



Chatham Islands Council

Annual Report
2021/22



chatham islands council

Our people, our Islands, our future

Profile of the Chatham Islands

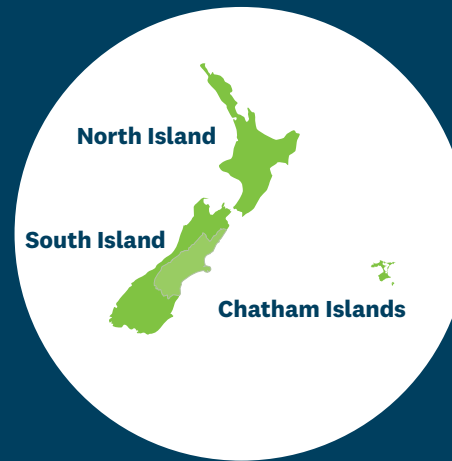
The Chatham Islands and its people are a unique community, isolated by 800 kilometres of ocean from mainland New Zealand.

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

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

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

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



The Islands at a glance

Usually 660 people live in the Chatham Islands.

Its population is the smallest in size out of the 78 Councils in New Zealand.

In total, 57% of households have access to the Internet, compared with 79% of households throughout New Zealand.

In the Chatham Islands, 5% of households have access to a cellphone, compared with 85% for New Zealand. This is because there is no cell phone coverage on the Chatham Islands.

Among households in private occupied dwellings, 38% own the dwelling, with or without a mortgage; the equivalent figure is 44% for New Zealand as a whole.

The unemployment rate in Chatham Islands territory is 1.6% for people aged 15 years and over, compared with 4.0% for all of New Zealand.

Source: Statistics New Zealand 2018 Census Data

Contents

The Council's vision	2
Mayor and Chief Executive's report	3
Introduction	4
Mori and Māori engagement	4
2021/22 in review	5
Overview of our financial performance	7
Independent Auditor's report	9
Financial statements	12
Statement of compliance and responsibility	12
Statement of comprehensive revenue and expense	13
Statement of changes in equity	13
Statement of financial position	13
Statement of cash flows	14
Statement of accounting policies	15
Notes to the financial statements	20
Financial prudence graphs	31
Service performance summaries by activity	35
Leadership and Community Partnerships	35
Transportation, roading and coastal networks	37
Three Waters Supply and Treatment	39
Waste Management and Minimisation	42
Community services and emergency management	44
Environmental management, protection and monitoring	46
Council funding impact statement	51
Appendix 1 – Funding impact statements by Council and activity	53
Appendix 2 – Glossary of terms	59
The organisation	61



The Council's vision

The Council is working towards creating a resilient and sustainable community that embraces diversity and builds growth for our people, our Islands and our future.

These are the Council's priorities for ensuring that:

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

Mayor and Chief Executive's report

Kioranga, kia ora, greetings,

It is with pleasure that we present the 2021/22 Annual Report for the Chatham Islands Council. Thank you for taking the time to read it. Our auditors have deferred the audit, because of an auditor shortage in New Zealand as a result of COVID-19 border restrictions. This delay has again resulted in the Council being unable to meet its statutory reporting deadline of 31 December 2022.

Your interest in the Chatham Islands Council means a lot to us.

Once again, the Chatham Islands Council has done its best to provide a great service to its community in the face of many challenges. We are grateful that we have all worked together in the islands amidst a global pandemic to keep the population safe. Our weekly regional leadership group meetings allowed us to be adequately informed and to respond as needed. We thank all of those involved.

Alongside the challenges that COVID-19 presented, a lack of funding continues to be an ongoing barrier to offering comparable services to that of mainland New Zealand. As always, the Council relies heavily on funding from central government to operate, as we don't have the population to fund our work through rates. We are careful to not unfairly burden our ratepayers, but in doing so our funding situation remains unpredictable and may delay desired projects, including infrastructure upgrades.

Government reforms have been plenty, all providing different challenges for the community. Reforms in the Resource Management space and as a response to climate change have been both challenging and costly while other reforms like the Three Waters proposals have provided the Council with additional funds to enable infrastructure upgrades to occur. The "better off" allocation will provide the Council with approximately \$9m to spend on community good projects in the years ahead.

A highlight has been the relocation of the Council office in January 2022 into the new building. This was built by Ngati Mutunga O Wharekauri Iwi Trust and leased to the Council. It is pleasing to see the meeting facilities being well used by the community.

We were also pleased to see the RB2 completed delivering the Islands cell phone coverage and improved broadband facilities. With these services going live in December 2021 it completed nearly 10 years of lobbying efforts.

We have continued to build relationships with our regional partners including Hokotehi Moriori Trust, Ngati Mutunga O Wharekauri Iwi Trust, and Chatham Islands Enterprise Trust. We also continue to maintain good relationships with the Government and its officials and acknowledge local MP Paul Eagle for his assistance with this. There are many changes being imposed by the Government that will affect the way the Council operates that flow into the community. We continue to advocate for the Islands interests where we can.

Finally, we thank councillors, staff and our external support providers. All have worked hard for the betterment of the Chatham Islands community. We greatly appreciate the dedication and support of all.

Monique Croon
Mayor

Owen Pickles MNZM JP
Chief Executive

Introduction

Our 2021/22 Annual Report is an account of Chatham Islands Council's financial and service performance in the year from 1 July 2021 to 30 June 2022. The audit of the document has been delayed, because of an auditor shortage in New Zealand as a result of COVID-19 border restrictions. The Annual Report outlines what we committed to achieving in the 2021-31 Long-Term Plan for the year and describes how we delivered it.

The report can be divided into four sections:

1. The overview, including a summary of our strategic approach, function and highlights of the year.
2. Financial statements, detailing the Council's position and performance in financial terms.
3. Service performance summaries, which detail the work completed in each major area of Council activities.
4. Financial accountability at an activity level is detailed in our funding impact statements in Appendix 1.

The Chatham Islands Council's key financial accountability documents are as follows:

The Long-Term Plan and Annual Plan

The Long-Term Plan and the Annual Plan are forward-looking documents, detailing how the Council plans to manage its finances and infrastructural programmes. They also cover what projects are to be undertaken or prioritised and how this is to be funded. These plans also document how the Council consults with its community including Moriori and Māori. It identifies the Council's plans for the medium and long-term, including coping with uncertainty and changing circumstances along with any assumptions they have made in creating the plan.

Annual Report

The Annual Report is a reflective document, detailing what was achieved compared with what was intended with the objectives set in the Long-Term Plan or Annual Plan. It is the Council's key financial accountability document. It also provides ratepayers and other interested parties with a report on how well the Council's assets are being looked after and how well the Council is performing as an organisation. The Annual Report informs readers about the Council's progress towards achieving its vision.

Moriori and Māori engagement

The Council has an obligation to take into account the principles of the Treaty of Waitangi/ Te Tiriti o Waitangi – and to recognise and provide for the special relationship between and with Moriori, Māori, their culture, traditions, land and miheke or taonga.

The obligation to consult includes recognising those who hold t'chakat henu or mana whenua or ancestral rights of land ownership. Within the Chatham Islands, the Council recognises the t'chakat henu and Hokotehi Moriori Trust and Ngāti Mutunga o Wharekauri Iwi Trust as groups that represent mana whenua within the territory. The Council recognises the obligation to actively promote Moriori and Māori participation in the decision-making process.

The key goals of the Council in progressing relationships with imi/iwi are:

- Working towards formalising working relationships.
- Building capacity to enhance participation in the decision-making process.
- Providing information to assist Moriori and Māori to effectively contribute to the decision-making process.
- Providing education and raising awareness among staff and elected members so that they can gain an appreciation of the Moriori and Māori values and traditions in relation to the Local Government Act 2002 and the Resource Management Act 1991.
- Consulting with Moriori and Māori on key decisions.

The Council also recognises an obligation to the Chatham Islands community under the Long-Term Plan 2021-31 in enhancing and acknowledging the importance of t'chakat henu/ tangata whenua.

2021/22 in review

The 2021/22 financial year was another impacted by the uncertainties generated by COVID-19 where virtual meeting became normal. It was also an exciting time for the Council as it moved into its new accommodation.

Sustainable water and wastewater

The proposed Government Three Waters Reform progressed with the Chatham Islands being included in Entity C. Lots of information requests were responded to as the new entity started to gain an understanding of commitments and responsibilities that will transfer to it.

As part of the Reforms some funding in the form of the Three Waters Stimulus Fund became available. This together with a grant from the Ministry of Health enabled the Council to complete urgently required upgrades to its water and wastewater networks which was most appreciated.

There is still much to be done to address source and capacity issues in Waitangi which will become a task for the new entity.

Waste management strategy and progress

In August 2021 the Council contracted Fulton Hogan Ltd to operate its waste management activities.

Working closely with Fulton Hogan, Council's engineers Stantec, and the Ministry for the Environment, the waste management activity made substantial progress during the year under review. Funding for a weigh bridge facility and a new waste recovery building was secured. The sanitary landfill began to receive waste.

Roading programme of works

Roading works have progressed in accordance with our asset management plan. Roothing is the Council's largest area of expenditure with an approved programme of approximately \$4m annually. Roothing is supported by Waka Kotahi as part of the land transport programme with a financial assistance rate of 88%.

Council office

The Ngati Mutunga O Wharekauri Iwi Trust Asset Holding Company funded new office facility was completed in December 2021 with the Council moving into the facility in January 2022.

The building along with the adjoining museum were officially opened by the Prime Minister Rt Hon Jacinda Adern on 25 November 2022.

Communications upgrade

In December 2021 cell phone coverage went live on the Chatham Islands as part of the Governments RB2 project which also provided improved broadband services.

While not funded by the Council, the completion of this project was the result of nearly 10 years of lobbying, so it was very satisfying to see this finally happen.

Climate change

As a group of islands, we are increasingly vulnerable to the impacts of climate change. Any changes to the land or water level poses a threat to our way of life for current and future generations. Council is committed to taking a collaborative approach to addressing and identifying 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 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.

Looking forward

Over the next ten years the Council will endeavour to progress current projects that contribute to enhancing the wellbeing of the community and realizing community outcomes.

Key projects include:

- Making safe repairs to Kaingaroa wharf
- Repairs to Owenga wharf
- Community housing upgrades
- A new emergency management operations centre
- Roothing projects



Overview of our financial performance

Overview of our financial performance

Our aim, as part of our financial strategy, is to ensure Council can continue to provide effective services now and into the future by:

- Managing funds in a financially prudent manner with the aim of achieving a balanced budget each year, and ensuring projected operating revenues are at a level sufficient to meet that year's projected operating expenses.
- Advocating for sustainable and committed funding from the Government and to fully utilise available subsidies and, where possible, searching for alternative sources of funding through user pays or other partnerships.
- Ensuring rates and council dues are affordable by limiting rates increases to align with expected rates of inflation and not adjusting council dues charges.
- Maintaining current levels of service provided, with an expectation that service levels will only increase where external support is provided.
- Focusing on maintaining core services and infrastructure as cost-effectively and efficiently as possible, ensuring that funding efficiencies remain of paramount importance.
- Developing Council's capacity and capability to build, maintain and renew assets by limiting expenditure to where it is reasonable and economic to do so. Council interprets this as only progressing projects which are fully funded either by way of capital grant or where Council has an ability to borrow and repay debt. Such an approach may defer projects, which may result in a higher risk of asset failure and the asset deteriorating at a faster rate over time.

Our financial performance

This overview provides a summary of our results for the 2021/22 financial year. Our focus during the year has been on managing our finances prudently and operating within the confines of our financial assistance packages provided by the Crown and rates received from our community. This is also known as achieving a balanced budget. With a recognised net deficit of \$0.3 million, Council has achieved that balanced budget for the year.

The Council's financial result is unfavourable compared with the 2021/22 year of the 2021-31 Long-Term Plan, which estimated an operating surplus of \$1.88 million. This is due in part to the additional non-capital elements of expenditure related to the Museum community

complex costs, increased expenditure on Insurance which is reflective of the higher risk of natural disaster and the enhanced repair costs, and lastly, increased travel expenditure related to the Kiwi Can Do programme.

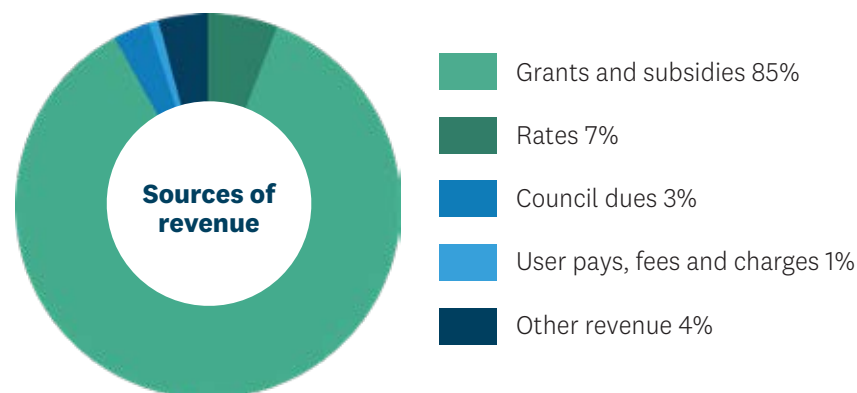
Our Council rates remain in line with inflationary movements and council due charges remain unchanged for the year. Council remains committed to ensuring rates paid by our community remain affordable and comparable with other similar Councils.

The Council ended the year with an improved cash position, moving from an overdraft of \$0.26 million in 2020/21, to a positive balance of \$0.05 million, which was below the closing cash position expected in the 2021/22 year of the 2021-31 Long-Term Plan.

Our sources of funds

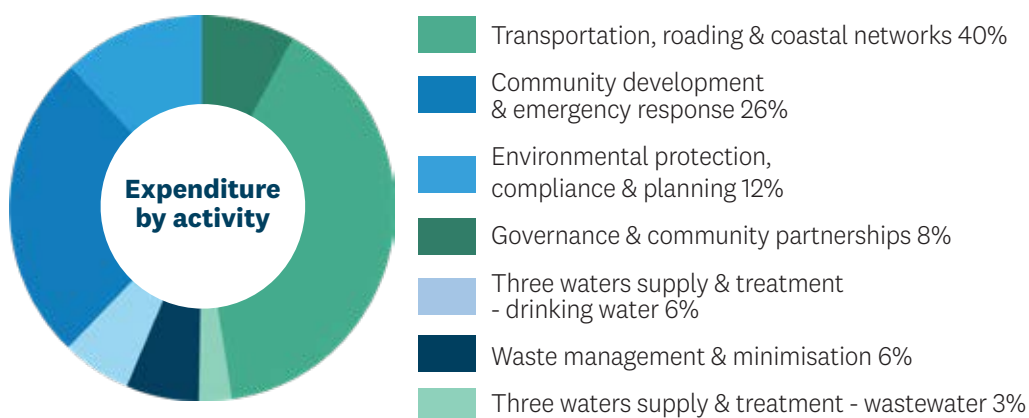
Council receives income from a range of sources but is primarily reliant on central government grants to remain operational. The budget assumed funding would be provided during the year to support on-Island projects, including infrastructural development integral to improving facilities for our community.

A summary of our funding sources for the year is detailed in the graph below:



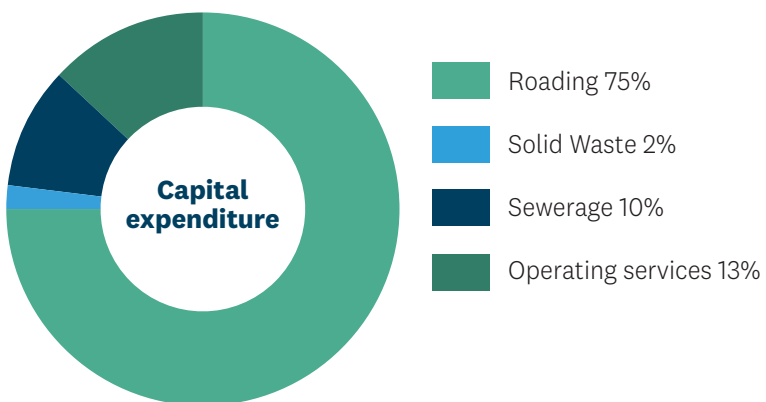
Our allocation of funds

Operating expenditure by activity is summarised in the graph below; the largest portion of expenditure relates to on-island transportation, roading and coastal networks, with particular emphasis on the roading network.



Our capital expenditure

The graph below summarises the Council's capital expenditure programme by area. Our capital expenditure primarily relates to maintaining and improving our roading infrastructure.

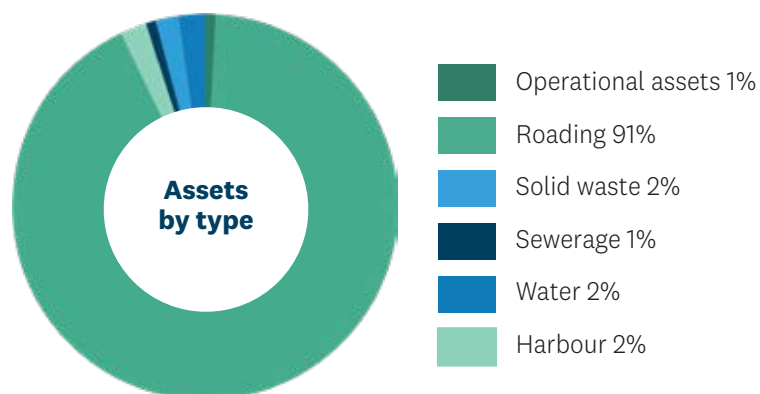


Our assets and capital works programme

Council holds long-term assets of \$98.7 million, including operational and infrastructure assets. When investing in infrastructure, we consider affordability to the Council and ratepayers, electing to defer capital works until funding can be secured. This means our financial position remains healthy and debt low. However, the cost to the community is that critical work where funding cannot be secured, such as with our water and wastewater infrastructure is often delayed, with levels of service experienced by our community being below expectation.

With the Council unable to invest in infrastructure outside of roading works, asset quality is likely to deteriorate over time. In addition, this reduces the quality of service that we can offer to our residents and increases the risk of asset failure. Infrastructural assets were revalued as at 30 June 2022, with an increase in value of \$14.2 million recognised.

The graph below summarises the Council's capital expenditure programme by area. Our capital expenditure primarily relates to maintaining and improving our roading infrastructure



Independent Auditor's report

To the readers of Chatham Islands Council's annual report for the year ended 30 June 2022

The Auditor-General is the auditor of Chatham Islands Council (the Council). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to report on the information in the Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the Council has complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

Our audit was completed late

We completed our work on 29 June 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by Section 98(7) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

Opinion on the audited information

In our opinion:

- the financial statements on pages 13 to 30:
 - > present fairly, in all material respects:
 - » the Council's financial position as at 30 June 2022; and
 - » the results of its operations and cash flows for the year ended on that date; and
 - > comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime.

- the funding impact statement on page 51, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's 's long-term plan and annual plan;
- the service performance summaries by activity on pages 35 to 50:
 - > presents fairly, in all material respects, the Council's levels of service for each group of activities for the year ended 30 June 2022, including:
 - » the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - » the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - > complies with generally accepted accounting practice in New Zealand.
- the statement about capital expenditure for each group of activities on pages 53 to 57, presents fairly, in all material respects, the actual capital expenditure as compared to the budgeted capital expenditure included in the Council's long-term plan; and
- the funding impact statement for each group of activities on pages 53 to 57, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's long-term plan.

Report on the disclosure requirements

We report that the Council has:

- complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 31 to 34, which represent a complete list of required disclosures and accurately reflects the information drawn from the Council's audited information and, where applicable, the Council's long-term plans and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Council's annual plan.

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's report

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other information

The Council is responsible for the other information included in the annual report. The other information is defined as all information in the annual report other than the audited information and the disclosure requirements and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, we have no relationship with or interests in the Council.



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

Financial statements

Statement of compliance and responsibility

Compliance

Councillors and management of Chatham Islands Council confirm the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with during the year, with the following exception:

- Under section 98(7) of the Local Government Act 2002, Council is required to complete and adopt its Annual Report prior to 31 December 2022. Council was unable to comply with this requirement for the year ended 30 June 2022 due to COVID-19 restrictions causing an auditor shortage.

Responsibility

Councillors and management of Chatham Islands Council accept responsibility for the preparation of the annual financial statements and the judgements used in them. They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and service performance reporting.

In the opinion of the Councillors and management of Chatham Islands Council, the financial statements fairly reflect the financial position of the Council as at 30 June 2022, and the results of its operations, cash flows and the service performance achievements for the year ended on that date.



Monique Croon
Mayor



Owen Pickles MNZM JP
Chief Executive

29 June 2023

Financial statements

Statement of comprehensive revenue and expense for the year ended 30 June 2022

	Note	Actual 2021/22 \$000	Long Term Plan 2021/22 \$000	Actual 2020/21 \$000
Revenue				
Rates	2	708	631	625
Grants & subsidies	2	9,101	9,421	10,626
Council dues		324	265	307
User pays, fees and charges		100	108	114
Interest		2	56	28
Other revenue		232	357	431
Total revenue	1	10,467	10,838	12,131
Expenditure				
Depreciation and amortisation	8	2,889	2,857	2,587
Personnel costs	3	921	1,036	1,037
Financial costs		13	6	11
Other expenditure	4	6,960	5,187	7,296
Total expenditure	1	10,783	9,086	10,931
Share of surplus of associate		(4)	133	118
Total surplus/deficit		(320)	1,885	1,318
Comprehensive revenue and expense				
Increase/(decrease) in revaluation reserve	8, 13	13,490	-	-
Total other comprehensive revenue and expense		13,490	-	-
Total comprehensive revenue and expense		13,170	1,885	1,318

Statement of changes in equity for the year ended 30 June 2022

	Note	Actual 2021/22 \$000	Long Term Plan 2021/22 \$000	Actual 2020/21 \$000
Equity at the start of the year		83,716	83,682	82,398
Total comprehensive revenue and expense		13,170	1,885	1,318
Equity at the end of the year	13	96,886	85,567	83,716

Statement of financial position as at 30 June 2022

	Note	Actual 2021/22 \$000	Long Term Plan 2021/22 \$000	Actual 2020/21 \$000
Current assets				
Cash & cash equivalents	5	208	512	27
Cash funds held in trust	5	4	-	4
Cash investments	6	-	-	178
Current trade and other receivables	7	671	1,272	1,563
Total current assets		883	1,784	1,772
Non-current assets				
Non-current trade and other receivables	7	-	477	-
Investment in associate		180	200	184
Property, plant and equipment	8	97,785	85,548	84,481
Total non-current assets		97,965	86,225	84,665
Total assets		98,848	88,009	86,437

These statements should be read in conjunction with the Statement of Accounting Policies and Notes to the Financial Statements.



Statement of financial position as at 30 June 2022 (continued)

	Note	Actual 2021/22 \$000	Long Term Plan 2021/22 \$000	Actual 2020/21 \$000
Current liabilities				
Bank overdraft	5	-	-	292
Trade and other payables	9	1,657	1,694	2,108
Personnel cost liabilities	10	92	88	112
Current portion of provisions	12	60	25	25
Current portion of borrowings	11	18	67	28
Total current liabilities		1,827	1,875	2,565
Non-current liabilities				
Non-current portion of borrowings	11	135	567	156
Total non-current liabilities		135	567	156
Total liabilities		1,962	2,442	2,721
Net assets		96,886	85,567	83,716
Public equity				
Accumulated funds and reserves	13	96,886	85,567	83,716
Total public equity		96,886	85,567	83,716

Statement of cash flows for the year ended 30 June 2022

	Note	Actual 2021/22 \$000	Long Term Plan 2021/22 \$000	Actual 2020/21 \$000
Cash flow from operating activities				
Receipts from rates revenue		702	587	585
Receipts from grants and subsidies		9,698	9,038	10,730
Receipts from Council dues		340	248	292
Interest received		2	56	28
Receipts from other revenue		617	381	(100)
Payments made to employees		(941)	(1,036)	(1,035)
Interest paid		(13)	(6)	(11)
Other payments to suppliers		(7,375)	(5,038)	(8,334)
Net cash flow from operating activities		3,030	4,231	2,155
Cash flow from investing activities				
Purchase of fixed assets		(2,703)	(3,895)	(3,282)
Sale/(purchase) of other assets		178	119	1,294
Net cash flow from investing activities		(2,525)	(3,776)	(1,988)
Cash flow from financial activities				
Loans raised		-	-	-
Repayment of loans		(31)	(34)	(37)
Net cash flow from financial activities		(31)	(34)	(37)
Increase/(decrease) in cash held		474	421	130
Opening cash balance		(261)	91	(391)
Closing cash balance	5	212	512	(261)

Goods and Services Tax: The GST component of operating activities reflects the net GST paid to and received from Inland Revenue. The GST component has been presented on a net basis, as the gross amounts do not provide meaningful information.

These statements should be read in conjunction with the Statement of Accounting Policies and Notes to the Financial Statements.

Financial statements

Statement of accounting policies

For the year ended 30 June 2022

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 financial statements of Chatham Islands Council were originally unaudited for the year ended 30 June 2022. The audited financial statements were authorised by Council for issue on 29 June 2023.

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. Refer to note 17 in the financial statements for further details on our going concern assumption.

The Local Government Act 2002 also requires Council to complete and adopt its Annual Report prior to 31 December 2022. Council was unable to comply with this requirement for the year ended 30 June 2022 due to an auditor shortage at Audit NZ. 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 requirement will apply.

Changes in accounting policies

Standards and amendments issued but not yet effective where Council has elected not to early adopt include: PBE IPSAS 41 Financial Instruments, which supersedes PBE IPSAS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments. The new standard is effective for the year ending 30 June 2023, with earlier adoption permitted. The Council has elected to not early adopt this standard, there is expected to be no significant change from applying the new standard.

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with earlier adoption permitted. The Council has determined the main impact of the new

standard is that additional information will need to be disclosed on those judgements that have the most significant effect on the selection, measurement, aggregation, and presentation of service performance information.

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

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.

Budget figures

The budget figures in the financial statements are those approved by Chatham Islands Council as part of the annual planning process. The Council has approved no additional expenditure outside the planning process.

The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements.

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



Revenue recognition

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

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

Borrowing costs

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

Leases

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

Chatham Islands Council does not have any finance leases.

Taxation

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

Goods and services tax

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

The net amount of GST paid to or received from the IRD, including the GST relating

to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Cash and cash equivalents

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

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

Trade and other receivables

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

A provision for impairment is established when there is evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the amounts expected to be collected.

Other financial assets

Financial assets are initially recognised at fair value through surplus or deficit plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Cash investments include investments in bank with maturities exceeding three months. They are initially measured at the amount invested, adjusted for interest received.

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

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

Financial statements

Investment in an associate

Associates are entities over which the Council has significant influence but not control. Investments in associates are accounted for using the equity method. The Council has an interest in the Chatham Islands Housing Partnership Trustee Limited (trustee company). The trustee company comprises four shareholders, each with the right to appoint one director. The Council has recognised the significant influence over the trustee company and accounts for a 25% share in the trustee company as an associate.

The trustee company holds no assets or liabilities, and its purpose is to act as a sole trustee of the Chatham Islands Housing Partnership (housing trust). The Council has recognised that the housing trust forms part of the trustee company's group and therefore recognised a 25% share in the trustee company group.

The purpose of the housing trust is to relieve hardship caused through isolation and reduced access to housing. The reporting date of the housing trust is 31 March.

There are no significant restrictions on the ability of the associate group to transfer funds to the Council in the form of cash dividend or similar distributions, or to repay loans or advances. As at 31 June 2021, the housing trust has committed \$2 million for the construction of five houses.

The Council's share of an associate's profits or losses is recognised in the surplus or deficit.

Property, plant and equipment

The initial or subsequent cost of an item of property, plant and equipment is recognised as an asset where it is probable that future economic benefits or service potential will flow to the Council. Costs that do not meet these criteria are expensed. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially recognised at fair value.

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

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

The Council has the following classes of assets:

Operational assets

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

Our infrastructural asset classes include: roading, potable water, wastewater and waste management. The most recent infrastructural assets revaluation was independently completed by Stantec NZ as at 30 June 2022.

Our roading, drainage, reticulation systems for potable water and wastewater and waste management assets are valued using the depreciated replacement cost method, with reference as necessary to the following standards - PBE IPSAS17 (Property, Plant and Equipment), PB IPSAS 21 (Impairment of Assets), National Asset Management Steering Group (NAMS Group), NZ infrastructural Asset Valuation and Depreciation Guidelines (version 2), the Local Government Act 2002, and NZPI Standards. There are several estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method.

These include:

Unit costs are sourced from engineering staff, previous valuations and contract rates. Where applicable Chatham Island specific rates are not available, mainland NZ rates are used as a proxy with an additional mark-up to account for the remote nature of the islands and the logistical challenges for completing works, these are confirmed as suitable by engineering staff.

Remaining useful lives have been determined by calculating the difference between the respective asset's expected Total Useful Life (TUL) and the age of the asset. Note that where an asset's age is unknown, both engineering judgement and local knowledge have been used to assign a suitable remaining life.

Valuations of assets exclude land assets, including land under roads.

Any other specific assumptions are detailed in the individual Asset Valuation Reports.

Subsequent additions are included at costs.

Depreciation

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

Asset	Years
Operational assets	
Vehicles	5–10 years
Plant and Office Equipment	5–10 years
Buildings	5–50 years
Parks and reserves	25 years
Asset	Years
Infrastructure assets	
Transportation - Roading & Coastal networks	
Top surface (seal)	10 years
Pavement (base course)	
Sealed	60 years
Unsealed	Not depreciated
Pavement	
Unsealed (wearing course)	8 years
Sub-base and formation	Not depreciated
Culverts	70–75 years
Footpaths and kerbs	35 years
Signs	8 years
Retaining walls	60–120 years
Bridges	60–75 years
Owenga wharf	50 years



Asset	Years
Potable Water	
Pipes, valves, hydrants	30–70 years
Pump stations	5–35 years
Tanks	30–50 years
Waste Water	
Pipes and other reticulation assets	25–80 years
Waste Management	
Landfill, transfer stations and other assets	5–35 years
Storm water system	
Pipes	40–60 years

Intangible assets

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

Amortisation

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

Asset	Years
Computer software	5 years

Financial statements

Impairment of property, plant and equipment and intangible assets

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Statement of Comprehensive revenue and expense.

Trade and other payables

Short-term payables are recorded at their face value.

Personnel cost liabilities

Provision has been made in respect of the Council's liabilities for annual leave, at balance date. This has been calculated on an actual entitlement basis. Chatham Islands Council does not recognise a liability for sick leave.

Provisions

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

Borrowings

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

Public equity

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

The components of equity are:

- Retained earnings.
- Restricted reserves.
- Asset revaluation reserves.

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

Council Controlled Organisations

The Council has one Council Controlled Organisation, the Chatham Islands Mayoral Disaster Relief Fund Trust, as a body to receive grants to respond to emergency events on the Chatham Islands. For the year ended 30 June 2022, the entity was dormant and had no assets or liabilities, nor did the entity make any transactions during the year. Therefore, the parent and group accounts are the same. The Council has exempted this organisation from reporting under Section 7 of the Local Government Act 2002.



Notes to the financial statements

Note 1: Summary of revenue and expenditure by activity

The cost of service for each of the Council's activities has been derived by allocating revenue and expenditure items directly to each activity statement, where directly attributable. Other indirect items (overheads) are those that cannot be identified in an economically feasible manner to an activity. These items are allocated to each activity using cost drivers. This may result in disproportionate gains or losses at an activity level where revenue and expenditure categories are matched.

There has been no changes in the allocation methodology during the year.

	Actual 2021/22 \$000	Actual 2020/21 \$000
Revenue by activity		
Leadership & community partnerships	1,619	1,482
Transportation, roading & coastal networks	3,767	4,341
Three waters supply & treatment - wastewater	239	218
Three waters supply & treatment - drinking water	626	658
Waste management & minimisation	214	202
Community development & emergency response	2,896	4,786
Environmental protection, compliance & planning	1,102	444
Total revenue	10,464	12,131
Expenditure by activity		
Leadership & community partnerships	1,008	925
Transportation, roading & coastal networks	4,381	3,931
Three waters supply & treatment - wastewater	297	206
Three waters supply & treatment - drinking water	628	674
Waste management & minimisation	676	698
Community development & emergency response	2,517	3,397
Environmental protection, compliance & planning	1,277	1,100
Total expenditure	10,784	10,931

Note 2: Revenue

Rates are further broken down in the table below:

Rates revenue	Actual 2021/22 \$000	Actual 2020/21 \$000
General rates	328	311
Targeted rates		
Roading	92	58
Solid waste	97	71
Water	74	74
Sewerage	89	80
Total targeted rates	352	283
Rates penalties	28	32
Total rates revenue	708	626

Rating base information

The following rating base information is disclosed using rating base information at the end of 30 June 2021.

	30 June 2021
The number of rating units	678
The total land value of rating units	87,304,800
The total capital value of rating units	217,241,100

Financial statements

Grants and subsidies is further broken down in the table below:

Grants and subsidies	Actual 2021/22 \$000	Actual 2020/21 \$000
Department of Internal Affairs	4,355	4,096
Waka Kotahi NZ Transport Agency roading subsidy	3,233	3,853
Ministry of Culture & Heritage	309	969
New Zealand Lotteries Commission	-	1,000
Department of Conservation	311	98
Ministry of Business, Innovation & Employment	210	187
Ministry of Health	60	156
Other	623	266
Total grants & subsidies	9,101	10,626

For the Council, the principal grants and reimbursements are from the following sources:

- The Department of Internal Affairs provides an annual contribution to meet the Council's statutory obligations. The Crown's annual contribution was for \$4.4 million for 2021/22. This level of financial support is committed for the foreseeable future. The Crown's contribution is enough to cover our operating requirements but does not cover depreciation of infrastructure assets; which means we are unable to effectively plan for or invest in infrastructural development. Council made an application for additional support for an investment programme and funding required for identified areas of financial shortfall.
- The Waka Kotahi NZ Transport Agency reimburses part of the Council's costs for maintaining the local roading infrastructure. The reimbursement from Waka Kotahi is for costs already incurred, with no unfulfilled conditions or other contingencies relating to the reimbursements. The current level of support provided by Waka Kotahi is at 88% of actual costs incurred. Council currently fund any Waka Kotahi shortfall from reserves; which further draws on Council's cash liquidity.

- The Ministry of Culture & Heritage and the New Zealand Lotteries Commission provided one-off grants to fund construction of the museum portion of a commercial property. The grant was received by the Council when the museum was recognised as a Council Controlled Organisation - as the Council assisted in the establishment of the Trust along with drafting the objects and purposes, of the Trust deed, which included the power to appoint trustees. The Council historically exempted the museum from reporting as a Council Controlled Organisation as it was small and therefore no consolidated accounts were prepared. In August 2019, the museum's Trust deed was updated to remove voting rights and the ability to appoint Trustees and therefore it was considered the museum no longer met the definition of a Council Controlled Organisation. There remains a special ongoing relationship between the Council and the museum in the form of an ongoing annual support payment from the Council to provide the museum funding to support a portion of its ongoing costs, in addition to administering the grant received for the construction of the new museum facility. The Chatham Islands Council has acted as an agent for the Chatham Islands Museum & Cultural Heritage Charitable Trust by receiving these grants and facilitating progress payment on the building's construction, due to administrative limitations at the Trust. This building project was a part of a larger Civic Building development, in which another company managed the construction projection (acting as principal). As of 30 June 2022, the Council had spent \$2,837,279 related to the construction of the building along with other associated costs. The building was completed in January 2022 and subject to final wash-up payments, expects no further costs to be incurred. Council expects to repay or seek recovery of any unpaid or outstanding balances from the Ministry of Culture & Heritage upon completion agreeing final costs. Chatham Islands Council received no fees or other commission for providing this service. The success of the grant application was primarily driven by the initial efforts of Hon. Christopher Findlayson (as the Minister of Culture & Heritage), for which the Islands are extremely grateful for his support.

Note 3: Expenditure – personnel costs

Key management personnel of the Council include the Mayor, Councillors and the Chief Executive. The assessed total full time equivalent of the key management personnel is assessed as 11 for the year ended 30 June 2022 (as at 30 June 2021, 10). Due to the difficulty in determining the full time equivalent figure for the Mayor and Councillors, the figure is based on head count.

Mayoral and Councillor remuneration

The following people held office as elected members of the Council's governing body, receiving the following levels of remuneration during the reporting period:

Name	Position	Actual 2021/22	Actual 2020/21
Monique Croon	Mayor	55,350	54,675
Gregory Horler	Deputy Mayor	25,154	23,236
Keri Day	Councillor	18,917	17,393
Celine Gregory-Hunt	Councillor	18,917	17,393
Graeme Hoare	Councillor	18,917	17,393
Richard Joyce	Councillor	18,917	17,393
Oscar Nilsson	Councillor	8,828	17,393
Amanda Seymour	Councillor	18,917	17,393
Jason Seymour	Councillor	18,917	17,393
Nigel Ryan	Councillor	9,674	-
Total Honoraria		212,509	199,663

The Remuneration Authority is responsible for setting the remuneration levels for elected members. The elected members receive an annual salary, as opposed to a combination of meeting fee payments and annual salary. Elected members receive no other non-monetary benefits. Furthermore, there have been no appointments of elected members to other boards, with the purpose of representing Council's interests. Related party transactions are disclosed as part of note 16.



Employee numbers and remuneration bands:

As at 30 June 2022, the Council employed eight full time and three full time equivalent employees (as at 30 June 2021, the comparative figures of employment were 12 full time and two full time equivalent employees). The table below identifies the number of people employed by the Council at the end of the financial year and identifies the breakdown of remuneration levels of employees into bands. Where a band contains less than five staff members, the band is combined with the next highest band.

Band	Actual 2021/22	Actual 2020/21
< \$59,999	6	6
\$60,000 - \$99,999	5	7
\$100,000 - \$219,999	2	2
Total	13	15

Severance payments

For the year ended 30 June 2022, the Council made severance payments of \$4,800 and \$6,080 to two employees in addition to payments made on normal contractual terms (for the year ended 30 June 2021, no payments were made outside normal contractual terms).

Note 4: Expenditure – other significant items

Included within expenditure are the following notable items:

Other expenses	Actual 2021/22 \$000	Actual 2020/21 \$000
Audit fees - financial statement	88	80
Audit fees - other	-	52
Donations	446	132
Lease expense	45	43

Depreciation expenditure separately disclosed as part of activity statements.

Financial statements

Note 5: Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the statement of cash flows.

	Actual 2021/22 \$000	Actual 2020/21 \$000
Cash at bank and on hand	208	27
Funds held in trust	4	4
Bank overdraft	-	(292)
Total cash and cash equivalents	212	(261)

The funds in trust represent money transferred to the Council from the Chatham Islands Radio Society (now ceased). The Council utilises these funds to support television reception services and running a radio service for the Island.

The Council's 2021-31 Long-Term Plan forecasted a net closing cash balance (including investments and funds held in trust) in 2021/22 of \$512,000. The Council's cash position is primarily a result of increased expenditure costs caused by higher than expected inflation and unbudgeted Chatham Community Complex Expenditure. The Council has an overdraft arrangement in place with its on-Island banking facility to cover any overdrafts, which includes the ability to provide adequate security against any required short-term borrowing or increased overdraft limit. Whilst additional funding support has been forthcoming in the 2021/22 financial year, Council remains reliant on external funding to meet operating requirements and the asset upgrade programme.

Note 6: Other financial assets

The Council's investment programme is limited to holding term deposits with the on-Island ANZ bank.

Where the investment term exceeds three months, the investment is classified as a cash investment.

Name	Actual 2021/22 \$000	Actual 2020/21 \$000
Investments	-	178

Note 7: Trade and other receivables

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of debtors and other receivables approximates their fair value.

	Actual 2021/22 \$000	Actual 2020/21 \$000
Rates	128	122
Other debtors ¹	543	1,441
Total current trade and other receivables	671	1,563
Consisting of:		
Receivables from non-exchange transactions ²	671	1,563

¹ Council has no impairment provision. The movement in the provision for the impairment of trade and other receivables for 2021/22 was nil (2020/21 nil)

² Non-exchange transactions includes outstanding amount for rates, grants, infringements, and fees and charges that are partly subsidised by rates. Exchange transactions includes outstanding amounts for commercial sales, and fees and charges that have not been subsidised by rates.

Note 8: Property, plant and equipment

Movements for each class of property, plant and equipment are as follows.

Actual 2021/22	Opening cost/ revaluation \$000	Accumulated depreciation \$000	Carrying value at the start of the year \$000	Additions/ transfers \$000	Impairment/ disposals at cost \$000	Depreciation \$000	Revaluation \$000	Closing accumulated depreciation \$000	Carrying value at the end of year \$000
Operational assets									
Land	278	-	278	-	-	-	-	-	278
Buildings	1,487	(846)	641	223	-	(35)	-	(881)	829
Plant and office equipment	404	(333)	72	102	-	(18)	-	(351)	155
Vehicles	314	(182)	132	-	-	(23)	-	(205)	109
Parks and Reserves	99	(85)	14	-	-	(1)	-	(86)	13
Total operational assets	2,583	(1,446)	1,137	325	-	(77)	-	(1,523)	1,384
Infrastructural assets									
Transportation - Roading & Coastal networks	84,596	(6,181)	78,415	2,052	-	(2,573)	12,284	-	90,179
Waste management	2,814	(380)	2,434	49	-	(141)	93	-	2,435
Waste Water	1,103	(190)	913	277	-	(59)	375	-	1,505
Potable Water	1,723	(140)	1,583	-	-	(38)	738	-	2,283
Total infrastructural assets	90,236	(6,891)	83,345	2,378	-	(2,812)	13,490	-	96,401
Property, Plant and Equipment	92,819	(8,337)	84,481	2,703	-	(2,889)	13,490	(1,523)	97,785

The classification of our property, plant and equipment assets have changed in year to better align with the classifications and terminology used within our 2021-31 Long-Term Plan document. Therefore the following asset classes have been renamed. Roading and Harbour is now Transportation, Solid Waste is now Waste Management, Sewerage and Stormwater is now Wastewater, Water is now Potable Water.

Classifications have also been simplified to combine groups that are similar in nature with the following classes being combined: Plant & Office Equipment and Furniture & Fittings, Roading and Harbours, Wastewater and Sewerage.

Core assets 2021/22

Included within the infrastructure assets are the following core Council assets.

Actual 2021/22	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
Water				
Treatment Plants and Facilities	762	-	-	1,163
Other Assets	1,521	-	-	2,125
Sewerage				
Treatment Plants and Facilities	958	-	-	1,690
Other Assets	547	277	-	1,197

Actual 2021/22	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
Stormwater				
Storm Drainage	3	-	-	-
Roads and Footpaths				
Roads and Footpaths	90,179	2,052	-	110,392
TOTAL	93,970	2,329	-	110,392

Financial statements

Actual 2020/21	Opening cost/ revaluation \$000	Accumulated depreciation \$000	Carrying value at the start of the year \$000	Additions/ transfers \$000	Impairment/ disposals at cost \$000	Depreciation \$000	Revaluation \$000	Closing accumulated depreciation \$000	Carrying value at the end of year \$000
Operational assets									
Land	278	-	278	-	-	-	-	-	278
Buildings	1,451	(815)	636	36	-	(31)	-	(846)	641
Furniture and fittings	129	(118)	11	-	-	(2)	-	(120)	9
Plant and office equipment	268	(195)	73	8	-	(18)	-	(213)	63
Vehicles	314	(158)	156	-	-	(24)	-	(182)	132
Parks and Reserves	99	(81)	18	-	-	(4)	-	(85)	14
Total operational assets	2,538	(1,367)	1,172	44	-	(79)	-	(1,446)	1,137
Infrastructural assets									
Roading	80,214	(3,841)	76,373	2,891	-	(2,219)	-	(6,060)	77,045
Solid waste	2,672	(239)	2,434	142	-	(141)	-	(380)	2,434
Stormwater	14	(11)	3	-	-	-	-	(11)	3
Sewerage	1,089	(121)	968	-	-	(58)	-	(179)	910
Water	1,723	(99)	1,624	-	-	(41)	-	(140)	1,583
Harbour	1,491	(73)	1,418	-	-	(48)	-	(121)	1,370
Total infrastructural assets	87,203	(4,384)	82,820	3,033	-	(2,508)	-	(6,891)	83,345
Property, Plant and Equipment	89,742	(5,750)	83,991	3,077	-	(2,587)	-	(8,337)	84,481

Core assets 2020/21

Included within the infrastructure assets are the following core Council assets.

Actual 2020/21	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
Water				
Treatment Plants and Facilities	348	-	-	603
Other Assets	1,235	-	-	1,697
Sewerage				
Treatment Plants and Facilities	409	-	-	1,175
Other Assets	500	-	-	992

Actual 2020/21	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
Stormwater				
Storm Drainage	3	-	-	13
Roads and Footpaths				
Roads and Footpaths	77,045	2,891	-	100,963
TOTAL	79,540	2,8921	-	105,443



Note 8: Property, plant and equipment (continued)

Insurance of Assets

Included within the infrastructure assets are the following core Council assets.

Insurance of assets	Actual 2021/22 \$000	Actual 2020/21 \$000
Total value of assets covered by insurance contracts	3,795	2,635
The maximum amount to which assets are insured under Council insurance policies	10,415	6,942

The Council is not covered by any financial risk sharing arrangements in relation to its assets.

The Council self-insures a portion of its assets. The majority of Council's self-insured assets are roading infrastructural assets; they are not insured as any remedial work required will be carried out through the Waka Kotahi NZ Transport Agency funded roading programme. No property, plant and equipment is pledged as security for liabilities. There are no restrictions over the title of these assets.

Note 9: Trade and other payables

The Council's trade and other payables are generally non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of payables approximates their fair value, these are summarised in the table below:

	Actual 2021/22 \$000	Actual 2020/21 \$000
Payables under exchange transactions		
General creditors	1,657	1,814
Payables under non-exchange transactions		
Revenue in advance	-	294
Total non-exchange transactions	-	396
Total payables	1,657	2,108

Note 10: Employment Entitlement Liabilities

A provision for personnel cost liabilities (holiday leave and outstanding remuneration) is recognised as a liability when benefits are earned but not paid, this includes the following items:

	Actual 2021/22 \$000	Actual 2020/21 \$000
Employment benefit liabilities		
Annual leave	88	82
Accruals for employment benefits	4	30
Total Employment Benefit Liabilities	92	112

See also note 3 for payroll rate information.

Council does not provide any retirement or long service leave benefits to staff.

Financial statements

Note 11: Borrowings

	Actual 2021/22 \$000	Actual 2020/21 \$000
Term liabilities		
Current portion of term liabilities	18	28
Non-current Portion of term liabilities	135	156
Total term liabilities	153	184

The Council maintains a prudent borrowings position in relation to our equity and annual revenue. Council will enter into borrowing arrangements where there is sufficient assurance that additional funding assistance can be obtained to repay borrowings.

Council's current borrowings have supported upgrades to Council's buildings and the on-Island Warm Homes loan scheme. Interest costs associated with the Council's borrowings is disclosed in note 4.

The Council received a 20-year suspensory loan of \$90,000 from Housing New Zealand that must be repaid if the Council does not meet the conditions of the loan prior to 2029. Due to the uncertain nature of this suspensory loan, the Council will not recognise the loan as revenue until it is certain the funding conditions will be met.

The carrying amount of term liabilities repayable within one year approximates their fair value, as the effect of discounting is not significant.

Note 12: Provisions

A provision for the future costs of closing our landfills sites was historically estimated based on expected costs to remediate the site and land. These landfills are now closed, with sites remediated. The full landfill provision has now been recognised. Additional future remediation on monitoring may be required, such costs are estimated to be minimal and will be recognised as an expense when incurred.

A provision has also been made for the estimated refund of one year of Council Dues to the Pitt Island Barge Society. Council Dues are repayable on the production of audited accounts by the Pitt Island Barge Society on an annual basis.

A summary of our provisions, including movements in material provisions above are summarised below:

	Actual 2021/22 \$000	Actual 2020/21 \$000
Landfill post closure costs		
Opening balance	-	20
Movement in provision	-	(20)
Closing balance	-	-
Consisting of:		
Pitt Island Barge Society	60	25
Total provisions	60	25

Note 13: Equity

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 derivative of managing revenues, expenses, assets, liabilities, investments and 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.

The Local Government Act 2002 requires the Council to make adequate and effective provision in its Long-Term Plan to meet the expenditure needs identified in those plans. The Local Government Act 2002 sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's Long-Term Plan.

Chatham Islands Council has the following reserve funds:

- General Funds – Revenue appropriation account to fund future development.
- Emergency Services Reserve - Funds are set aside for emergency events such as natural disasters.
- Mayoral Relief Reserve – Funds are set aside for emergency relief.
- Asset Revaluation Reserve – Reserves generated by revaluations in property, plant and equipment and other assets.

Equity reserves include the following notable funds:

	Actual 2021/22 \$000	Actual 2020/21 \$000
General funds		
Opening balance	18,402	17,084
Plus net surplus for the year	(320)	1,318
Closing Balance	18,082	18,402
Emergency services reserve		
Opening balance	250	250
Closing balance	250	250
Mayoral relief reserve		
Opening balance	25	25
Closing balance	25	25
Assets revaluation reserve		
Opening balance	65,039	65,039
Revaluation/(impairments)	13,490	-
Closing balance	78,529	65,039
Total equity at end of year	96,886	83,716



Financial statements

Note 14: Statement of commitments

The Council has no contractual commitments for the acquisition of property, plant and equipment as at 30 June 2022 (as at 30 June 2021, nil).

The Council has in place a number of contracts with external service providers to provide engineering services on infrastructural assets. The scope of future work is dependent on organisational priorities, funding availability, and due to these uncertainties, no disclosure has been made.

Council has recently moved into a new office building with a 30-year lease in place, this agreement commenced in 2022.

Contract commitments	Actual 2021/22 \$000	Actual 2020/21 \$000
Not later than 1 year	384	45
Between 1 and 5 years	1,690	194
More than 5 years	16,320	391
	18,394	630

Note 15: Statement of Contingencies

Council is not aware of any contingent assets or liabilities as at 30 June 2022, for Council or any associates, (as at 30 June 2021, nil).

Note 16: Related party transactions

Related parties comprise of entities Council has control or significant influence over and key management personnel, including the Mayor, Councillors and the Chief Executive.

Council has entered into transactions with related entities during the year. These transactions were part of a normal supplier relationship and on terms and conditions no more or less favourable than those reasonable to expect the Council would have adopted in dealing with the party on an arm's length basis in the same circumstances.

In addition to the information disclosed above, the Council also provides accommodation to one staff member, at a market based rental rate as approved by Council.

Note 17: Going concern

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, such as rate increases, growth, or debt are not considered financially sustainable options for the Chatham Islands Council, as this would unfairly burden our ratepayers. Consequently, there is a significant reliance on external support from the Government in the form of the annual Crown contribution and the roading subsidy from Waka Kotahi NZ Transport Agency to ensure the Council remains operating one year after the annual report is signed, also known as the going concern assumption.

The Waka Kotahi subsidy rate remains set at 88% of roading expenditure. Historically, the Council has self-funded the difference as the funding from the Crown's annual appropriation was insufficient to cover this shortfall, leading to a deteriorating cash position. In the current and future reporting years, there is an indication of additional funding being forthcoming, although this is not confirmed until May each year as part of the appropriation process. At this stage, it is assumed going forward, there will be sufficient funding to cover our operating requirements including our financial strategy of maintaining a balanced budget.

Council has achieved a positive cash movement for the year and also recognised a small operating deficit. Therefore, the accounts have been prepared on a going concern basis as there are currently overdraft facilities in place with the Island bank to cover expected cash movements for the 2022/23 financial year and Council is expected to receive greater levels of financial support. Council will continue to work with central government agencies to negotiate additional financial support and improve our cash position.

Given the above, the going concern assumption has been considered in preparing the financial statements for the year ended 30 June 2022 and is assessed as appropriate. The financial statements have therefore been prepared using the going concern assumption.



Note 18: Explanation of major variances against budget

Explanations for major variations from the Council's budget figures in its 2021-31 Long-Term Plan are as follows:

Statement of comprehensive revenue and expense

Council has been fortunate to receive \$9.0 million in grants and subsidies during the year to support our commitment to the community and the environment.

Department of Internal Affairs contribution was \$4.4 million, an increase of \$0.6 million from 2020/21. Our roading subsidy provided by Waka Kotahi NZ Transport Agency has decreased by \$0.6 million, as a direct result of decreased roading expenditure. Our current subsidy received is 88% of actual costs incurred by the Council.

Increased expenditure costs were caused by higher than expected inflation and unbudgeted Chatham Community Complex Expenditure.

Statement of financial position

The majority of the variances to the 2021/22 of the Long-Term Plan budget in the Statement of Financial Position, relate to the budget figures for the period being driven by the closing balances as at 30 June 2020, adjusted by expected changes for the 2020/21 financial year, to create an expected opening position as at 1 July 2021.

Note 19: Subsequent events after the end of the reporting period

Uncertainty over the water services reform programme

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. With this exception, there are no other events after the end of the reporting period that require adjustment to the financial statements or the notes to the financial statements.

Note 20: Non-compliance with Local Government Act

The Council was required under section 98 (7) of the Local Government Act 2002 to complete its audited financial statements and service performance information by 31 December 2022. This timeframe was not met as Audit New Zealand was unable to complete the audit within the timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

Financial statements

Financial prudence graphs

Annual Report disclosure statement for the year ended 30 June 2022

What is the purpose of this statement?

The purpose of this statement is to disclose the council's 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 report 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.

Rates affordability benchmark

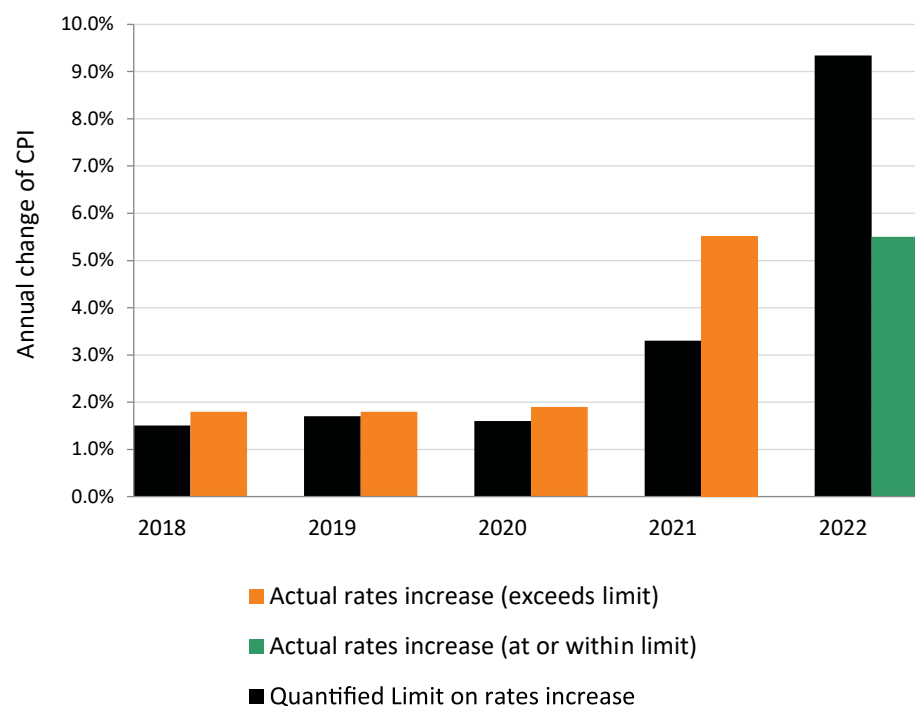
The Council meets the rates affordability benchmark if its actual rates income equals or is less than each quantified limit on rates and its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

Council has not included a quantified limit on rates (income) in the financial strategy of the Long-Term Plan, as the majority of Council's income is by way of funding from the Government. Movements in rate receipts are considered to have a minimal impact and will not significantly influence project costs.

Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit on rates increases from the financial year 2018 to 2021 is consumer price index (CPI) and for financial year 2022 is CPI plus 2%.



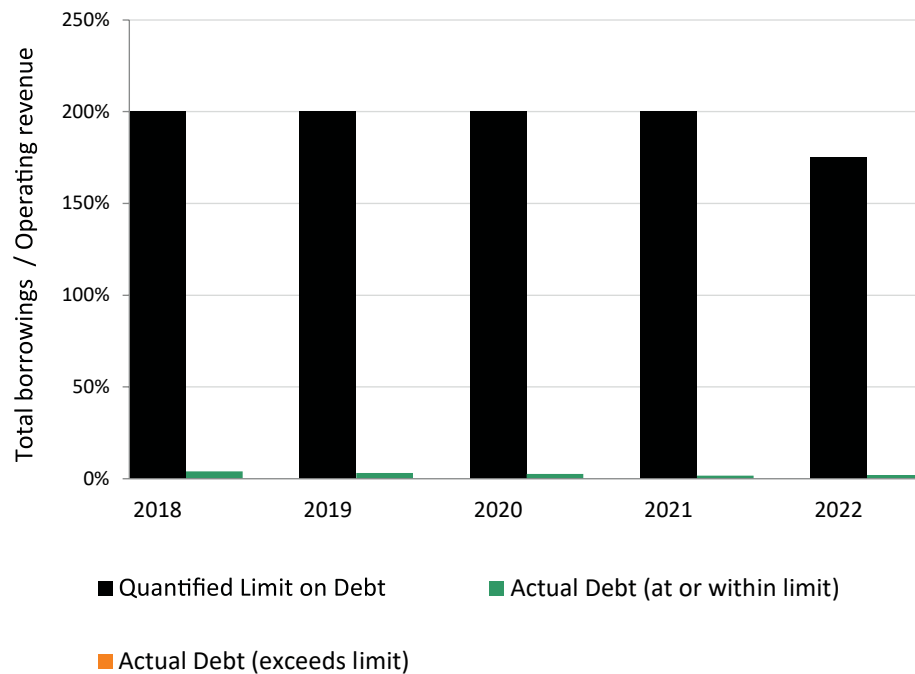


Debt affordability benchmark

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

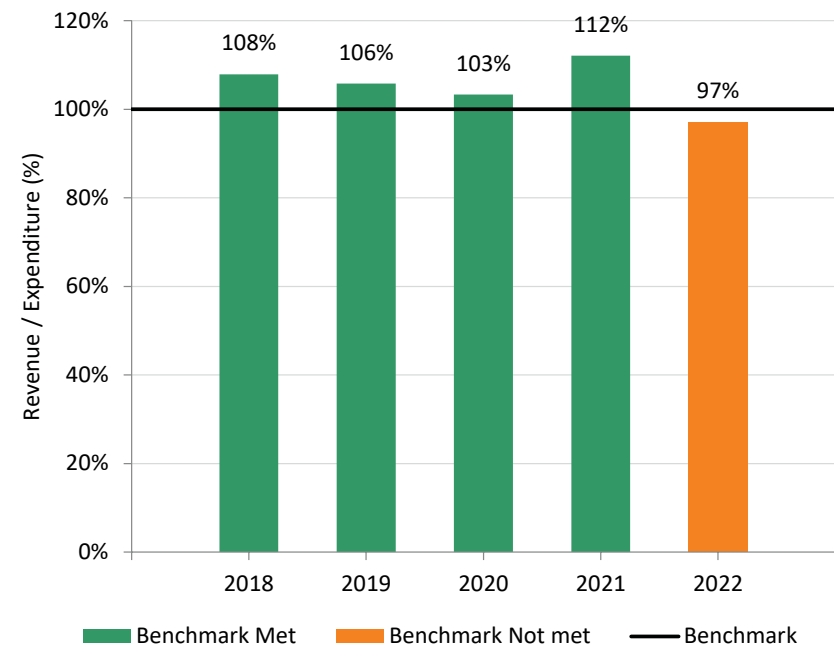
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

The quantified limit for the financial year 2018 to 2021 is 200% and 175% for financial year 2022.



Balanced budget benchmark

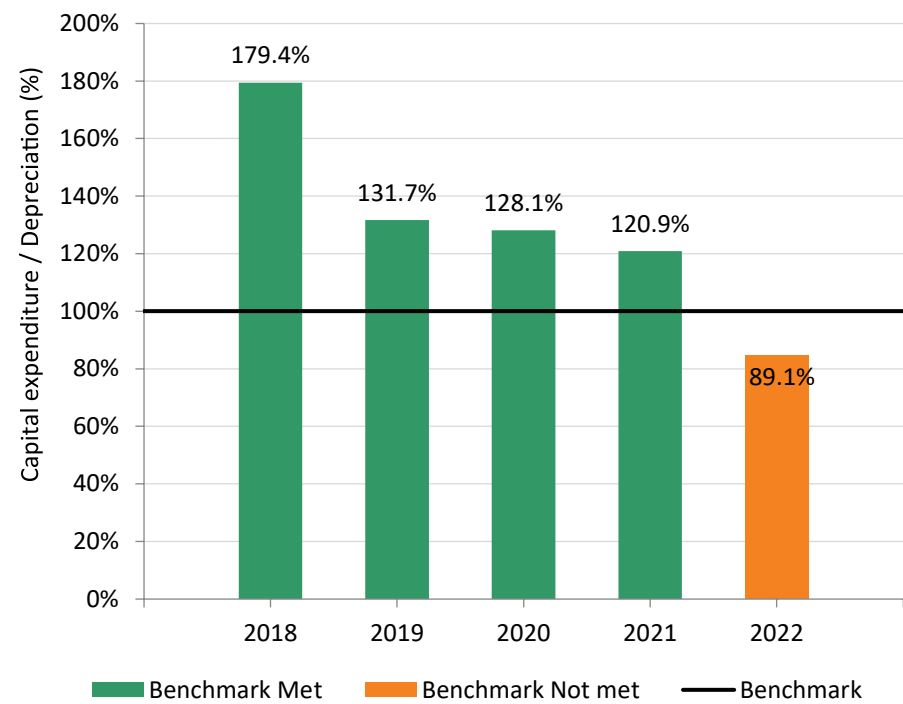
The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial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



Financial statements

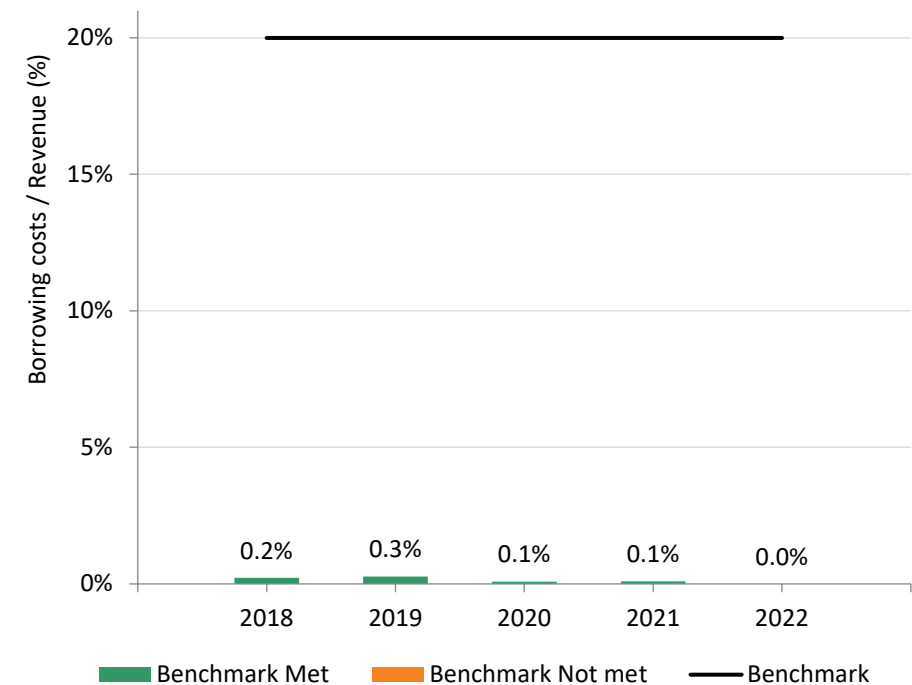
Essential services benchmark

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



Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment). A local authority meets the debt servicing benchmark for a year if its borrowing costs for the year equal or are less than 10% of its revenue defined as above.

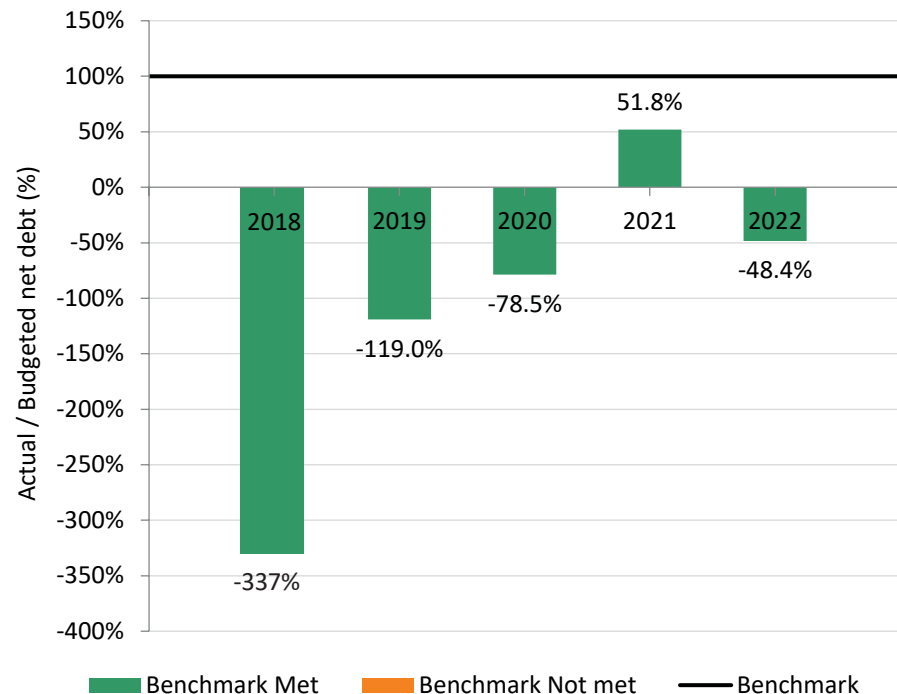




Debt control benchmark

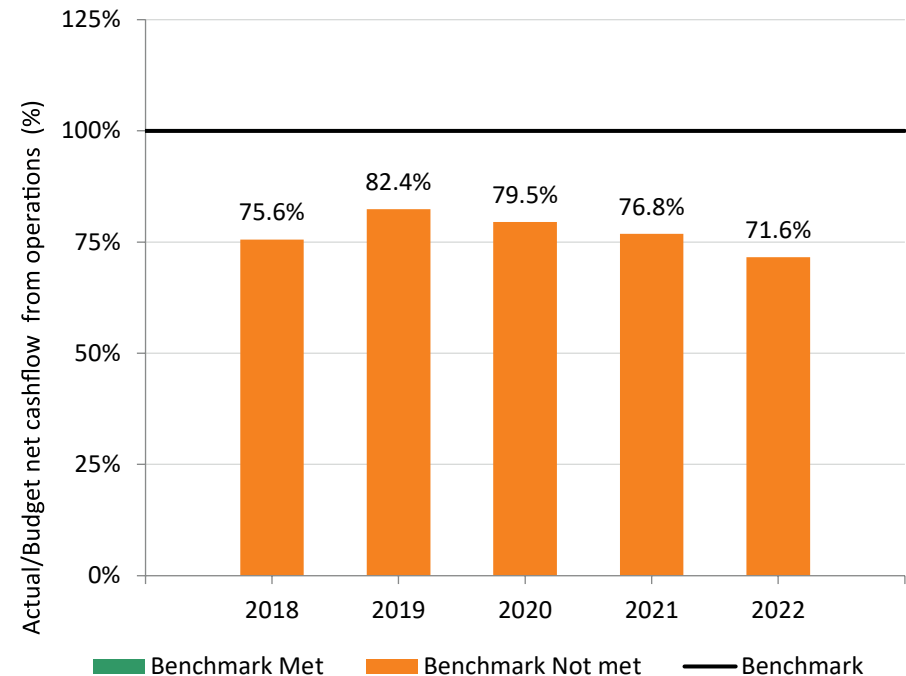
The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

This graph displays the council's actual net cash flows from operations as a proportion of its planned net cash flow from operations. The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



The operations control benchmark shows whether actual net operating cash flow is equal to or less than planned. The above graph reflects the reality of funding issues faced by the Council over the years. It is impossible for the Council to meet its legislative obligations and to operate in a self-sufficient manner without support from central government, given the small ratepayer base and a lack of investments. Many projects that were budgeted had to be postponed due to lack of funding.

Service performance summaries

Leadership and Community Partnerships

We aim to meet our statutory responsibilities and provide effective governance and leadership

Our leadership and governance function comprises of elected representatives from the Island. They are provided with guidance and other support to enable them to carry out their legislative responsibilities, making informed decisions on behalf of our people.

Key activities and rationale for providing the service

- Informing residents about issues or challenges and listening to residents' views and other feedback.
- Making decisions on behalf of our community.
- Managing partnerships with t'chakat henu, tangata whenua and other groups.
- Producing agendas and minutes for Council and other meetings.
- Managing local elections.

These activities enable the interests of our Islanders to be represented in a fair and equitable manner and provides opportunities for the community to partner in our decision-making processes.

Community outcomes

Leadership and community partnerships contribute to the resilient community and embracing diversity community outcomes by ensuring the principles of the Te Tiriti o Waitangi/Treaty of Waitangi are recognised, and that relationships with Moriori and Māori are strengthened and maintained.

These areas also contribute to the building growth community outcome by advocating for funding or other contributions from the Government to benefit the Island, and fostering strong relationships with the Chatham Islands Enterprise Trust and other organisations to provide development opportunities on-Island.

Ensure Council decision-making is informed by community participation

Targets	Measure	Result for 2021/22
Engage with and provide opportunities for community voices to be heard ACHIEVED ✓	Survey residents annually on whether the information supplied by Council was sufficient 2021/22: 60% Survey residents annually on whether they know how to contact the Council and Councillors (80% know how to contact the Council and Councillors) Publish Council agendas and meeting information at least three working days before a meeting, with key stakeholder organisations contacted and asked to participate in significant discussions.	75% of residents who responded to the Residents Survey are confident that the decisions made by Council in 2021/2022 are in the best interest of the community.
Ensure residents are confident that Council decisions are well-informed and made in the best interests of the community ACHIEVED ✓	Survey residents annually on whether they are confident that Council decisions are made in the best interests of the community, including consideration of imi and iwi matters. 2021/22: 60% confident or very confident Establish a hui with Council, imi and iwi at least three times a year, to provide opportunities for imi and iwi to contribute to the decision-making processes of the Council (target for 2021/22) Identify and appoint a staff member to engage with imi and iwi and develop relationships (target for 2021/22) Develop and implement processes for imi and iwi to be supported to participate in Council decision-making (ongoing target)	Of the residents who responded to the Residents Survey 95% felt that Council captures the voice of the community when making decisions. With 77% receiving their updates via Council's monthly e-newsletter.

<p>Enable Moriori and Māori to participate in Council decision-making</p> <p>ACHIEVED</p> <p>✓</p>	<p>Establish a hui with Council, imi and iwi at least three times a year, to provide opportunities for imi and iwi to contribute to the decision-making processes of the Council (target for 2021/22).</p> <p>Identify and appoint a staff member to engage with imi and iwi and develop relationships (target for 2021/22)</p>	<p>Council, Iwi, Imi and Chatham Islands Enterprise Trust meet monthly as part of a “Four Entities” forum to discuss current island wide issues and to update each other regarding projects each entity is engaged in.</p> <p>The Chatham Islands Council Chief Executive has been appointed to engage with Imi and Iwi and this meeting occurs once a month.</p>
<p>Maintain and build strong relationships with Government and Island partners to advocate for opportunities and outcomes that benefit the Chatham Islands</p> <p>ACHIEVED</p> <p>✓</p>	<p>Engage with one or more Government agencies at least annually, to advocate for funding allocation or other benefits for imi, iwi and other Island communities</p>	<p>Council, Imi, Iwi and Chatham Islands Enterprise Trust engage with Government departments and other entities at least twice a year as part of a Stakeholders Forum which discusses island wide issues.</p>



Service performance summaries

Transportation, roading and coastal networks

The aim of the transportation, roading and coastal networks group of activities is to link our populated communities and Islands, keep our people connected, safe and active, and contribute to the sustainability and growth of our local economy.

Harbour control is undertaken primarily to ensure safety in our waterways. The Chatham Islands have approximately 360km of coastline that is used extensively for commercial fishing, along with some recreational and aquaculture industries.

Key activities and rationale for providing the service

- A core function of Council is the maintenance and management of the local roading network (there are no State Highways), including street lighting, footpaths, and signage. A well-planned, safe, and integrated network for walking contributes to our communities' quality of life.
- Council is required to address matters of navigation and safety including the preparation, maintenance, and review of regional marine oil spill contingency plans. The Chatham Islands' area of responsibility extends to the 12 nautical mile territorial boundary.

Community outcomes

The transportation, roading and coastal networks activity contributes to the resilient community, embracing diversity sustainable action and building growth community outcomes as these services and assets enhance community and economic wellbeing.

Our transportation infrastructure enables goods to reach markets and people to travel to work, providing vital connections for economic growth and greater access and mobility.

Council is also able to respond and recover from the impact of all marine hazards, ensuring maritime management protects and reduces the impact of harm to the environment and supporting the economic development and sustainability of the fishing industry.

Operate and maintain a safe and reliable roading network that is in good condition and fit for purpose

Targets	Measure	Result for 2021/22
Ensure residents are satisfied with the quality and safety of the sealed road network NOT ACHIEVED 	Survey residents annually on whether they are satisfied with the quality and safety of the sealed road network (60% of residents satisfied or very satisfied)	The annual residents satisfaction survey showed that 53% of residents were satisfied with the chip-sealed roading. This is a decrease in satisfaction, down from 73% in 2020/21. Council will continue to work on increasing the level by working closely with our roading contractor and roading engineers to monitor the road condition, addressing concerns within a timely manner.
Ensure residents are satisfied with the quality and safety of the unsealed road network NOT ACHIEVED 	Survey residents annually on whether they are satisfied with the quality and safety of the unsealed road network (60% of residents satisfied or very satisfied)	Of the residents who responded to the Residents Survey, 43% are satisfied with the unsealed road network with comments such as "Gravel roads have improved on last year" and "Well done to all involved. Roads are very well maintained and a huge improvement on roads." This is an improvement in satisfaction, up from 33% in 2020/21.
Ensure there are low levels of serious harm on our road network ACHIEVED 	Ensure the number of fatal or serious injury crashes on the road network does not exceed two per year	One serious injury crash.
Ensure the road roughness is at an acceptable level ACHIEVED 	Ensure the average smooth travel exposure (roughness) on the sealed and unsealed network is rated at or below 70 and 120 respectively on the National Association of Australia State Road Authorities (NAASRA) road classification system	The ride quality was rated as "good" with the average NAASRA Road Classification System rating in the 2021/22 year assessed as 52 for sealed roads and 88 for unsealed roads (2020/21 result was 52 for sealed roads and 80 for unsealed roads). The NAASRA measures the roughness of the gravel on the road.



Targets	Measure	Result for 2021/22
<p>Ensure there is sufficient road and footpath maintenance that aligns with the roading asset management plan, ensuring the roads are maintained to a safe standard</p> <p>NOT ACHIEVED</p> <p>✗</p>	<p>Complete 95% of the annual roading programme as originally planned, while considering the safety of road users and maintenance staff for all activities</p> <p>Maintain all existing footpaths in accordance with the roading maintenance contract to ensure adequate accessibility for residents who do not drive.</p>	<p>Council's sealed road resurfacing programme is not conducted on an annual basis as it is not cost effective to relocate materials and equipment to the island for short periods of work. 21/22 was not a sealing season, and none of the sealed network was resurfaced.</p> <p>21% of the sealed network is planned to be resurfaced in the 22/23 financial year.</p> <p>All footpaths (100%) were maintained to the required specification.</p>
<p>Respond in a timely manner to customer service requests</p> <p>ACHIEVED</p> <p>✓</p>	<p>Ensure Council staff respond to all customer service requests relating to the road or footpath network within five working days</p>	<p>100% of customer requests were forwarded to the relevant contractor within five working days.</p>
<p>Identify, preserve, protect, and conserve the cultural heritage of the Islands, and respond appropriately to the discovery of human remains</p> <p>ACHIEVED</p> <p>✓</p>	<p>Ensure legislative requirements are followed (Coroners Act 2006 and Heritage New Zealand Pouhere Taonga Act 2014)</p> <p>Consult imi and iwi to identify any matters of cultural significance prior to completing major earthworks outside of the existing road corridor</p>	<p>A heritage assessment was undertaken prior to realignment works carried out on North Road, and Iwi and Imi representatives were consulted before the culvert replacements on Waitangi Wharf – Owenga Road. All other works were maintenance of existing roads with no excavations outside of road corridors.</p>

Enable safe navigation for vessels in the coastal area

Targets	Measure	Result for 2021/22
<p>Manage navigation safety in accordance with leading practice</p> <p>ACHIEVED</p> <p>✓</p>	<p>Apply a safety management system consistent with the New Zealand Port and Harbour Marine Safety Code (the Code) and conduct an internal annual review</p> <p>Conduct an external review by a Code panel every three to four years, with the next review expected in 2023</p>	<p>The Safety Management System is up to date and consistent with the Port and Harbour Marine Safety code. A review has recently been conducted.</p>
<p>Ensure Owenga wharf is available for safe and efficient movement of people, stock, and goods</p> <p>ACHIEVED</p> <p>✓</p>	<p>Ensure there are no instances of the wharf being unavailable while sea and weather conditions are suitable</p>	<p>There were no instances of Owenga Wharf being unavailable for navigation safety reasons in the 2021/22 year. This is consistent with the 2020/21 year.</p>

Service performance summaries

Three Waters Supply and Treatment

Safe drinking water and appropriate collection, treatment and disposal of wastewater are essential to the health and wellbeing of our people and our environment. The Government has launched the Three Waters Reform programme, which is expected to review how local government delivers its Three Waters service delivery arrangements. The review is expected to be completed by 2023 and is likely to transfer some obligations to a small number of multi-regional entities. The exact size, shape and design of these entities remains unclear. For the purposes of this Long-Term Plan, 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.

Key activities and rationale for providing the service

- **Potable water supply:** 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.
- **Wastewater:** 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. Water and wastewater assets consist of treatment plants, reservoirs, pipeline reticulation, and pump stations.
- **Storm water:** Council undertakes to minimise damage to property from flooding of buildings and property from surface run-off, as well as reduced erosion and water pollution. The main risk is mitigated by controlling the levels at Te Whanga lagoon by opening the Hikurangi Channel as and when required. This is necessary to protect land around Te Whanga lagoon from inundation and to maintain the balance of marine life. There are no other flood protection or control assets.

Community outcomes

The Three Waters supply and treatment activity contributes to the resilient community and sustainable action community outcomes as these services and assets enhance community wellbeing.

Provide portable water supply that meets the needs of our community now and into the future

Targets	Measure	Result for 2021/22
<p>Ensure residents connected to a Council water scheme are satisfied with the service</p> <p>NOT ACHIEVED</p> <p>✗</p>	<p>Survey residents annually on whether they are satisfied with the service (50% of residents satisfied or very satisfied)</p>	<p>The 2021/22 Residents Survey shows only 40% of residents who are connected to a water scheme are satisfied.</p> <p>In 2020/21, 27% of residents expressed satisfaction.</p> <p>Funding secured from the Ministry of Health and DIA was spent over the last two financial years (2020/21-2021/22) to address the most urgent issues with its water schemes. See target "Water is safe to drink".</p>
<p>Ensure water supplied by Council water schemes is potable i.e. safe to drink</p> <p>NOT ACHIEVED</p> <p>✗</p>	<p>Ensure it is not necessary to issue any temporary advisory notices to boil water – as determined in consultation with the Ministry of Health</p> <p>Ensure Council's potable water complies with Part 4 of the Ministry of Health's NZ Drinking Water Standards (bacteria compliance criteria)</p> <p>Ensure Council's potable water complies with Part 5 of the Ministry of Health's NZ Drinking Water Standards (protozoal compliance criteria)</p>	<p>A temporary boil water notice was issued in the 2021/22 for the Kaingaroa Water Supply Scheme from February to March 2022. This BWN was prolonged in part due to COVID-19 restrictions at the time.</p> <p>Improvements have been through the Three Waters reform programme to help mitigate further boil water notices.</p> <p>The Waitangi water supply was non-compliant with the drinking water standards primarily due to inadequate monitoring. The Kaingaroa water supply was non-compliant due to inadequate treatment. Distribution zone compliance was achieved. This is generally consistent with 2020/21.</p> <p>Funding received by Council was to address urgent issues with both water schemes. This work will improve compliance.</p> <p>Council has been participating in the Three Waters reform programme. Water projects were aimed at improving safety and resilience.</p>



<p>Ensure the percentage of real water loss from Council's networked reticulation system is managed at an acceptable level</p> <p>ACHIEVED</p> <p>✓</p>	<p>Ensure the percentage of real water loss from the Council's networked reticulation system does not exceed 20%</p>	<p>Information was not collected this year. However, no incidences of water loss were reported that exceeded 20%. This is consistent with 2020/21.</p>
<p>Respond in a timely manner to reports of faults</p> <p>ACHIEVED</p> <p>✓</p>	<p>Where the Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured:</p> <ol style="list-style-type: none"> 1. Attendance for urgent call-outs: the time from when the Council receives notification to when service personnel reach the site does not exceed two hours. 2. Resolution of urgent call-outs: the time from when the Council receives notification to when service personnel confirm resolution of the fault or interruption does not exceed eight hours. 3. Attendance of nonurgent call-outs: the time from when the Council receives notification to when service personnel reach the site does not exceed two hours. 4. Resolution of non-urgent call-outs: the time from when Council receives notification to when service personnel confirm resolution of the fault or interruption does not exceed eight hours. 	<p>The following median response times were measured in 2021/22:</p> <ul style="list-style-type: none"> • All issues were resolved within eight hours. • No urgent call-outs had occurred during the year. • No non-urgent call-outs were received. • No resolution to non-urgent call-outs required. <p>This is generally consistent with 2020/21.</p>

<p>Ensure the percentage of real water loss from Council's networked reticulation system is managed at an acceptable level</p> <p>NOT ACHIEVED</p> <p>✗</p>	<p>Ensure the total number of complaints received about any of the following:</p> <ul style="list-style-type: none"> • Drinking water clarity • Drinking water taste • Drinking water odour • Drinking water pressure or flow • Continuity of supply <p>Council's response to any of these issues does not exceed 2% of properties connected (or approximately two complaints for all connected properties)</p>	<p>One complaint was received in the 2021/22 financial year related to the drinking water taste at Kaingaroa. This has been resolved through a full investigation. No corrective actions or improvements were identified through the investigation.</p> <p>Council continues to seek funding to improve the reliability of its drinking water supply in terms of quantity and quality. Given Council's financial position, Council is unable to guarantee continuity of water supply and the level of service experienced by our residents is unlikely to improve. The trend of increasing summer tourist numbers puts further pressure on the water supply.</p>
<p>Manage demand for potable water</p> <p>ACHIEVED</p> <p>✓</p>	<p>Ensure the average consumption of drinking water per day per resident, within the territorial authority district, is less than 500L/person/day</p>	<p>Average annual usage in 2021/22 was 260L/person/day in Waitangi and 225L/person/day in Kaingaroa.</p> <p>This is similar to 2020/21, where usage was 320L/ person/day in Waitangi and 200L/person/day in Kaingaroa.</p>

Service performance summaries

Provide a well-managed wastewater system to protect public health and the physical environment

Targets	Measure	Result for 2021/22
<p>Ensure residents are satisfied with the wastewater system</p> <p>ACHIEVED</p> <p>✓</p>	<p>Survey residents annually on whether they are satisfied with the wastewater system (50% of residents satisfied or very satisfied) Ensure the number of complaints received about any of the following:</p> <ul style="list-style-type: none"> • Wastewater odour • Sewerage system faults • Sewerage system blockages <p>Council's response to any of these issues does not exceed 2% of properties connected (or approximately two complaints for all connected properties)</p>	<p>In 2021/22, 75% of the residents who responded to the Residents Survey are satisfied with the wastewater system. Council monitors satisfaction with our wastewater system by:</p> <ul style="list-style-type: none"> • Maintaining and monitoring a complaints and enquiries register. • Council receives monthly reports on its wastewater system from its environmental engineers, with need to urgently carry out various remedial works as funding allows. Monthly reports on wastewater system are in the monthly council meeting agenda which are available on Council's website. Funding received from the Ministry of Health and the Government's Three Waters reform programme has been used to carry out urgent capital works on the wastewater system. <p>The aim of the wastewater projects that were completed were to improve or design improvements to the wastewater system.</p> <p>No complaints regarding the sewerage system received in 2021/22. This is consistent with 2020/21 when no complaints were received.</p> <p>Council continues to seek funding to carry out remedial works to maintain an appropriate level of service.</p>

<p>Ensure the sewerage system meets community requirements</p> <p>ACHIEVED</p> <p>✓</p>	<p>Ensure the number of dry-weather wastewater overflows from the sewerage system is less than five per year, or does not exceed 2% of properties connected (or approximately two complaints for all connected properties)</p>	<p>In 2021/22 the contractors identified and resolved one dry weather sewerage overflow; 1% of properties connected. This was caused by a blockage in a pipe, resulting in two properties being affected. In 2020/21 there were no dry weather sewerage overflows.</p>
<p>Comply with our Resource Management Document regarding wastewater discharge</p> <p>ACHIEVED</p> <p>✓</p>	<p>Ensure two or fewer reports of non-compliance with resource consent conditions (annually) for discharge from Council's sewerage system, measured by the number of:</p> <ul style="list-style-type: none"> • Abatement notices • Infringement notices • Enforcement orders • Convictions 	<p>In 2021/22 there were no notices or orders issued. This is consistent with the 2020/21.</p>
<p>Respond in a timely manner to reports of faults</p> <p>ACHIEVED</p> <p>✓</p>	<p>Meet the following median response times when attending wastewater overflows resulting from a blockage or other fault in the Council's sewerage system: Attendance time is the time from when the Council receives notification to when the service personnel reach the site does not exceed 12 hours</p> <p>Resolution time: the time from when the Council receives notification to when the service personnel confirms resolution of the blockage or other fault does not exceed 24 hours</p>	<p>No incidences of blockages or faults occurred in 2021/22.</p>



Manage storm water to minimise and manage flood events

Targets	Measure	Result for 2021/22
Ensure storm water management is adequate for flood risk management ACHIEVED ✓	Ensure the number of flooding events does not exceed two per year Ensure that for any flooding event, the number of habitable floors affected does not exceed 2% of properties connected (or approximately two complaints for all connected properties) All decisions to open Te Whanga lagoon will be made in consultation with imi and iwi	No flooding events occurred. This is consistent with that of the 2021/22 financial year.
Ensure storm water discharge is compliant with our Resource Management Document ACHIEVED ✓	Ensure three or fewer reports of non-compliance with resource consent conditions, annually, for discharge from Council's storm water system each year, measured by the number of: <ul style="list-style-type: none">• Abatement notices• Infringement notices• Enforcement orders• Convictions	No discharge notices issued, or other noncompliance event identified in 2021/22 financial year. This is consistent with that of the 2020/21 financial year.
Respond in a timely manner to flooding events ACHIEVED ✓	Meet a median response time of no more than two hours when attending a flooding event, measured from the time that Council receives notification to the time that the service personnel reach the site	No flooding events occurred in the 2021/22 financial year. This is consistent with that of the 2020/21 financial year..
Ensure residents are satisfied with storm water management ACHIEVED ✓	Ensure the number of complaints received about the performance of storm water management does not exceed 2% of properties connected (or approximately two complaints for all connected properties)	No complaints were received in 2021/22. A joint committee must agree to open Te Whanga as set out in Section 4.2.2.1(iii) of the Chatham Islands Resource Management document. This compares to three complaints received in the 2020/20 financial year relating to the high levels of Te Whanga.

Waste Management and Minimisation

Waste management facilities provide refuse and recycling services to protect the health of our communities and our environment.

Key activities and rationale for providing the service




The Council provides waste management and minimisation services to meet the needs and expectations of our people. Council is required to have strategies in place to reduce the amount of waste directed to landfill and increase the amount that is recycled. Council also maintains closed landfills and responds to illegal dumping incidents.


Community outcomes

Waste management and minimisation contributes to the embracing diversity and sustainable action community outcomes. Our solid waste and minimisation structure allows material delivered to Council facilities to be processed or disposed of in an appropriate and sustainable manner. These activities will be managed to minimise the impact on the environment.

Service performance summaries

Provide efficient and effective waste management activities and services

Targets	Measure	Result for 2021/22
Respond in a timely manner to written requests or complaints regarding waste management NOT ACHIEVED 	Ensure Council staff respond to all complaints within five working days of receipt	There were 4 requests or complaints received during 2021/22. 98% of these were not responded to within 5 working days.
Ensure storm water discharge is compliant with our Resource Management Document ACHIEVED 	Survey residents annually on whether they are satisfied with the landfill and recycling service and ease of use (65% of residents satisfied or very satisfied)	Of the residents who responded to the Residents Survey 66% were satisfied with Waste Management Services.
Ensure waste minimisation activities and services are effective NOT MEASURED	Measure the volume of waste to landfill once commissioned and in use	Waste disposal at Owenga Landfill started in July 2022, so there is minimal data available to determine if there is a reduction in waste going to landfill.
Ensure residents are aware of waste management services provided by Council and how to use them ACHIEVED 	Ensure communication and engagement activities relating to waste management are undertaken at least quarterly Regular messages about waste management and minimisation activities and projects are circulated in our monthly Council e-newsletter, the Chatham Islands Community Focus Trust weekly newsletters, on our website, and on our Facebook page The Te One transfer station has employees available to help residents unload rubbish and educate them on the significance of separating recyclables	Council provides a monthly newsletter which gives residents information on waste management services. Additionally, signs have recently been installed at the transfer stations to assist residents with understanding what materials can be recycled and where they need to be deposited. A sign has also been placed at Owenga Landfill entrance advising residents conditions of entry.

Ensure all landfill activities, facilities and services comply with resource consent conditions, landfill management plans (developed in partnership with imi and iwi), and appropriate legislative requirements NOT ACHIEVED 	Respond to identified non-compliance issues within five working days Ensure the landfill management plan addresses potential impacts on imi and iwi mahi kai/mahinga kai	The Landfill site was not operational until July 2022 and as such no activities took place during the 2021/2022 period. The Landfill Management Plan does not specifically mention addressing those potential impacts. It does however address environmental impacts and environmental monitoring is set up to monitor the effects on surface water and on groundwater.
Ensure availability of adequate landfill space permitted for the disposal of municipal solid waste to ensure sustainability of waste disposal services NOT MEASURED	Ensure sufficient landfill space permitted for the disposal of municipal solid waste for at least one year (current requirements are approximately 1,000 cubic metres)	Disposal in the new landfill cell commenced in July 2022. The cell has an approximate life of 5 years, at a disposal rate of about 1,000m3 per year, so would be expected to be available until June 2027.
Ensure available landfill space is optimised by compaction of waste NOT MEASURED	Ensure that from 2022/23, waste compaction density, measured by survey, is greater than 0.6 tonnes/m3 (can be measured once annual volume of waste to landfill is established)	This measure can only be determined once a full year of waste disposal has occurred at the landfill. This will happen at the end of June 2023, and every year thereafter.
Ensure landfill activity is provided in a safe manner, with all health and safety risks to nearby residents managed and mitigated NOT MEASURED	Ensure there are no reports of injury or illness attributable to the use of the facilities	The Landfill site was not operational until July 2022 and as such no activities took place during the 2021/2022 period.

Community Services and Emergency Management

Development and emergency response

Council provides facilities for the enjoyment and use of our community, including community housing, parks and reserves, sports fields, the library, and emergency management services. These contribute to the development of a healthy, active, functioning community.

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

Key activities and rationale for providing the service

- **Community services:** Council aims to ensure that parks and reserves meet community expectations and encourages community involvement. The Council seeks to promote community development through recreation, the arts, and encourages sharing of heritage, as it believes this will build a strong community while preserving and respecting achievements of the past. The Council seeks to promote, maintain and sustain a safe environment for both commercial and recreational maritime activities.
- **Emergency management:** This activity allows the Council to carry out hazard-based risk management in four areas: reduction of risk, readiness for events, and response and recovery after an event.

Community outcomes

Community services contribute to the resilient community and embracing diversity community outcomes by providing material and experiences to increase local historical/ cultural information and connection.

Emergency management services also contribute to the resilient community, sustainable action and building growth community outcomes by promoting readiness and preparedness through community education and providing suitable response training for staff and volunteers.





Provide services to the communities we serve, including library and dog and animal control services

Targets	Measure	Result for 2021/22
Ensure residents are satisfied with community services, including library and dog and animal control services NOT ACHIEVED ✗	Survey residents annually on whether they are satisfied with community services (70% of residents satisfied or very satisfied)	65% of residents who responded to the Residents Survey are either satisfied or very satisfied with Council's community services with Permits, food & alcohol licensing and recycling and rubbish services. These are also the services residents most identified with Council.
Respond in a timely manner to complaints about operations and facilities ACHIEVED ✓	Investigate all complaints about operations and facilities within 24 hours, with minor faults remedied within 24 hours of notification.	There was one complaint registered during the 2021/22 period. This was responded to in a timely manner.
Ensure residents are aware of Council community services provided NOT ACHIEVED ✗	Survey residents annually on how many key community services they can identify that are provided by Council (75% of residents are able to identify at least three key areas e.g. dog/ animal control, library, and recreational services)	82% of residents who responded to the Resident Survey were able to identify two key areas. Permits, food & alcohol licensing and recycling or rubbish services. While 73% of residents who responded to the Residents Survey could identify a third area (Planning, resource and building consent).

Service performance summaries

Provide information and advisory services to enable people to understand risks and make informed decisions, and enable emergency management as required

Targets	Measure	Result for 2021/22
Ensure residents feel prepared and know what to do in an emergency ACHIEVED 	Survey residents annually on whether they feel prepared and know what to do in an emergency (75% of residents feel prepared or well-prepared)	76% of residents who responded to the Residents Survey feel they are prepared and know what to do in an emergency.
Ensure residents are aware Sustainable action of emergency management procedures NOT ACHIEVED 	Ensure communication and engagement activities relating to emergency management are undertaken at least quarterly Regular messages about emergency management are circulated in our monthly Council e-newsletter, the Chatham Islands Community Focus Trust weekly newsletters, on our website, and on our Facebook page(s)	Lack of emergency management staff meant we were unable to get as much communication out to the community as we would have liked but all-important information was put out during the COVID situation. New directives focus on the COVID information out to the community.

Ensure the Emergency Management Operations Centre can respond in the event of an emergency, including deployment of staff and volunteers, availability of emergency management equipment, control facilities, and communication systems NOT ACHIEVED 	Hold an annual emergency event training exercise Ensure all staff and volunteers participate in at least one skills training session annually Test emergency management equipment quarterly	Staff are new to this role and have undergone training and this will continue - 45% ready. Annual exercise held once a year. All staff will participate in exercise per year and any training that is provided during the year. Equipment has not been tested quarterly due to under staffing in emergency management office. This has been rectified with the added part time staff employed for EM Readiness.
Maintain current marine oil spill response preparedness and response capability, which is compliant with the Maritime Transport Act 1994 NOT ACHIEVED 	Ensure at least one water equipment deployment exercise is conducted annually	The plan is current. No deployment exercise was conducted in the financial year.

Environmental Management, Protection and Monitoring

Environmental protection, compliance and planning

Council has responsibilities under legislation to safeguard public health, safety, and welfare. Biodiversity, biosecurity and regulatory activities, such as the identification and management of pests, issue of consents, the enforcement of bylaws, and the provision of liquor licenses are undertaken for the benefit of our communities and to ensure that everyone enjoys our Islands.

The Chatham Islands' isolation has meant that many of the animal and plant pests common in New Zealand are not present on the Islands. We are also fortunate to have many indigenous plants and native animals on the Islands. Many of our flora and fauna species and ecosystems are endemic to the Chatham Islands and if adversely affected by pests, could disappear from their natural habitats.

Key activities and rationale for providing the service

Council 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. Many of Council's policies and plans are statutory documents or processes required under legislation.

Council's 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.



Community outcomes

This work contributes to our sustainable action and embracing diversity community outcomes by planning, promoting, regulating and monitoring the use and development of our natural and physical resources, considering the impacts of climate change and aiming to retain our unique island culture, heritage and biodiversity.

These activities also contribute to our resilient community outcome by working with the community on initiatives to protect and restore the environment.

These activities also contribute to our building growth community outcome. We work with landowners to enhance the prosperity and security of their land by developing plans to managing pests that threaten our environment. By protecting our unique environment, we will provide future opportunities for growth within our community, particularly related to tourism.

Service performance summaries

Ensure the efficient and effective delivery of consenting and compliance services to achieve the sustainable management of natural resources and provision of compliant community services

Targets	Measure	Result for 2021/22
Process resource consents within statutory timeframes ACHIEVED ✓	Process all resource consents within statutory timeframes Imi and iwi cultural matters are considered as part of the resource consents decision-making process	All processed within stat timeframes.
Respond in a timely manner to breaches of the Resource Management Act 1991 and breaches of resource consent conditions, including initiation of investigations when required ACHIEVED ✓	Assess the risk of all notifications of breaches of the Resource Management Act 1991 or resource consent conditions as soon as practicable and investigate within five working days, seeking assistance when required	<p>Council, through their contractor has not monitored sites due to covid-19 restrictions for the 2021 – 2022 reporting year. A biennial compliance audit against the CIRMD and the RMA is scheduled for 2023.</p> <p>In relation to the Resource Consents monitoring. Monitoring of the Chatham Islands Tuuta Airport Longer and Stronger Project has been undertaken remotely with teams meeting and photographic evidence supplied by the contractor and consultant. No non-compliance's were identified during this process. However, a number of recommendations were made around good management practice. No other monitoring was undertaken due to covid restrictions.</p> <p>No breaches of the Resource Management Act 1991 or consent conditions were reported in 2021/2022 to their contractor to investigate further.</p>

Targets	Measure	Result for 2021/22
Process liquor licence applications within statutory timeframes ACHIEVED ✓	Process all liquor licence applications within statutory timeframes	100% within statutory timeframes.
Maintain compliance of food premises ACHIEVED ✓	Ensure no issues of non-compliance are identified or reported in connection with food premises	No issues identified.
Ensure all dogs are registered and well cared for ACHIEVED ✓	Undertake at least one inspection annually of all dogs to ensure they are registered, and to check animal welfare	One dog inspection occurred during May/June 2022. This did not include Pitt Island.

Work in partnership with the community to protect the Islands from environmental and economic damage from pest species

Targets	Measure	Result for 2021/22
Prevent incursions and establishment of new terrestrial pest species ACHIEVED ✓	Undertake two inspections at identified risk sites for pests annually, with no new pests becoming established (with results of inspections published on our website)	At least two inspections occur annually, visits are ongoing with a frequency based on an assessed risk of the area and likelihood of recursion. No new pests found as a result of these inspections although we have had “new” pest reports coming in from the community which are all investigated, and we still pick up the odd incursion in freight.
Reduce animal and plant pest populations in identified sites and/ or geographic areas to minimise impacts on primary industry, human health and indigenous biodiversity ACHIEVED ✓	<p>Ensure gorse infestation does not increase from the baseline figures captured in 2012</p> <p>Reduce the trend in the coverage of eradication pest plants at known sites*</p> <p>Reduce the number of Canada geese from the baseline level of 36</p> <p>Reduce the number of feral goats from the baseline level of 109</p> <p>*Eradication pest plants are those with limited distribution or density. The eventual goal is eradication at known sites on the Island, although ‘zero density’ is more practical to achieve in some cases. This includes pests referenced in Council’s pest management plan, such as Chilean rhubarb, banana passionfruit, and broom glyseria maxima</p>	<p>Landowner initiated control supported through a \$30,000 “Chemical Contestable Fund” annually.</p> <p>Endeavour to provide a annual helicopter service to the Island and spray a minimum of 180 hectares of Gorse in partnership with Landowners.</p> <p>All known sites inspected at least once annually and any plants found are controlled.</p> <p>We have been actively culling geese and goats over the last year, resulting in a declining trend in both. It is thought there are only three geese left.</p> <p>A number of active eradication strategies are in place and there is now just one known feral goat population.</p> <p>Collaborate with all stakeholders to contain any invasive pest species.</p>



Service performance summaries

Targets	Measure	Result for 2021/22
Maintain biosecurity of internal borders between Chatham Island, Pitt Island, and mainland New Zealand ACHIEVED ✓	Provide at least one training session to freight handlers at major ports supplying the Chatham Islands Establish a partnership with Biosecurity NZ to develop a marine biosecurity plan as part of the internal border protection (by 30 June 2024) or formalise a working partnership	SPS Biosecurity have fulfilled this training role. The Marine Biosecurity partnership on-island is working well but the National input / response could be improved especially once Unwanted Organism presence is detected and confirmed.
Monitor for invasive marine pests that are present in mainland New Zealand or are likely to arrive from other destinations ACHIEVED ✓	Undertake an underwater surveillance programme on all ports on Chatham and Pitt Islands, notifying the Ministry for Primary Industries of any pest incursions	All four Chathams Ports are dived twice annually by our resident Dive Team. They also found the recent presence of Mediterranean Fanworm which was promptly dealt with. A joint on-going surveillance plan is currently being developed in association with MPI including partial funding for 4 dives over the next 2 years.

Ensure landowners, occupiers and other residents are aware of and follow pest management practices, including the requirements that recognised pest species are not to be introduced, sold, propagated or distributed ACHIEVED ✓	Ensure communication and engagement activities relating to pest management, including marine pests, are undertaken at least quarterly Regular messages about pest management are circulated in our monthly Council e-newsletter, the Chatham Islands Community Focus Trust weekly newsletters, on our website, and on our Facebook page, and other promotional opportunities are utilised where available	Most incursions (or pest queries) are now being reported to our resident Biosecurity staff rather than us finding them. This is a direct reflection of the communities increased awareness of Biosecurity. Very encouraging outcome. We have addressed the odd instance where incoming freight (plants and animals) could constitute a risk. This could be because the “medium” i.e Soil, accompanying the plants is the risk. Regular communications relating to biosecurity activities and projects are circulated on our website and through other publications such as the monthly Council e-newsletter, notices in the Chatham Community Focus Trust weekly newsletter and our Facebook page. This is consistent with communications in 2020/21.
Work in partnership with others including imi, iwi and Department of Conservation to undertake pest management as an integral part of enhancing biodiversity ACHIEVED ✓	Undertake pest management at restoration project sites in conjunction with imi, iwi and Department of Conservation	Collaborate with all stakeholders to maximize “pest free” initiatives on a site by site basis.

Monitor and provide accurate and timely water quality and quantity data, for use by the community and decision-makers

Targets	Measure	Result for 2021/22
<p>Sample and analyse water quality and quantity</p> <p>ACHIEVED</p> <p>✓</p>	<p>Sample and analyse water against agreed water quality and quantity standards at the locations and frequency as listed in the monitoring plan, developed in consultation with imi and iwi</p> <p>Hold community meetings with interested parties, including imi and iwi</p>	<p>The water quality monitoring programme of 13 stream and 8 lake and Te Whanga lagoon sites have been sampled quarterly (4 times per year) in 2021-22.</p>
<p>Monitor river flows and Te Whanga lagoon level with data provided to imi and iwi and made publicly available</p> <p>ACHIEVED</p> <p>✓</p>	<p>Monitor and continuously record river and lagoon water levels and rainfall data on Chatham Island at all sites listed on the monitoring plan, with all sites telemetered and data available on our website</p> <p>Record and report regular (at least quarterly) validation/calibration visits</p>	<p>Hydrometric recording sites for rivers, lake levels and climate (rainfall) were operated and data loaded onto the Council website from at least 6 regular visits in 2021-22.</p> <p>Site visits assured sites were maintained and calibrated to required quality standards.</p>
<p>Ensure water quality and hydrology data is available to the public</p> <p>NOT ACHIEVED</p> <p>✗</p>	<p>Publish a summary report of the state and performance of the hydrometric network (telemetered data), and the water quality network monitoring, by the end of August for the previous financial year (report provided to Council and then made available on our website)</p>	<p>Report has not been completed by the end of August due to staff availability and health issues. Report will be provided to Council and be available on the website early in the new year (January 2023).</p>



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 both for the Council and for each group of activities. The objective of the policy makers is to provide information that is more easily understood. 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.

Revenue and expenditure in the Funding Impact Statements are recognised on a basis consistent with the financial statements. However, transactions with no funding impact, such as depreciation, have been removed. The regulations also require the Funding Impact Statement for each group of activities to disclose internal charges and cost allocation and not eliminate these as required by Generally Accepted Accounting Practice (GAAP).

The Revenue and Financing Policy contained in the Long-Term Plan 2021-31 sets out Chatham Islands policies with respect to which funding mechanisms are to be used to finance the operating and capital expenditure.

Reconciliation of operating funding to statement of comprehensive revenue and expense	Actual 2021/22 \$000	Long Term Plan 2021/22 \$000	Actual 2020/21 \$000	Annual Plan 2020/21 \$000
Surplus/(deficit) of operating funding	840	1,181	1,140	570
Subsidies and grants for capital expenditure	1,942	3,428	2,545	2,239
Less depreciation	2,748	2,857	2,587	2,292
Plus investment in associate	(4)	133	118	-
Statement of total comprehensive and income	30	1,885	1,216	517

COUNCIL	Actual 2021/22 \$000	Long Term Plan 2021/22 \$000	Actual 2020/21 \$000	Annual Plan 2020/21 \$000
Source of operating funding				
General rates, uniform annual charge, rates penalties	356	318	343	311
Targeted rates	352	313	208	266
Subsidies and grants for operating purposes	7,269	5,993	5,673	5,173
Fees and charges	100	102	74	71
Interest and Dividends from Investments	2	56	-	60
Local authorities fuel tax, fines, infringement fees, and other receipts	556	628	3,287	566
Total operating funding	8,635	7,410	9,585	6,447
Applications of operating funding				
Payments to staff and suppliers	5,710	6,223	6,579	4,090
Financial costs	13	6	11	24
Other operating funding applications	2,171	-	1,752	1,763
Total application of operating funding	7,894	6,229	8,343	5,877
Surplus/(deficit) of operating funding	741	1,181	1,242	570
Source of capital funding				
Subsidies and grants for capital expenditure	1,832	3,428	2,545	2,239
Gross proceeds from sale of assets	1	119	-	-
Increase/(decrease) in debt	(31)	(67)	(39)	138
Total source of capital funding	1,802	3,480	2,506	2,377
Application of capital funding				
Capital expenditure				
- to improve the level of service	47	1,634	145	-
- to replace existing assets	2,656	2,261	2,933	2,544
Increase/(decrease) in reserves	(160)	766	670	403
Total applications of capital funding	2,543	4,661	3,748	2,947
Surplus/(deficit) of capital funding	(741)	(1,181)	(1,242)	(570)
Funding balance	-	-	-	-



Appendix 1 – Funding impact statements

LEADERSHIP & COMMUNITY PARTNERSHIPS	Actual 2021/22 \$000	Long Term Plan 2021/22 \$000	Annual Plan 2020/21 \$000
Source of operating funding			
Subsidies and Grants for Operating Purposes	1,498	908	1,332
Fees and Charges	-	-	-
Internal Charges and Overheads Recovered	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	119	239	42
Total operating funding	1,617	1,148	1,373
Applications of operating funding			
Payments To Staff And Suppliers	248	303	292
Internal Charges and Overheads Applied	747	612	607
Other Operating Funding Applications	-	-	-
Total application of operating funding	995	915	889
Surplus (deficit) of operating funding	622	233	474
Source of capital funding			
Gross proceeds from sale of assets	-	119	-
Total Source of capital funding	-	119	-
Application of capital funding			
Capital expenditure			
-- to replace existing assets	112	-	-
Increase (Decrease) in Reserves	510	352	474
Total applications of capital funding	622	352	474
Surplus (deficit) of capital funding	(622)	(233)	(474)
Funding balance	-	-	-
<i>Excludes depreciation</i>	<i>13</i>	<i>17</i>	<i>20</i>

TRANSPORTATION, ROADING & COASTAL NETWORKS	Actual 2021/22 \$000	Long Term Plan 2021/22 \$000	Annual Plan 2020/21 \$000
Source of operating funding			
Targeted Rates	92	78	57
Subsidies and Grants for Operating Purposes	1,793	2,133	1,600
Fees and Charges	2	-	-
Internal Charges and Overheads Recovered	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	49	52	42
Total operating funding	1,935	2,263	1,699
Applications of operating funding			
Payments To Staff And Suppliers	1,609	1,534	1,544
Internal Charges and Overheads Applied	195	160	159
Other Operating Funding Applications	-	-	-
Total application of operating funding	1,804	1,694	1,703
Surplus (deficit) of operating funding	131	569	(4)
Source of capital funding			
Subsidies and Grants for Capital Expenditure	1,832	3,428	2,239
Total Source of capital funding	1,832	3,428	2,239
Application of capital funding			
Capital expenditure			
-- to improve the level of service	-	1,634	-
-- to replace existing assets	2,082	2,261	2,544
Increase (Decrease) in Reserves	(119)	102	(309)
Total applications of capital funding	1,963	3,997	2,235
Surplus (deficit) of capital funding	(131)	(569)	4
Funding balance	-	-	-
<i>Excludes depreciation</i>	<i>2,576</i>	<i>2,562</i>	<i>1,993</i>

THREE WATERS SUPPLY & TREATMENT - PORTABLE WATER	Actual 2021/22 \$000	Long Term Plan 2021/22 \$000	Annual Plan 2020/21 \$000
Source of operating funding			
General Rates, Uniform Annual General Charges, Rates Penalties	-	-	-
Targeted Rates	74	73	71
Subsidies and Grants for Operating Purposes	544	215	97
Fees and Charges	-	-	-
Internal Charges and Overheads Recovered	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	9	9	3
Total operating funding	627	297	171
Applications of operating funding			
Payments To Staff And Suppliers	535	219	191
Finance Costs	-	-	-
Internal Charges and Overheads Applied	54	44	44
Other Operating Funding Applications	-	-	-
Total application of operating funding	590	263	235
Surplus (deficit) of operating funding	37	33	(64)
Application of capital funding			
Capital expenditure			
-- to replace existing assets	8	-	-
Increase (Decrease) in Reserves	29	33	(64)
Total applications of capital funding	37	33	(64)
Surplus (deficit) of capital funding	(37)	(33)	64
Funding balance	-	-	-
<i>Excludes depreciation</i>	39	44	42



Appendix 1 – Funding impact statements

THREE WATERS SUPPLY & TREATMENT - WASTEWATER	Actual 2021/22 \$000	Long Term Plan 2021/22 \$000	Annual Plan 2020/21 \$000
Source of operating funding			
Targeted Rates	89	68	66
Subsidies and Grants for Operating Purposes	139	121	124
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	11	11	4
Total operating funding	240	200	194
Applications of operating funding			
Payments To Staff And Suppliers	166	120	119
Internal Charges and Overheads Applied	69	57	56
Total application of operating funding	236	177	175
Surplus (deficit) of operating funding	5	23	18
Total Source of capital funding	-	-	-
Application of capital funding			
Capital expenditure			
-- to replace existing assets	288	-	-
Increase (Decrease) in Reserves	(283)	23	18
Total applications of capital funding	5	23	18
Surplus (deficit) of capital funding	(5)	(23)	(18)
Funding balance	-	-	-
<i>Excludes depreciation</i>	<i>61</i>	<i>60</i>	<i>60</i>

WASTE MANAGEMENT & MINIMISATION	Actual 2021/22 \$000	Long Term Plan 2021/22 \$000	Annual Plan 2020/21 \$000
Source of operating funding			
Targeted Rates	97	95	72
Subsidies and Grants for Operating Purposes	98	666	416
Fees and Charges	1	2	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	19	14	16
Total operating funding	215	776	504
Applications of operating funding			
Payments To Staff And Suppliers	495	688	516
Finance Costs	-	-	-
Internal Charges and Overheads Applied	39	32	32
Total application of operating funding	534	720	548
Surplus (deficit) of operating funding	(320)	56	(44)
Application of capital funding			
Capital expenditure			
-- to improve the level of service	47	-	-
-- to replace existing assets	6	-	-
Increase (Decrease) in Reserves	(372)	56	(44)
Total applications of capital funding	(320)	56	(44)
Surplus (deficit) of capital funding	320	(56)	44
Funding balance	-	-	-
<i>Excludes depreciation</i>	<i>142</i>	<i>118</i>	<i>118</i>

COMMUNITY DEVELOPMENT & EMERGENCY RESPONSE	Actual 2021/22 \$000	Long Term Plan 2021/22 \$000	Annual Plan 2020/21 \$000
Source of operating funding			
General Rates, Uniform Annual General Charges, Rates Penalties	356	318	311
Subsidies and Grants for Operating Purposes	2,249	695	1,296
Fees and Charges	45	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	246	351	176
Total operating funding	2,896	1,365	1,783
Applications of operating funding			
Payments To Staff And Suppliers	1,728	610	420
Finance Costs	13	6	-
Internal Charges and Overheads Applied	723	592	587
Other Operating Funding Applications	-	-	-
Total application of operating funding	2,464	1,208	1,007
Surplus (deficit) of operating funding	432	157	776
Source of capital funding			
Increase (Decrease) in Debt	(31)	(67)	-
Gross proceeds from sale of assets	1	-	-
Total Source of capital funding	(31)	(67)	-
Application of capital funding			
Capital expenditure			
-- to replace existing assets	109	-	-
Increase (Decrease) in Reserves	292	90	776
Total applications of capital funding	401	90	776
Surplus (deficit) of capital funding	(432)	(157)	(776)
Funding balance	-	-	-
<i>Excludes depreciation</i>	<i>53</i>	<i>49</i>	<i>51</i>



Appendix 1 – Funding impact statements

ENVIRONMENTAL PROTECTION, COMPLIANCE & PLANNING	Actual 2021/22 \$000	Long Term Plan 2021/22 \$000	Annual Plan 2020/21 \$000
Source of operating funding			
Subsidies and Grants for Operating Purposes	948	1,255	612
Fees and Charges	52	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	102	108	112
Total operating funding	1,102	1,363	724
Applications of operating funding			
Payments To Staff And Suppliers	928	971	1,031
Finance Costs	-	-	-
Internal Charges and Overheads Applied	343	281	279
Total application of operating funding	1,271	1,252	1,310
Surplus (deficit) of operating funding	(169)	111	(586)
Application of capital funding			
Capital expenditure			
-- to replace existing assets	52	-	-
Increase (Decrease) in Reserves	(221)	111	(586)
Total applications of capital funding	(169)	111	(586)
Surplus (deficit) of capital funding	169	(111)	586
Funding balance	-	-	-
<i>Excludes depreciation</i>	6	8	8



Appendix 2 – Glossary of terms

These definitions are intended to define terms in this Annual Report in plain English. For legal definitions, refer to the Local Government Act 2002.

Activity

Groups of related services, projects or goods provided by or on behalf of the Council are combined into an activity. These activities are then put into groups of activities.

Annual Plan

The Annual Plan is produced in the intervening years between Long-Term Plans. It includes an updated budget and explains variations to the Long-Term Plan. It also confirms arrangements for raising revenue for the next financial year. The community must be consulted on the Annual Plan if the Annual Plan indicates significant or material differences from the content of the Long-Term Plan.

Annual Report

The Annual Report reports on the performance of the Council against the objectives, policies, activities, performance measures, indicative costs, and sources of funds outlined in the Annual Plan and the Long-Term Plan.

Asset

Something of value that the Council owns on behalf of the people of the Chatham Islands, such as roads, drains, parks and buildings.

Asset management plan

A long-term plan for managing an asset to ensure that its capacity to provide a service is maintained and costs over the life of the asset are kept to a minimum.

Capital costs

These include transactions that have an effect on the longer-term financial position of the Council. Items include transfer of funds to reserve accounts, and the purchase or construction of assets.

Capital value

Value of land including improvements.

Community outcomes

A set of statements that describe the vision the Chatham Islands has for its future. The community outcomes of the Chatham Islands are outlined in the Long-Term Plan. The Council seeks to contribute to these outcomes through its various activities.

Current assets

Assets that can be readily converted to cash, or will be used up during the year. These include cash and debtors.

Current liabilities

Creditors and other liabilities due for payment within the financial year.

Depreciation and amortisation

Depreciation and amortisation are accounting concepts that recognise the consumption or loss of economic benefits embodied in items of property, plant and equipment or intangible assets. Depreciation and amortisation spread the cost of property, plant, equipment, software, etc. over their useful lives as an operating expense.

Group of activities

Council groups all its services into categories of activities (which equates to group activities in the Local Government Act 2002).

Imi/Iwi

People or tribe.

Infrastructure assets

Infrastructure assets are utility service networks i.e. water, sewerage, storm water and roading. They also include associated assets such as water pump outlets, sewage treatment plant, street lighting, and bridges.

Land value

Value of land excluding improvements.

Local Government Act 2002

The Local Government Act 2002 is the primary legislation that governs the Council's operations and actions.

Long-Term Plan (LTP)

A 10-year plan that sets out the Council's response to community outcomes and how the Council will manage its finances and the community's resources.

Operating expenditure

Expenditure through the Council's activities on such items as salaries, materials and electricity.

Operating revenue

Money earned through the activities in return for a service provided, or by way of a grant or subsidy to ensure particular goods or services are provided. Examples include subsidies, rental revenue, permits, fees and council dues.

Operating surplus/(deficit)

Operating surplus and operating deficit are accounting terms meaning the excess of revenue over expenditure and excess expenditure over revenue respectively. Revenue and expenditure in this context exclude capital items such as the cost of capital works. An operating surplus/(deficit) is inclusive of non-cash items such as revenue and expenditure owing but not paid (debtors and creditors) and depreciation.

Performance measures

These have two parts: first, a simple explanation of the measure by which performance will be assessed; and second, performance targets. The Council uses these measures when reporting on how it has performed in its various activities.

Property, plant, equipment and intangible assets

These consist of software, hardware, land and buildings and infrastructure assets including sewerage and water systems, and roading. They are sometimes referred to as fixed assets and or capital assets.

Public equity

Public equity represents the net worth of Chatham Islands Council if all the assets were sold for the values recorded and the liabilities were extinguished.

Regulatory role

The Council has a regulatory role as it operates under and enforces a range of legislation.

Resources

These are the assets, staff and funds needed to contribute to the activities of the Council including goods, services and policy advice.



Service provider

The Council provides services as required by law (e.g. sewerage services) or by community mandate (e.g. playgrounds).

Significance

Significance means the degree of importance of the issue, proposal or decision of matter before the Council in terms of its likely impact on or consequences for the current and future social, economic, environmental and cultural wellbeing.

Significance policy

This policy sets out the way in which the Council determines how significant a project or decision is and therefore the level of consultation and analysis required.

Statement of cash flows

This describes the cash effect of transactions and is broken down into three components: operating, investing and financing activities.

Statement of comprehensive revenue and expense

This can also be referred to as the profit and loss statement. It shows the financial results of the various Chatham Islands Council activities at the end of each period as either a surplus or a deficit. It does not include asset purchases or disposals.

Statement of financial position

This shows the financial state of affairs at a particular point in time. It can also be referred to as the Balance Sheet.

Sustainable development

Sustainable development is generally defined as development that meets the needs of the present without compromising the capacity of future generations to meet their own needs.

Wellbeing

In this document, wellbeing includes the social, economic, cultural and environmental aspects of a community. The community outcomes are factors of wellbeing.

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

Emergency Manager/Controller

Rana Solomon

rana@cic.govt.nz

Engineers

Stantec Ltd (Christchurch)

Nigel Lister, Shaun Bosher, Ali Siddiqui

Bryan Peters – Roads and bridges

Richard Bennett, Kristen Norquay –

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)





chatham islands council

Chatham Islands Council
PO Box 24
13 Tuku Road
Waitangi
Chatham Islands

Ph: (03) 3050 033
(03) 3050 034
Email: info@cic.govt.nz
Web: www.cic.govt.nz
R22/8