long-Term Plan 2029/30 \$000	Long-Term Plan 2030/31 \$000
Source of Operating Funding												
General Rates, Uniform Annual General Charge, Rates Penalties	356	347	326	334	358	342	351	361	371	383	394	406
Targeted Rates	352	340	321	329	400	336	345	355	365	377	388	400
Subsidies and Grants for Operating Purposes	7,269	11,161	6,084	5,906	7,599	6,020	6,231	6,403	6,441	6,592	6,590	6,603
Fees and Charges	100	76	104	107	43	109	112	115	118	122	125	129
Interest and Dividends from Investments	2	31	57	58	16	59	60	61	62	64	65	66
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	556	974	486	487	543	493	502	505	513	613	528	536
Total Operating Funding	8,635	12,929	7,378	7,221	8,959	7,359	7,601	7,800	7,870	8,151	8,090	8,140
Applications of Operating Funding												
Payments To Staff And Suppliers	5,710	7,063	6,545	6,755	7,043	6,795	7,138	7,546	7,608	7,933	8,185	8,220
Finance Costs	13	12	4	3	3	1	-	-	-	-	-	-
Other Operating Funding Applications	2,171	-	-	-	-	-	-	-	-	-	-	-
Total Application of Operating Funding	7,894	7,075	6,549	6,758	7,046	6,796	7,138	7,546	7,608	7,933	8,185	8,220
Surplus (Deficit) of Operating Funding	741	5,854	829	463	1,913	563	463	254	262	218	(95)	(80)
Source of Capital Funding												
Subsidies and Grants for Capital Expenditure	1,832	2,708	2,479	2,182	3,690	2,680	2,992	2,630	2,678	2,988	2,588	2,753
Increase (Decrease) in Debt	(31)	161	(21)	(19)	(19)	(21)	(5)	-	-	(90)	-	-
Gross proceeds from sale of assets	1	-	-	-	-	-	-	-	-	-	-	-
Total Source of Capital Funding	1,801	2,869	2,458	2,163	3,671	2,659	2,987	2,630	2,678	2,898	2,588	2,753
Application of Capital Funding												
Capital Expenditure												
-- to improve the level of service	-	-	492	257	1,833	1,029	810	105	110	281	883	91
-- to replace existing assets	2,544	3,077	2,445	2,222	2,722	2,016	2,590	2,884	2,933	3,115	2,058	3,037
Increase (Decrease) in reserves	403	5,646	350	147	1,029	177	50	(105)	(103)	(280)	(448)	(455)
Increase (Decrease) of investments	-	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Capital Funding	2,947	8,723	3,287	2,626	5,584	3,222	3,450	2,884	2,940	3,116	2,493	2,673
Surplus (Deficit) of Capital Funding	(1,146)	(5,854)	(829)	(463)	(1,913)	(563)	(463)	(254)	(262)	(218)	95	80
Funding Balance	(405)	-	-	-	-	-	-	-	-	-	-	-
Reconciliation of Operating Funding to Statement of Comprehensive Revenue and Expense												
Surplus (Deficit) of Operating Funding	741	5,854	829	463	1,913	563	463	254	262	218	(95)	(80)
Subsidies and Grants for Capital Expenditure	1,832	2,708	2,479	2,182	3,690	2,680	2,992	2,630	2,678	2,988	2,588	2,753
Depreciation	(2,889)	(2,707)	-3,081	-2,057	(2,470)	(2,172)	(2,377)	(2,566)	(2,765)	(3,170)	(3,331)	(3,378)
Share of surplus of associate	(4)	-	150	150	150	-	-	-	-	-	-	-
Movement in revaluation	-	-	10,262	-	-	-	-	-	11,249	-	-	-
Surplus/(deficit) before taxation per Statement of Comprehensive Revenue and	(320)	5,855	10,639	738	3,283	1,071	1,078	318	11,424	36	(838)	(705)

Fees & charges

proposed inflation rate - CIC adjusted CPI%

4.05%

Activity	Fee Type	Description	2022/23	2023/24
Building Consents	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 https://wellington.govt.nz/property-rates-and-building/building-and-resource-co	
Resource Consents*	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
Land Use Consents*	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
Subdivision Consents*	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.				
Vehicle hire	Waste management truck	1 hour hire minimum, hourly rate (excluding mileage)	\$160	\$166
Liquor Licensing	Club Licence	To comply with the Sale and Supply of Alcohol Act 2012	https://www.justice.govt.nz/justice-sector-policy/key-initiatives/sale-and-supply-of-alcohol/licensing/	
	On Licence			
	Off Licence			
	Managers Certificate			
	Annual Fees			
	Special Licence			
Food licencing fees	New Registration	https://wellington.govt.nz/services/consents-and-licences/selling-food/food-safety-fees	\$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
Animal Control	Dog registration		\$69	\$72
	Dog registration – Early		\$44	\$46
	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
Cemetery	Sale of Caskets		At cost plus 10%	
	Sexton Fees		At cost plus 10%	
	Burial plot purchase		\$619	\$644
	Cremation plot purchase	New, to be confirmed	\$335	\$349
Community Housing	Rentals – 3 Bedroom	Per week (effective from 1 January)	\$663	\$690
	Rentals – 2 Bedroom	Per week (effective from 1 January)	\$144	\$150
Staff Housing	Rental – 3 bedrooms	Per week (effective from 1 January)	\$115	\$120
Coasts, Harbours & Navigation	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
Administration Requests	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	
Library	Book rentals	Per book	Free	

*** should include disclosure that selected services are contracted out to other service providers, with negotiated rates subject to change. Any increases or savings will be passed onto the applicar

Council dues

No change to Council dues. The current Special Order for the adoption of rates for Council dues was ratified by the

Carriage by sea	Quantity	2023/24 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
Small vehicles (including small trailers, motorbikes, etc.)	m ³	\$5
Large vehicles (including cars, boats, trailers, etc.)	m ³	\$50
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
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

Performance, Audit & Risk Committee

4.0 Performance Report

Date of meeting	29 May 2023
Agenda item number	4.0
Author/s	Tanya Clifford, ECan

Purpose

To recommend to the Performance, Audit & Risk Committee consider establishing quarterly performance monitoring on non-financial targets set in the 2021-31 Long-Term Plan.

Recommendations

That the Performance, Audit & Risk Committee approve/do not approve [delete as appropriate] the receipt of a formal report on how Council is tracking against non-financial targets on a quarterly basis.

If approved, a report will be collated for the 2023/24 financial year for PARC and Council. Alternatively, this report could be presented to Council only.

Background information

The Local Government Act 2002 requires council in its Long-Term Plan to design 'levels of service' which includes performance measures that Council considers will enable the public to assess the level of service Council has provided to the community and a performance target(s) for each measure.

Currently, the achievement of these performance measure is reported annually on a retrospective basis within Council's Annual Report. The Annual Report documents a comparison between the level of service achieved in comparison to the target set and notes any intended changes to the level of service which has been achieved or reasons for any significant variance between the level of service achieved and the intended level of service. This approach, whilst compliant with legislation, does not allow for any early planning or issue identification, meaning a targeted marked as 'not achieved' could have had a different result if it was flagged as a potential issue earlier and strategies could be formed to assist Council in achieving the target.

Attached is a draft template report for PARC to consider and provides feedback on. This summarises Council's current performance measures, along with sections to be updated periodically covering our financial management and progress towards our outcomes. It is envisioned this report will be completed quarterly, with an initial planning section, to identify any problem areas or potential areas for working partnerships to achieve joint goals.

More frequent performance reporting also provides greater insight into how the Council is performing and includes other benefits to Council, including:

- Provides additional information to enhance decision making and provide further management insight and knowledge, which will lead to strengthened evidence-based decisions by Council.
- To manage Council expectations by reporting progress to date, including early identification of targets that are unlikely to be achieved and potentially identify steps to potentially rectify the result.
- Can be used as a precursor to feed-forward planning – in relation to both during the financial year and setting more appropriate targets for the next Long-Term Plan.

Attachments

- Draft financial report template

Quarterly Performance Report

Quarter One, 2023/24 financial year

(1 July 2023 – 30 September 2023)

Xx

ACTIVITY

Leadership & community partnerships	Definition	<p>The leadership and community partnerships activity facilitates our Councillors connecting with the community. Through this activity, the interests of our Islanders are represented in a fair and equitable manner, informing residents on issues or challenges we as a Council face and partnering in our decision-making process, including listening to residents’ views and other feedback.</p> <p>The activity also requires us to manage partnerships with t’chakat henu, tangata whenua and other groups.</p>	
	Targets	<ul style="list-style-type: none"> • Two measures focus on public survey: whether information supplied by Council is sufficient and that residents know how to contact the Council; secondly how confident residents feel that decisions are made in the best interests of the community. • One is to establish a hui with Council, imi and iwi, which meets at least three times a year. A staff member is to be appointed to engage and develop these relationships. • One is to engage with at least one central government agency to advocate for funding for Council and other island communities. 	
	<i>No. measures: 4</i>		
	Plan	<p>To outline what steps/plans are being taken to achieve the above targets.</p>	
	Progress	<p>To reflect how we have gone against the plan.</p>	
	Financial	<p>To summarise expenditure to date</p>	
	Expenditure YTD	Annual Budget	Remaining available

ACTIVITY		
Transportation, roading and coastal networks	Definition	A core function the transportation, roading and coastal networks activity is the maintenance and management of the local roading network, including street lighting, footpaths, and signage. Harbour control is undertaken to ensure safety in our waterways. Council is also required to address matters of navigation and safety including the preparation, maintenance, and review of regional marine oil spill contingency plans.
	Targets	<ul style="list-style-type: none"> • Two measures focus on public survey: whether residents are satisfied with the quality and safety of the sealed and unsealed road network. • One relates to the number of fatal or serious injury crashes on the road network. • Four relate to aligning the road and footpath maintenance work with the roading asset management plan, ensuring there is appropriate consultation, timely response to customer service requests and that the road roughness is at an acceptable level <i>[Stantec responsible for achievement of these measures]</i>. • Two relate to ensuring navigation safety is managed appropriately and ensuring Owenga wharf is available.
	<i>No. measures: 9</i>	
	Plan	To outline what steps/plans are being taken to achieve the above targets.
	Progress	To reflect how we have gone against the plan.
	Financial	To summarise expenditure to date
	Expenditure YTD	Annual Budget Remaining available

ACTIVITY

<p>Three Waters supply and treatment</p>	<p>Definition</p> <p>The three waters supply and treatment activity includes two key parts:</p> <ul style="list-style-type: none"> • <i>Potable water supply</i>: Council is responsible for the treatment and distribution of water through our reticulated water schemes. It is Council’s responsibility to ensure firefighting performance standards are met in urban water supply areas. • <i>Wastewater</i>: Council manages and maintains reticulated sewerage schemes and services for the treatment and disposal of waste. We monitor maintenance requirements of onsite wastewater disposal systems.
	<p>Targets</p> <p>No. measures: 14</p> <ul style="list-style-type: none"> • Two measures focus on public survey: whether residents are satisfied with the potable water service and wastewater system. • Five relate to ensuring water is safe to drink, ensuring demand for water and any water loss is effectively managed, with appropriate responses to call outs and complaints <i>[Stantec responsible for achievement of these measures]</i>. • Three relate to ensuring wastewater is effectively managed in terms of minimising overflows and appropriately responding to call outs and complaints <i>[Stantec responsible for achievement of these measures]</i>. • Four relate to ensuring stormwater is effectively managed in terms of opening Te Whanga lagoon, minimising flooding events and appropriately responding to call outs and complaints <i>[Council respond based on public demand in consultation and agreement with imi, iwi and DoC]</i>.
	<p>Plan</p> <p>To outline what steps/plans are being taken to achieve the above targets.</p>
	<p>Progress</p> <p>To reflect how we have gone against the plan.</p>
	<p>Financial</p> <p>To summarise expenditure to date</p>
	<p>Expenditure YTD</p> <p style="text-align: center;">Annual Budget</p> <p style="text-align: right;">Remaining available</p>

ACTIVITY

<p>Waste management and minimisation</p>	<p>Definition</p>	<p>The Waste management and minimisation activity focuses on developing strategies to reduce the amount of waste directed to landfill and increase the amount that is recycled. Waste material delivered to Council facilities is to be processed or disposed of in an appropriate and sustainable manner.</p>
	<p>Targets</p>	<ul style="list-style-type: none"> • One measure focus on public survey: whether residents are satisfied with the landfill and recycling service and ease of use. • One is to reduce the volume of waste going to landfill. • Five relate to ensuring waste management facilities are appropriately managed including with appropriate responses to complaints, non-compliance issues and adequate landfill space for disposal of solid waste, compaction density and no reports of injury or illness attributable to the use of the facilities <i>[Fulton Hogan predominately responsible for achievement of these measures, ECan for compliance with resource management conditions]</i>. • One relates to ensuring residents are aware of waste management services and how to use them.
	<p><i>No. measures: 8</i></p>	
	<p>Plan</p>	<p>To outline what steps/plans are being taken to achieve the above targets.</p>
	<p>Progress</p>	<p>To reflect how we have gone against the plan.</p>
<p>Financial</p>	<p>To summarise expenditure to date</p>	
<p>Expenditure YTD</p>		<p>Annual Budget</p>
<p>Expenditure YTD</p>		<p>Remaining available</p>

ACTIVITY

<p>Community services and emergency management</p>	<p>Definition</p>	<p>The Community services and emergency management activity includes two key parts:</p> <ul style="list-style-type: none"> • <i>Community services</i>: to ensure that parks and reserves meet community expectations and encourages community involvement. To promote community development through recreation, the arts, and sharing of heritage. • <i>Emergency management</i>: to carry out hazard-based risk management in four areas: reduction of risk, readiness for events, and response and recovery after an event.
	<p>Targets</p> <p><i>No. measures: 7</i></p>	<ul style="list-style-type: none"> • Three measures focus on public survey: how many key community services residents can identify as being provided by Council, whether residents are satisfied with the community services provided and how prepared residents feel for an emergency event. • One relates to ensuring community service facilities are appropriately managed, including appropriately responding to and remediating complaints. • One relates to whether residents are aware of emergency management procedures. • Two relate to ensuring at least one emergency event training exercise occurs and one water equipment deployment exercise is completed every year.
	<p>Plan</p>	<p>To outline what steps/plans are being taken to achieve the above targets.</p>
	<p>Progress</p>	<p>To reflect how we have gone against the plan.</p>
	<p>Financial</p>	<p>To summarise expenditure to date</p>
	<p>Expenditure YTD</p>	<p>Annual Budget</p>

ACTIVITY		
Environmental management, protection and monitoring	Definition	The Environmental management, protection and monitoring activity seeks to sustain natural resources to maintain a sound resource base and protect the environment from risks that could be detrimental to the needs of our community. We also endeavour to protect our environment from unwanted plant and animal pests. Our state of the environment monitoring and information work tracks progress against agreed environmental outcomes, identifies new issues, and provides 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.
	Targets <i>No. measures: 14</i>	<ul style="list-style-type: none"> • Two measures relate to processing and responding to resource management events within required timeframes <i>[ECan responsible for achievement of these measures].</i> • Two measures relate to processing and responding to liquor licencing events within required timeframes <i>[independent consultant (Ross Murphy) responsible for achievement of these measures].</i> • One relates to completing an annual dog welfare check. • Three relate to the prevention, monitoring and reduction of animal, marine and plant pest incursions <i>[ECan responsible for achievement of these measures].</i> • One relates to providing at least one training session to freight handlers at ports that service the Chatham Islands <i>[ECan responsible for achievement of these measures].</i> • One relates to whether residents are aware of appropriate pest management practices. • One relates to working in partnership with imi, iwi, the Department of Conservation and others to undertake pest management as an integral part of enhancing biodiversity • Three relate to the sampling, analysing and monitoring of water quality, quantity and river flows and making this information publicly available <i>[ECan responsible for achievement of these measures].</i>
	Plan	To outline what steps/plans are being taken to achieve the above targets.
	Progress	To reflect how we have gone against the plan.
	Financial	To summarise expenditure to date
	Expenditure YTD	Annual Budget

Performance, Audit and Risk

5. Crown Funding

Date of meeting	29 May 2023
Agenda item number	5.0
Author/s	Jo Guise, Executive Assistant

Purpose

Discussion paper for Performance, Audit & Risk about the latest Crown Funding.

Recommendations

THAT the information be received.

Purpose

It appears there will be no increase on the \$4.23m Council receives from crown funding.

The Chief Executive and Mayor met with DIA, and will update the PARC on these discussions.

PARC Public Excluded Agenda

29 May 2023

Chair to Move

I move that the public be excluded from the following part of the proceedings of the meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item No.	Minutes / Report of:	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
1.	Chief Executive Officer	Minutes of PARC Public Excluded Meeting 17 April 2023	Good reason to withhold exists under Section 7	Section 48(1)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987, and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by holding the whole or relevant part of the proceedings of the meeting in public, are as follows:

Item Nos	
1.	<p>Would be likely to prejudice the commercial position of the person or persons who are the subject of the information. 7(2)(b)(ii)</p> <p>To maintain legal professional privilege. 7(2)(h)</p> <p>To enable the Council holding the information to carry out, without prejudice or disadvantage, commercial activities. 7(2)(i)</p>