

Chatham Islands Council

Long-Term Plan 2021-2031

Our people, our Islands, our future



chatham islands council

A photograph of two hikers walking away from the camera on a forest trail. The hiker in the foreground is wearing a red jacket, black pants, and a backpack, using a trekking pole. The hiker behind is wearing a brown jacket and a hat. The forest is dense with large trees and many ferns, some green and some brown, suggesting an autumn or late summer setting. The image is partially obscured by a white curved shape on the left side.

What is a Long-Term Plan

Under the Local Government Act, a Long-Term Plan is a required document that forms a key part of our commitment to the community. It details, for a 10-year period, the outcomes that Council aims to deliver, and what it will cost.

Long-Term Plans are updated every three years to reflect changes in Council priorities as a result of external requirements such as Government policy, changes in expectations of the community or changes to organisational requirements.

In intervening years priorities are revised through the Annual Plan process.

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Welcome from the Mayor and Chief Executive

Welcome, kohi mai ra, haere mai

It is with pleasure that we present to you our Long Term Plan 2021-31. This document provides a summary of the key issues affecting our community for the next 10 years, including our strategic information and direction, Council activities and service targets, financial information and key policies.

Our plan considers what we prioritise to support our Islanders' social, cultural, environmental, and economic wellbeing. That means ensuring our services – such as our roading, water and wastewater networks and other facilities – are fit for purpose, and that we can afford to pay for them.

Our Council relies significantly on funding provided by the Government to operate sustainably. Such reliance is full of uncertainties and requires us to operate within externally determined funding parameters rather than providing services reflective of that voiced by our community. Furthermore, we have no certainty of future support, limiting our ability to invest in our infrastructural assets.

Our plan is to advocate the Government for additional funding, which would allow us to invest in our core infrastructure for the Islands. We have identified several critical asset renewals, which will not be remediated over the life of the Long-Term Plan unless additional funding is provided.

This means these assets are likely to deteriorate faster over time and the risk of asset failure for these assets is assessed as high.

We also wish to highlight that some of our targeted rates will change along with payment due dates.

Thank you to all the individuals and organisations who took the time to comment on our Consultation Document 'connecting the dots'. The submissions we received primarily focused on how we engage with community organisations on the Island, our approach to funding on-island infrastructural development and protecting our island from introduction of pest species.

Public hearings were held on 2 June 2021, providing people and organisations with an opportunity to speak to their submissions. All submissions were compiled as a report to Council who carefully considered all comments before recommending and approving the document for adoption. This Long-Term Plan considers the feedback from our public consultation.



Monique Croon,
Mayor



Owen Pickles,
Chief Executive



Profile of the Chatham Islands

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

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

The Chatham Islands are home to several of the world's most threatened bird and plant species. Māngere and Rangatira Islands are nature reserves managed by the Department of Conservation, with access authorised by permit only. They are managed to protect threatened endemic fauna and flora and to restore the indigenous habitats for those animals and plants. Other distinctive environmental elements are also present on the Islands, presenting potential economic benefits to the community from tourism.

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

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

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





The right debate

Our consultation document highlighted the following issues facing our community

- 1. Our reliance on external support**
- 2. Our infrastructure**

Our reliance on external support

Chatham Islands Council is the smallest council in New Zealand, with less than one thousand residents and rateable units. This makes the Council unique in that funding sources available to other councils to finance key projects, such as rate increases, growth, or debt are not considered appropriate options for the Chatham Islands Council, as this would unfairly burden our ratepayers. Consequently, there is a significant reliance on external support from the Government in order for our Council to remain financially sustainable.

Will Council be able to meet its statutory obligations?

To help meet its statutory obligations, Council has a commitment from the crown to receive financial assistance from the Government in the form of a Crown contribution. In its 2020 budget, the Government confirmed financial support through to the 2023/24 financial year.

The annual Crown contribution covers operational costs associated with our estimated statutory obligations, but does not provide for depreciation. If depreciation was funded, this would likely be sufficient to meet any debt repayment obligations arising from asset renewal work.

We advocate with various Government agencies to fund our renewal work by way of grants. The implication of this approach is that our projects are often delayed until funding for the work can be confirmed. In addition, a significant portion of Council time and resources are dedicated to procuring support for on-Island development outside of necessary operating requirements.

Council believes there is sufficient funding certainty to meet its statutory obligations over the course of the next 10 years. It is assumed that with each funding round, additional support will be provided to meet any additional statutory requirements, driven either from legislative changes or inflationary movements. Council acknowledges there is a risk of our critical assets failing, which has not been incorporated into the financial forecast. If such an event were to occur, funds would need to be diverted from other activities and we may need to enter into short-term borrowing to fund such work.



Our infrastructure

Three Waters

Some of our infrastructural assets have deteriorated due to limited investment in maintenance and renewal work. This is especially the case with our water and wastewater infrastructure. A significant portion of our Three Waters assets are approaching the later years of their life and are in very poor condition, which poses a high risk of asset failure and an increased likelihood of adverse public health and environmental outcomes. Government funding of \$1 million has become available to address the most critical water and wastewater issues in the 2021 calendar year, including improving the reliability and safety of the water supplies and urgent maintenance required for ongoing operation of the wastewater system. However, if we continue to limit investment in our Three Waters activities, the level of service will deteriorate.

*We have identified the following critical investments required to our Three Waters infrastructure, over the next 10 years, which have been **excluded** from our financial forecast as we have been unable to secure funding to support the work:*

- **Waitangi water upgrade, \$4 million**

Waitangi water supply reservoirs have been drained to low levels due to leaks and high demand in summer, which have required water conservation notices to be issued. Therefore, it is critical that issues of supply are addressed for Waitangi.

This project will see a new water source, new treatment plant, and additional storage. It will also include an extension of the network to Te One, which includes the Islands' main school and other key community facilities.

- **Kaingaroa water renewals, \$600,000**

The reticulation at Kaingaroa was not replaced when the water supply was upgraded in 2014 due to funding limitations. The pipework is now at the end of its useful life, resulting in frequent pipe breakages and leakage. Council plans to replace the reticulation to minimise the risk of leaks and ingress of contaminants and conserve the freshwater resource in the next two years, as funding allows. Ideally, if this work proceeds, it would be carried out at the same time as the main road in Kaingaroa is resealed.

- **Waitangi wastewater upgrade, \$1.5 million**

Urgent maintenance is being carried out so the existing system can continue to operate in the short term, while a new treatment system is designed and funding secured. The current system is at the end of its useful life. Without adequate treatment, there is a high risk of adverse public health and environmental outcomes.



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

Waste management and minimisation

Our waste management facilities, including the Owenga landfill, are expected to be commissioned in 2021. Although the facility is new, there are significant risks related to asset deterioration and failure, with Council unable to commit to future capital works.

*We have identified the following critical investments required for our waste management infrastructure, over the next 10 years, which have been **excluded** from our financial forecast as we have been unable to secure funding to support the projects:*

- **Sludge lagoon, \$1 million**
This will create a disposal facility for septic waste, reducing the current practice of burial in pits and providing an engineered, environmentally sustainable process.
- **New landfill space, \$879,000**
Landfills are built in a series of stages. It is anticipated that another stage will be required within the next 10 years, assuming the first stage is commissioned in 2021.

Critical projects identified are not proceeding due to lack of funding

Roading

Our roading assets are substantially funded by way of a grant from Waka Kotahi NZ Transport Agency, based on 88% of total expenditure. Roding works are agreed with Waka Kotahi based on the 2021-24 National Land Transport Programme application.

Waka Kotahi is currently evaluating our application; the \$11.35 million of maintenance, operations and renewals (MOR) and \$21,000 of Road Safety Promotion funding applied for was indicatively supported by Waka Kotahi on 31 May 2021.

The remaining portion of the application (approximating 35% over the next three years), relates to improvements to levels of service on the Island, which are subject to a higher level of funding uncertainty.

The outcome of the \$2.38 million Low Cost/Low Risk funding request will be known in August 2021, consequently our financial forecast is based on best estimates of expenditure and funding.

A decrease in funding from Waka Kotahi will result in a corresponding decrease in roading expenditure.

*In addition to these roading uncertainties, we have identified the following critical investments required to our roading infrastructure, over the next 10 years, which have been **excluded** from our financial forecast as we have been unable to secure funding to support the projects:*

- **Owenga wharf loading ramp, \$755,000**
the lack of a loading ramp at Owenga wharf means loading the barge with vehicles or goods is a difficult process that requires construction of a temporary sand ramp for the beached barge.
- **Kaingaroa wharf, costs undetermined**
Kaingaroa wharf, which has been transferred into Council ownership, is considered structurally unsound until necessary upgrades occur. Council intends to approach the Government and wharf users for additional support to assist with stabilising the wharf. A committee has been formed, made up of Council representatives and Kaingaroa residents, and they will engage a consultant to undertake a full review and report back with options available.

We are committed to ensuring the continued provision of sustainable and effective services now and into the future



Strategic information and direction

Our Vision

Our people, our Islands, our future

Our Values

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

Community outcomes

The following community outcomes summarise what Council believes we need to prioritise to grow and succeed:



Social: resilient community

Ensure everyone has a sense of belonging and can access information to participate in decision making to help shape the future of the Chatham Islands.

We will build and maintain relationships to strengthen active participation in the best interests of the community.

Communities are prepared and can recover from the changes in the environment, including natural disasters.



Cultural: embracing diversity

We celebrate our unique identity through arts, culture, heritage, sport and recreation. We will work with imi and iwi to ensure that appropriate regard is made to miheke/taonga and culturally significant matters.

We recognise and value the voices of all cultures and ages within the communities we serve.



Environmental: sustainable action

Unique ecosystems, landscapes and indigenous biodiversity are valued and stewardship/t'chiekitanga/kaitiakitanga exercised to safeguard our environment for future generations.

The quality of freshwater and coastal water is protected and improved for community wellbeing and ecosystem health.

Living and working environments are sustainable, contribute to healthy communities and minimise waste.



Economic: building growth

People and goods can move safely and efficiently while reducing impact on the environment.

The economy is supported by appropriate infrastructure that protects people and assets.

We will support growth of a skilled workforce, increased employment, and opportunities for everyone to contribute to and benefit from a vibrant and prosperous economy.



**Combined financial and
infrastructure strategy**

Council is committed to ensuring the continued provision of effective services now and into the future. It achieves this by:

- Managing funds in a financially prudent manner with the aim of achieving a balanced budget each year, and ensuring projected operating revenues are set at a level sufficient to meet that year's projected operating expenses.
- 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.
- Maintaining current levels of service provided, with an expectation that service levels will only increase where external support is provided.
- 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.

Our infrastructure environment

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

Only Chatham and Pitt Islands are populated. There are five main settlement areas on Chatham Island: Waitangi, Te One, Owenga, Kaingaroa and Port Hutt. The settlements are located where the main roads radiate out from Waitangi to end at each settlement. None of these roads connect as a loop road with another main road. Therefore, a substantial roading network is necessary to connect each of these sparsely populated settlements.

Council provides a reticulated potable water supply to households in Waitangi and Kaingaroa to ensure an adequate supply of safe potable water.

A reticulated wastewater scheme is also provided in Waitangi, to minimise public health risks and adverse environmental effects associated with clusters of onsite wastewater treatment and disposal systems. A reticulated storm water system is not provided in Waitangi or Kaingaroa, except for a portion of Highet Place. All other residents on Chatham Island operate on rainwater collection and/or private bores for potable water supply, onsite wastewater treatment and disposal systems (typically a septic tank with land disposal) and onsite storm water disposal (to nearby land, watercourse or roadside water table).

Drop-off facilities for recyclables and residual solid waste are provided near the townships of Te One and Kaingaroa to protect public health and minimise adverse environmental effects associated with waste and its disposal. Council has built a new modern sanitary landfill near Owenga to take all residual solid waste from Chatham Island and is in the process of procuring an operational contract for it and finalising its commissioning. Council has also constructed a materials recovery facility building near Te One to process collected recyclables. Residents transport their own recyclables and solid waste to the local drop-off facilities and Council arranges transfer for either processing or disposal.



Impact of the Three Waters Reforms on our financial forecast

In July 2020, the Government launched the Three Waters Reform – a three-year programme to reform local government Three Waters service delivery arrangements. The Government's starting intention is to reform local government's Three Waters services into a small number of multi-regional entities with a bottom line of public ownership. The exact size, shape, design, funding model and implementation timeframe for these entities is being worked through but will see significant change for the Chatham Islands.

The outcome of the Three Waters Reform process is unknown and so Council has assumed a business as usual approach for this Long-Term Plan, with Council providing Chatham's Three Waters services via the same funding mechanisms (continued assistance from the Government for operational costs, with additional funding for capital upgrades or increased level of service).

Any new water entity that includes the Chatham Islands needs to consider it may not be eligible for existing Government assistance and it may have higher costs without the economies of scale obtained with combined roading and Three Waters contracts.

Our maintenance and renewal works

Capital expenditure is used to build, acquire, and renew our assets, including our infrastructural assets, which include roading, potable water supply, sewerage, storm water and solid waste management.

An Activity Management Plan (AMP) has been created for our roading assets. The AMP is reviewed and updated every three years to meet the required needs of our community. Our focus remains on maintaining, and where necessary, replacing infrastructural assets. There are no other AMPs for our other infrastructure assets. We have recently constructed water and solid waste management assets – assessments of the level of deterioration and future maintenance need for these assets will be considered at a later date.

Council's capital expenditure is mainly renewal works (replacing existing assets). These are generally funded from external assistance grants. Capital expenditure, classified as an increase in levels of service, is generally funded by debt and/or capital subsidies. Council does not expect any capital expenditure related to growth as Council has assumed the population of the Chatham Islands will remain stable.

As at 30 June 2020, Council had total property, plant and equipment assets of \$84 million. Over the life of the Long-Term Plan, Council is intending to undertake additional capital expenditure of approximately \$31.3 million.

Council has contracted out its engineering and physical works services for all infrastructural and maintenance work. Stantec provides engineering

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

Identification of renewal and level of service work requirements:

Roadings: Council's roading infrastructure as at 30 June 2020 was valued at \$77.8 million.

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

Based on site visits, Stantec has identified the roading needs of the Islands and, in consultation with Council, created the Activity Management Plan (AMP) for the Islands. The AMP was finalised in May 2021 for the 2021-24 National Land Transport Programme (NLTP) funding application to Waka Kotahi NZ Transport Agency. The AMP outlines the problems the Island is experiencing and how these can be addressed in the long term. It also outlines the renewal strategy for asset categories and provides a forward work plan to improve the level of service to road users. However, as only a relatively small amount of renewal work is conducted each year

(when compared with larger rural councils), the forward work plan is highly susceptible to change, particularly if a section of sealed road failed earlier than expected and needs to be prioritised for pavement renewal. Furthermore, the availability and timing of shipping makes it challenging to run a maintenance programme. A change in shipping arrangements can (and does) change the timing of work, sometimes by up to year. The NLTP funding application remained under consideration until August 2021. For the purposes of estimating our programme of works, we have assumed the full programme applied for will be successful.

In February 2020, a field validation of a large percentage of roading assets (drainage, signs, footpaths etc) was conducted by Fulton Hogan. This confirmed the location of the assets and provided a condition rating for each. This provided Council with a better understanding of the quality of the asset categories validated.

Potable water and wastewater: Council's potable water and wastewater infrastructure as at 30 June 2020 was valued at \$2.6 million.

Stantec site visits for the wastewater network and/or potable water schemes are conducted as/when required, with at least one site visit typically conducted each year. In addition, Stantec roading staff are able to carry out inspections (under direction of a Water Engineer) if required during their quarterly visits. Stantec is in regular contact with the on-Island operations and maintenance contractor, with a monthly operations meeting between Stantec and Fulton Hogan and other dialogue as required to discuss scheme performance, any issues that

have arisen and practical solutions to resolve these. Routine monitoring is carried out at each plant, with the results manually uploaded to a database to enable Stantec to remotely troubleshoot problems with Fulton Hogan. Monthly compliance sampling is carried out at the plants and analysed at a laboratory on mainland New Zealand. Laboratory results are issued directly to both Stantec and Fulton Hogan to ensure a prompt response by both parties in the case of abnormal results. For potable water, the appropriate response is outlined in the relevant Water Safety Plan.

Waste management: Council's waste management infrastructure as at 30 June 2020 was valued at \$2.4 million.

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

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

Frequency of asset replacement strategy

Council has developed this strategy on the assumption that projects will be completed in accordance with the capital expenditure programme as outlined in our roading AMP and other strategic documents. However, experience suggests that projects are often delayed due to funding or capacity constraints; that is, capital expenditure will only occur if funding arrangements to support the work are confirmed. Council does not have the resources to fund renewals from depreciation.

Capital projects, therefore, may be transferred between years to ensure that scheduled capital expenditure is completed over the life of this 10-year plan. Deferral of programmed works until funding assistance is agreed could potentially mean there is further deterioration of existing assets and a higher risk of asset failure.

Council has assumed minimal changes in population and the use of land on the Islands and therefore, does not propose to increase operating or capital expenditure related to growth. Further details on our financial assumptions are provided in our financial information section.

Asset replacement details are as follows:

Asset renewal strategy	Funding strategy	Service strategy
<p>Transportation, roading and coastal networks:</p> <p>Bridges: Currently Council operates on an approximately three-yearly cycle of replacing older bridges with large culverts (where feasible). The most recent bridge replacement (Waikato) occurred during 2019, with the next replacement (Whangamoe) due in 2021. The purpose of installing large culverts is to lower the maintenance requirements long-term, reducing the future cost burden on Council. It also enables the removal of load restriction on some bridges that do not meet Class 1 restrictions. However, there are a few wider span bridges where a large culvert replacement may not work and a replacement bridge may be required.</p> <p>Investigations were completed for the requirements for temporary water crossings, should two of the key wider span bridges fail in the event of a natural disaster. This provided Council with a first response resilience plan to maintain levels of service and community connectivity in an emergency event.</p> <p>Beyond the next one or two bridge replacements, the remaining bridges are in relatively good condition. Their condition will continue to be monitored and updated by the biennial bridge inspections conducted by Stantec.</p> <p>Sealed road pavements: Under the current maintenance contract, sealed pavement rehabilitations are conducted once over the course of a three-year National Land Transport Programme period instead of annually (as is historically the case). This reduces the cost of mobilising plant and resources annually to construct the work and has helped reduce scheduled rates under the contract. There have been two cycles using this approach, in which 3.5km and 1km of sealed pavement was rehabilitated (the first cycle was also an expanded programme, hence the significant length). The next year of planned sealed road rehabilitations is 2022/23. This approach has reduced the costs of ongoing pavement maintenance for the foreseeable future and is a remarkable turnaround given Council was unable to treat all failed road sections at the time of the 2015-25 Long-Term Plan.</p>	<p>A three-year roading programme, covering both operational and capital works has been submitted to Waka Kotahi, which is the basis of the budget; actual approved amounts may differ to that submitted.</p> <p>Based on this application, roading projects are assisted by an 88% funding subsidy from Waka Kotahi, with the remainder funded from targeted rates and an allocation of Council's general funds, which includes the annual Crown contribution.</p> <p>Any adjustment in the total subsidy level could impact on the programmed work, potentially resulting in works being reduced or deferred to maintain affordable levels of expenditure. If significant, this would impact on the levels of service Council can offer to the community. A higher risk of asset failure would also occur.</p> <p>Council does not have the ratepayer base to fund the difference from an increase in rates, nor capability to borrow without financial assistance with debt repayments.</p>	<p>Road users will have one less bridge with a load restriction on the network, that will also be on an improved geometric alignment.</p> <p>This comes via the long-term programme of bridge replacements that continues for Council during this Long-Term Plan period.</p> <p>The current service is good and in line with the roading programme with only a few structures that must be crossed at reduced vehicle speeds if carrying a fully legal load.</p> <p>The community can expect to see more of the sealed network renewed which will improve the ride quality and amenity of those sections of the network.</p> <p>The strategy should continue the trend of improving the level of service towards excellent with the aim of creating more favourable resident survey results.</p> <p>Current service is good and in line with the roading programme. However, some sections of the network are at the end of their life and could quickly deteriorate if not improved in time.</p>

Asset renewal strategy	Funding strategy	Service strategy
<p>Unsealed road network: The unsealed network was historically rehabilitated based on 18,000m² of new pavement material overlaid on the roads each year. In recent years, this has not been the case, as funding was funnelled into the sealed road rehabilitation budgets to help overcome the significant deterioration of that asset category. Now that the worst sections of the sealed network have been repaired, the unsealed rehabilitations have started again in earnest. In each three-year National Land Transport Programme, there will be two years of unsealed rehabilitations, one each side of the sealed rehabilitations. At this rate, it is expected that the most-trafficked roads on the unsealed network will be renewed every 25-30 years. These rehabilitations do not include maintenance metal, which is applied as necessary to replace metal loss of the running course over time.</p>	<p>Further information:</p> <ul style="list-style-type: none"> • Our Waka Kotahi subsidy rates assumptions are detailed in our financial assumptions as part of our financial information. • Our funding mechanisms, including our Waka Kotahi grants, are detailed in our revenue and financing policy as part of our funding and other financial management policies information. • Level of service targets have been revised to reflect current practices and known levels of achievement. Refer to information in our group of activity. 	<p>A continued programme of unsealed rehabilitations will improve the quality of pavement on the unsealed network and improve the smoothness of travel for road users where an old section of pavement has been renewed. As the current level of service is good and in line with the roading programme, the strategy ensures this continues into the future, with the aim of creating more favourable resident survey results. At times during the summer, the roads can become a little rougher. The lack of rain over the drier months makes it tougher to apply good grading practises to the network (spacing) and results in increases in the National Association of Australia State Road Authorities (NAASRA).</p>
<p>Drainage: Council has a lot of culvert drainage assets of varying sizes throughout the road network. Quite a few of these culverts are either at, or very near, the end of their useful life. Unfortunately, our current funding levels do not allow for culverts to be replaced, unless they pose a safety risk to road users. Some culverts are renewed when pavement rehabilitation renewals occur, so to not disturb the integrity of the new pavement by replacing the culvert in a few years' time. The 2021-24 National Land Transport Programme has a continued focus on the renewal of long-forgotten roadside swales around the network and the replacement of culverts as they reach the end of their life. The intention of the roadside swale investment is to appropriately capture the pavement surface water and lead to improved road surfaces for residents to travel along.</p>		<p>The community will continue to notice the renewal of roadside swales on the unsealed network. This should provide a better driving surface as the water runoff has somewhere to go instead of along the side of the lane.</p> <p>The current service is good and in line with the roading programme, with few instances of drainage problems around the network. Some culvert assets are at the end of their lives and planning is in place for their renewal.</p>

Asset renewal strategy	Funding strategy	Service strategy
<p>Three Waters supply and treatment:</p> <p>Waitangi water supply: Waitangi water supply reservoirs have been drained to low levels due to leaks and high demand in summer, which have required water conservation notices to be issued. Therefore, it is critical that issues of supply are addressed for Waitangi. This project will see a new water source, new treatment plant, additional storage as well as extension of the network to Te One, which includes the Islands' main school and other key community facilities.</p> <p>Timing of this project is uncertain and so urgent maintenance and minor improvements are currently being carried out on the existing system to protect public health and minimise wastage of potable water.</p> <p>Kaingaroa water supply: The reticulation at Kaingaroa was not replaced when the water supply was upgraded in 2014 due to funding limitations. The pipework is now at the end of its useful life, resulting in frequent pipe breakages and leakage. Council plans to replace the reticulation to minimise the risk of leaks and ingress of contaminants as well as conserve the freshwater resource in the next two years, as funding allows. Ideally, if this work proceeds, it would be carried out at the same time as the main road in Kaingaroa is resealed. Urgent maintenance and minor improvements are also being carried out on the existing raw water intake, treatment and storage system to improve reliability of supply, protect public health and minimise wastage of potable water.</p> <p>Waitangi wastewater system: Urgent maintenance is being carried out so the existing system can continue to operate in the short term, while a new treatment system is designed and funding secured. The current system is at the end of its useful life. Without adequate treatment, there is a high risk of adverse public health and environmental outcomes. As part of the urgent maintenance the land application is being modified to minimise ponding that has been an issue in recent years.</p> <p>Waitangi storm water system: Storm water is collected from household roofs in part of Hight Place. The common pipes, storage tanks and discharge structure, however, are not are not being actively maintained by Council, with the concrete and timber tankage in a state of disrepair. Due to budget constraints, Council does not plan to repair or replace this system. As storm water from the vast majority of households is managed onsite, storm water has not been considered further in this strategy or this Long-Term Plan.</p>	<p>Our priority project is to address critical issues of supply, with a \$4 million water scheme upgrade in Waitangi. Funding has not been secured for this project, nor any other critical projects and therefore, these works have been deferred until a grant or loan is secured.</p> <p>Council acknowledges this approach is not always successful, with projects often waiting years before assistance is agreed. In the intervening period, standards will fall below that experienced by mainland New Zealand and in some cases, we are unable comply with legislation.</p> <p>Further information:</p> <ul style="list-style-type: none"> • Our annual Crown contribution assumptions are detailed in our financial assumptions as part of our financial information. • Our funding mechanisms, including our annual Crown contribution is detailed in our revenue and financing policy as part of our funding and other financial management policies information. 	<p>The Council has had limited success meeting level of service targets. Specifically, two temporary boil water notices were issued last year – one in Waitangi for February to March 2020, and one in Kaingaroa for March to June 2020 (prolonged in part due to COVID-19 restrictions).</p> <p>In addition, water supply was not fully compliant with potable water standards; distribution zone compliance was achieved, except when boil water notices were in place.</p> <p>Unless further funding is provided, levels of service will be unable to improve.</p> <p>Our level of service targets have been revised to reflect current practices and known levels of achievement. Refer to information in our group of activity.</p>

Asset renewal strategy	Funding strategy	Service strategy
<p><i>Waste management and minimisation:</i></p> <p>Waste minimisation/waste management: Renewal and level of service work in relation to solid waste management and minimisation work is often determined by legislative directive, in particular the Waste Minimisation Act 2008, which requires councils to both manage and minimise waste, which includes waste avoidance and resource recovery.</p> <p>Council prepared both a waste assessment (WA) and a waste management and minimisation plan (WMMP) in 2012 and these documents will be reviewed in 2021. The WMMP provides guidance for improving the management and minimisation of solid waste on the Chatham Islands. There have been significant improvements made to Council's solid waste management assets and infrastructure over the past few years, and new facilities have been commissioned (the transfer station at Kaingaroa and a materials processing facility at Te One). The Owenga Landfill is expected to be commissioned in 2021 when an operational contract is to be procured. Some of the improvements made are so recent that responses to events of assets failures are still to be identified through the compilation of management plans, which include details of emergency responses, such as the non-availability of assets.</p>	<p>Council plans to continue to implement the waste minimisation and waste management capital works in accordance with Council's strategy, as grant funding allows.</p> <p>Council previously committed to a sludge lagoon, which will result in a disposal facility for septic waste with revised estimates now at approximately \$1 million. This will reduce the current practice of burial in pits and will provide an engineered environmentally sustainable process. A grant has not been received to support this work; therefore, the project has been deferred.</p> <p>Council is seeking funding in 2021 for additional waste minimisation infrastructure through the Ministry for the Environment Sustainable Management Fund.</p> <p>Further information:</p> <ul style="list-style-type: none"> Level of service targets have been revised to reflect current practices and known levels of achievement. Refer to information in our group of activity. 	<p>Council is committed to setting up its waste diversion infrastructure to maximise diversion from landfill before commencing with landfill operations. This will prolong the life of the landfill asset.</p> <p>The waste management facility is currently in its infancy on the Island. Consequently, most service levels levels of service require benchmarking to identify whether improvements have occurred over time. Several targets also relate to residents' satisfaction with facilities provided and community interaction. Future investment in our infrastructure is currently unsupported and therefore will be deferred until funding can be secured. To ensure existing levels of service are maintained, it is important that future investment occurs when planned. Otherwise, both the infrastructure and service experience are likely to deteriorate over time.</p> <p>Council has a focus in 2021 of further improving the recycling facilities at the Kaingaroa transfer station and the Te One materials processing facility, in order to improve the quality of collected recyclables and improve health and safety aspects of waste management.</p> <p>At the same time, Council recognises the need for these waste management facilities to be run by experienced operators and is seeking to procure a contract for managing the waste and recycling activities on the Chatham Islands.</p>

Alternative funding strategies

Government and other grants:

Council is reliant on external funding from the Government to support on-Island projects, with approximately 88% of our operating and capital funding sources provided from grants.

Funding assumptions and uncertainties associated with Government grants are outlined in our financial assumptions as part of our financial information.

Our primary financial strategy is to advocate for additional funding where needed from the crown.

Borrowing:

Council's intention is to ensure that long term debt, excluding short term overdraft does not exceed 175% of total revenue (omitting earmarked capital grants) and, for this 10-year period, debt is forecast to remain below this level. Council has also considered the impacts of its borrowing against the debt servicing benchmark.

Council considers borrowing should ensure intergenerational equity and smooth funding demands. Council may enter into any new borrowing arrangements over the 10-year period of this Long-Term Plan, assuming external funding assistance with repaying borrowings is obtained.

Further information on our funding mechanisms and our limits on borrowing are outlined in our revenue and financing policy and our liability and investment management policy as part of our funding and other financial management policies information.

Rates:

Our rates income is nominal in nature and equates to approximately 6% of Council's total funding. The low level of rates is unusual for a council and arises because Chatham Islands Council has the lowest number of rateable units of any council in New Zealand, meaning Council does not have the population base to sustain its operating requirements.

Consequently, it is considered that an increase in general rates above the Consumer Price Index (CPI) would place an unreasonable burden on Chatham Islands ratepayers, and therefore general rate increases are limited to the rate of inflation plus 2%. As the majority of Council's income is by way of funding from the Government, movement in rate receipts is considered to have a minimal impact and will not significantly influence project costs.

For more detail about our funding mechanisms, including council dues and other funding, refer to Council's revenue and financing policy as part of our funding and other financial management policies information.

Renewals and depreciation:

Council does not recover the cost of future renewals work through depreciation. It is common practice to plan and fund future renewal work through rates to cover the cost of depreciation. However, Council does not have the rating base to support such activity, nor does the annual Crown contribution cover the cost of depreciation. Future renewals require funding support from the Government or Council is unable to fund the renewal.

Council has insufficient reserves to cover our infrastructural renewals programme.

Investments:

Council aims to ensure the continuance of a banking facility on the Chatham Islands by investing any available funds with ANZ Bank, the only registered banking facility on the Islands. With the exception of investing funds at the best available negotiated rate with ANZ Bank, there are no targets for returns on these investments.

Council has no other financial investments or equity securities.

Our level of service strategies

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

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

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

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



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

AGEING INFRASTRUCTURE

- **Roading:** Half of Council's bridges have been replaced with large culverts over the past 30 years. However, several of the remaining 13 bridges have greater challenges that make a direct culvert replacement less straight forward i.e. topography, length of span, land acquisition issues and those located on Pitt Island. Council has two bridges that are of more immediate concern, Whangamoe (which is being replaced in 2021/22) and Maipito (the next planned bridge replacement during 2024-27).
- The age of many culverts is unknown but rusting steel culverts that are starting to fail indicate that many are at the end of their useful life. The roading network has suffered from a lack of positive drainage asset renewal for a number of years i.e. collapsed small culverts, blocked existing or lack of water tables etc. This has led to an increasing amount of culvert replacements being required than had previously been planned for.
- **Potable water:** Following Council taking over management of the Kaingaroa scheme in 2009, a significant upgrade was completed in 2014. The intake structure urgently requires lengthening due the low lake level in summer months. There is limited information about the Kaingaroa reticulation, however based on frequent pipe breakages and leakage it is now at the end of its useful life. The Waitangi scheme was installed in 2004, however second-hand treatment units installed at that time are now at the end of their useful life.
- **Wastewater:** Components of the wastewater treatment plant at Waitangi are at or near the end of their useful life and now require significant repair or replacement. The land application system also needs remedial works to minimise localised ponding. The wastewater reticulation is expected to have a remaining useful life exceeding 30 years.
- **Solid waste:** While not ageing per se, the new sanitary landfill will require ongoing capital expenditure as the capacity of a particular landfill cell is reached, requiring new landfill cells to be constructed and old cells to be capped off.

Principal responses	Do nothing
<ul style="list-style-type: none"> • Roading: Council to monitor all bridges with an estimated 10-20 years life remaining. This is performed during the biennial bridge inspections, which also identifies key maintenance interventions required to extend the life of the structures. • Continue the enhanced programme of storm water asset renewals started during the previous Long-Term Plan, which reverses the historic trend of a sub-optimal level of service. The intention is to improve the road surface by letting the surface water drain away more efficiently, extending the life of road pavements and reducing the frequency of potholes which increase the wear and tear costs on vehicles. • Potable water: Urgent remedial works are currently underway for Kaingaroa and Waitangi, and renewal of critical sections of reticulation at Kaingaroa have been allowed for to protect public health and improve resilience. • Wastewater: Urgent remedial works are currently underway to enable the system to continue to operate in the short term. Significant renewals at the wastewater treatment plant site have been allowed for to protect public health and minimise adverse environmental effects associated with the treated wastewater discharge. 	<ul style="list-style-type: none"> • Roading: Not performing renewal or replacement work to the older bridge structures could lead to structural failure of the bridge. Such a failure could put motorists' lives at risk if failure occurred while a vehicle was passing over the bridge or had already failed without the approaching motorist being aware prior to crossing. Failure to perform smaller pieces of ongoing structural maintenance can lead to a bridge replacement occurring earlier than would have been anticipated, which is an increased and non-forecasted cost to Council. • If failed culverts are not replaced, they may become blocked which creates a drainage problem and could saturate the adjacent pavement, requiring a more costly repair to two asset classes rather than just one. Culvert collapse can create a hole in the road and subsequently a safety hazard for vehicles, which could lead to vehicles running off-road by either hitting or trying to avoid the hole. • Potable water: The performance of the existing UV system at Waitangi and frequent excavation of raw water intake trench at Kaingaroa poses public health risks. The existing network at Kaingaroa poses public health risks associated with loss of water supply (due to excessive leakage and unsustainable abstraction of water from the lake) and potential ingress of harmful contaminants (due to breaks or backflow). • Wastewater: Failure of the existing wastewater treatment plant equipment poses the risk of failing to meet resource consent and associated risks of inadequately treated wastewater being discharged to land, localised ponding, and runoff to adjacent property.

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

- **Potable water:** Council is required to provide a sustainable potable water supply that meets current drinking water standards. Demand from Waitangi is at or near the sustainable yield of the Tikitiki bore and the existing Waitangi treatment plant does not meet the current drinking water standards. For Kaingaroa, the low water level in Lake Rangitai in recent summers has meant that frequent trench excavation has been required to maintain a supply of raw water and the existing treatment plant also does not meet the current standards. All other residents on the Island operate on rainwater collection and/or private bores and, if this is not sufficient (e.g. during extended dry periods), residents may top up their supply from Council's public water tank in Waitangi. In recent years, Chatham Island has experienced much longer dry periods and demand for water from Council's public water tank has increased.
- **Wastewater:** The treated wastewater discharge from Waitangi wastewater plant is required to comply with the resource consent (Council's Resource Management Document). Remedial work is required for the existing plant to continue to achieve the required discharge limits.
- **Solid waste:** Because of the small size of the settlements on-Island, there is no formal waste collection service. Residents are required to take their waste to a transfer station or materials processing facility at Te One. This means, there have been several 'unofficial' waste sites created on-Island, which are unlikely to meet waste management standards. Creating transfer stations that are easy to use, will hopefully encourage patronage.
- In addition, the types of waste that needs to be dealt with on-Island are somewhat unique, which presents challenges. For instance, the amount of cardboard that needs to be disposed of is high because many goods are brought to the Islands in cardboard boxes.
- The quantities of waste are low compared to other local authorities, which means that there are very minor quantities of some wastes that need disposal, such as hazardous wastes, which need to be transported to mainland New Zealand. The cost of doing so is much higher than elsewhere in mainland New Zealand.
- Other differences in the Chatham Islands compared to mainland New Zealand solid waste management and minimisation services include:
 - Potential issues with storing quantities of recovered resources and hazardous wastes because of the unavailability of shipping
 - The high cost of transporting such wastes and diverted materials to disposal outlets/markets
 - The dependence on support from mainland New Zealand to process recyclables received from the Chatham Islands
 - Lack of options for disposal or re-use of some diverted materials such as glass.

Principal responses

- **Potable water:** A significant upgrade to Waitangi water supply and an extension to Te One has been allowed for which will address future security of supply and compliance. Urgent remedial works are currently underway at Kaingaroa and Waitangi to improve water supply safety and resilience. A scheme has also been allowed for to enable ratepayers to install approved water tanks to reduce the demand on Council's potable water supply, and then repay the costs via a targeted rate on the property over 10 years.
- **Wastewater:** Urgent remedial works are currently underway to enable the system to continue to operate in the short term. Significant renewals at the wastewater treatment plant site have been allowed to protect public health and minimise adverse environmental effects associated with the treated wastewater discharge.
- **Solid waste:** Future work programmes are dependent on funding being made available to implement subsequent developmental stages. If funding is not made available, works are delayed, increasing the disparity in services offered on-Island and focusing on stop-gap solutions. A creative approach, including developing waste management and minimisation solutions with other councils, is required to address a number of these issues.

Do nothing

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

IDENTIFYING FUTURE NEEDS OF SOLID WASTE MANAGEMENT AND MINIMISATION ASSETS

The solid waste management and minimisation work undertaken recently involved the construction of a new landfill, new transfer station, a materials processing facility and the procurement of plant and equipment. Consideration for deterioration of these assets over time will need to be assessed given the environment of the Islands.

Principal responses	Do nothing
<p>Future planning will be based on identified need based on waste management and minimisation activities. The sanitary landfill is intended to be implemented in a number of stages, with the commencement of each stage based on the available capacity within the landfill which is affected by the amount of waste being disposed of into the landfill each year; the density at which the waste is compacted when placed into the landfill; and the amount of soil material used to cover the waste to mitigate against nuisances.</p> <p>When each stage has an assessed capacity of less than two years remaining, the next stage will be constructed, subject to funding availability. When each stage has been filled, it will be capped off to help control storm water runoff and reduce leaching. A conservative estimate for the Owenga landfill will require construction to begin on a new stage in 2026; this will require a separate approach to the Ministry for the Environment to assist with funding requirements.</p>	<p>If no further work occurred, Council would not have a waste management and minimisation facility on-Island and therefore would have to ship all waste products off-Island, at high cost to the Council. This may require specialist shipping suppliers and contracts with other councils to deal with the Islands' waste. The cost of freight may also be an issue.</p>

SUPPLY OF SUITABLE PAVEMENT MATERIALS AND OTHER LOCALLY SOURCED MATERIALS

- **Roading:** At some point in the future the existing basalt rock quarries will either be exhausted of good rock seams or accessing those seams may become uneconomical. Therefore, planning to identify possible future quarry locations and entering into negotiations with landowners will need to occur. However, it is difficult to secure good sources of suitable rock as some landowners are hesitant to allow quarry development on their land, outside of the existing quarries.

Principal responses	Do nothing
<ul style="list-style-type: none">• Roading: The maintenance contractor is responsible for negotiating existing and future quarry agreements to secure pavement material supply. Early planning has been conducted to try and identify other suitable quarry sources, but at this stage there is no immediate urgency. Identifying a quarry location along Waitangi Wharf-Owenga Road, would greatly help to serve that end of the Island.	<ul style="list-style-type: none">• Roading: Failure to try and secure future quarry sites may leave the Council in the position of freighting all necessary pavement materials to the Island at a hugely significant cost, which would restrict sealed pavement renewals to only very short sections. In the long term this could mean that the ability to renew a pavement falls behind frequency of failures.

MAINTAINING EXISTING LEVELS OF ROAD SAFETY

- **Roading:** Road crashes are always a concern for community safety and wellbeing. Over recent years the number of serious injury crashes has been relatively low. With the planned improvements to drainage and pavements during this Long-Term Plan, the level of service experienced by motorists is likely to improve. This could lead to higher vehicle speeds and the existing road alignments may not be suited to such speeds, increasing the risk of a serious injury crash occurring.

Principal responses	Do nothing
<ul style="list-style-type: none">• Roading: In an effort to try and maintain the low frequency of serious injury crashes, Council will continue to conduct the biennial road safety inspections to identify safety deficiencies that need to be addressed to improve safety for road users. The safety inspections provide a clear focus on safety issues, that include items which could otherwise be missed i.e. missing edge marker posts, dirty signs etc.• Road safety promotion on the Island occurs via a local Council coordinator. This has been very successful, with the Weka themed campaign striking a chord with local residents, and particularly with school-aged children, who will hopefully carry good road safety knowledge with them as they grow older.	<ul style="list-style-type: none">• Roading: Failure to conduct the biennial road safety inspection may lead to necessary safety hazards not being identified if it was left solely to Stantec identifying items during their quarterly visits. The intention of the quarterly visits is typically wide-ranging over numerous pieces of work. Missed safety issues could result in a serious injury crash if not identified in a timely manner.• Without a road safety programme, there would be no community activities that would help promote road safety. This function would be left predominantly to television and radio advertising.

COST OF FREIGHTING MATERIALS TO/FROM THE ISLANDS

- Currently only one shipping company operates between mainland New Zealand and the Chatham Islands resulting in a lack of competition on freight charges.
- With the new Waitangi wharf completed, it is possible that other companies may be encouraged to include the Chatham Islands in their shipping network.
- The cost of freighting materials to the Islands has increased since the new Waitangi wharf was completed, instead of the anticipated reduction in costs that was expected to arise from the greater resilience provided to the loading/unloading of berthed ships. The more freight increases, it incrementally reduces the value of work constructed on the network.

Principal responses	Do nothing
<ul style="list-style-type: none">• Council will encourage additional shipping companies to travel to the Island to ensure freight pricing remains reasonable.• Council to factor the higher costs of shipping into cost estimates for larger capital works, so that the appropriate levels of funding are secured from partners.	<ul style="list-style-type: none">• No change in the status quo.

PREDICTED EFFECTS OF CLIMATE CHANGE

- **Roading:** As with all road controlling authorities, the threat that climate change poses to infrastructure cannot be ignored. Council has a minimal number of roads situated at or just above sea level along coastlines, which would be a concern with rising sea levels. The main area of concern is Waitangi, where the combination of higher sea levels and a severe storm could adversely affect the road connecting Waitangi wharf. Most other roads on the Island are well above sea level or are inland.
- Climate change is likely to mean that an increasing number of severe storms will occur, which would put more pressure on drainage and bridge assets to cater for the larger volumes of water passing through them. For bridges and large culverts, this could amount to large debris such as trees being carried downstream and hitting the structure, potentially causing significant damage.
- **Potable water and wastewater:** Climate change may result in change in rainfall patterns with extended periods of little or no recharge of water aquifers/lakes (i.e. drought) and more frequent storms with increased peak flows to the wastewater system, disruption to power supply, and damage to low-lying water and wastewater assets. Chatham Island has experienced much longer dry periods in recent years. For Kaingaroa, the water level has dropped lower and for longer periods in Lake Rangitai during the dry period and has meant that frequent trench excavation has been required to maintain a supply of raw water. For Waitangi, demand for water from Council's public water tank has increased from residents on island that operate on rainwater collection and/or private bores. As a wider issue, the Islands' potable water resources (surface water and ground water), their sustainable yield, and their susceptibility to drought stress from climate change is not fully understood.

Principal responses

- **Roading:** The long-term requirement is to monitor the integrity of the sea walls in Waitangi, to ensure that no degradation is occurring and to intervene with maintenance as required.
- Larger climate change factors may need to be applied to culvert sizing calculations than are already adopted. In terms of maintenance, key structures may need to have their upstream channels reviewed for large trees that might be susceptible to falling into the watercourse in a significant weather event.
- **Potable water:** The Waitangi upgrade allowed for will provide greater resilience in the water supply with more storage, less reliance on power, and ability to use the Tikitiki bore in an emergency. Urgent remedial works are currently underway at Kaingaroa and Waitangi to improve water supply resilience to some extent. A scheme has also been allowed for to enable ratepayers to install approved water tanks to reduce the demand on Council's potable water supply, and then repay the costs via a targeted rate on the property over 10 years.

Do nothing

- **Roading:** If the sea walls supporting the road towards Waitangi wharf were to fail and cut off access, it would have major implications for the Island. The delivery and export of goods would be put at risk, which would have significant financial implications for the community.
- **Potable water:** If Waitangi or Kaingaroa schemes were to run out of a reliable source of potable water, it would have devastating effects on all residents and the local economy of the Island. The community and local industry would be reliant on rainwater and bottled water imported from mainland New Zealand until an alternative supply was established. This situation would be further worsened because most properties on the reticulated schemes no longer have an onsite tank for rainwater collection.

LIMITED POPULATION GROWTH AND AGEING POPULATION

- Currently there is limited (or declining) population growth with minimal economic growth, which means the rating base to fund capital upgrades will remain static.
- In addition, the population is ageing, which will provide challenges and opportunities for infrastructure networks, particularly for roading and footpaths.

Principal responses

- Seek external funding from Government to fund all or the majority of capital renewals and upgrades.

Do nothing

- No change in the status quo.

30-year projections for infrastructure work

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

Capital Expenditure														
Transportation, roading & coastal networks	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 (\$000)	2030/31 (\$000)	2031-36 (\$000)	2036-41 (\$000)	2041-46 (\$000)	2046-51 (\$000)
to improve the level of service	1,634	492	257	1,029	810	105	110	281	883	91	1,725	2,024	2,375	2,787
to replace existing assets	2,261	2,325	2,222	2,016	2,590	2,884	2,933	3,115	2,058	3,037	16,459	19,314	22,663	26,593
Total	3,895	2,817	2,479	3,045	3,400	2,989	3,043	3,396	2,941	3,128	18,184	21,338	25,038	29,380

Critical investments to our Three Waters, waste management and some wharf infrastructure has been **excluded** from these financial estimates as we have been unable to secure funding to support the work.

Operational Expenditure	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 (\$000)	2030/31 (\$000)	2031-36 (\$000)	2036-41 (\$000)	2041-46 (\$000)	2046-51 (\$000)
Transportation, roading & coastal networks	1,534	1,647	1,646	1,641	1,843	1,884	1,906	2,046	2,050	2,050	11,659	13,681	16,053	18,837
Three Waters supply & treatment - potable water	219	229	236	245	254	263	273	284	296	307	1,670	1,959	2,299	2,698
Three Waters supply & treatment - wastewater	120	125	130	146	139	144	150	169	162	168	931	1,092	1,281	1,503
Waste management & minimisation	516	688	707	727	746	765	785	804	823	844	4,718	5,536	6,497	7,623
Total	2,389	2,689	2,719	2,759	2,982	3,056	3,114	3,303	3,331	3,369	18,978	22,269	26,130	30,661



Our groups of activites

Leadership and community partnerships

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

Our activities include:

- 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.

This activity enables 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.

Contribution to 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.

Negative effects

No significant negative effects have been identified for the leadership and community partnerships activity.

Levels of service: Ensure Council decision-making is informed by community participation

Measure	Target(s)	2019/20 Result	Community outcomes
Engage with and provide opportunities for community voices to be heard	<p>Survey residents annually on whether the information supplied by Council was sufficient</p> <p>2021/22: 60%</p> <p>2022/23: 63%</p> <p>2023/24 and ongoing years: 66%</p> <p>Survey residents annually on whether they know how to contact the Council and Councillors (80% know how to contact the Council and Councillors)</p> <p>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</p>	56% of residents considered the information supplied by Council was sufficient	 Resilient community  Embracing diversity  Building growth
Enable Moriori and Māori to participate in Council decision-making	<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>Develop and implement processes for imi and iwi to be supported to participate in Council decision-making (ongoing target)</p>	New measure	
Ensure residents are confident that Council decisions are well-informed and made in the best interests of the community	<p>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</p> <p>2021/22: 60% confident or very confident ¹</p> <p>2022/23: 63% confident or very confident ¹</p> <p>2023/24 and ongoing years: 66% confident or very confident ¹</p>	54% of residents were confident that Council decisions were made in the best interests of the community	
Maintain and build strong relationships with Government and Island partners to advocate for opportunities and outcomes that benefit the Chatham Islands	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	New measure	

¹ measured by annual survey, on a scale of very confident, confident, unconfident, very unconfident
 Levels of service have not changed significantly to those adopted in the Long-Term Plan 2018-28.

Leadership & community partnerships	Annual Plan 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)	LTP 2028/29 (\$000)	LTP 2029/30 (\$000)	LTP 2030/31 (\$000)
Source of operating funding											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	1,332	908	912	877	897	900	930	932	934	935	936
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	42	239	124	121	122	125	123	124	129	126	126
Total operating funding	1,373	1,148	1,036	998	1,019	1,025	1,053	1,056	1,063	1,061	1,062
Applications of operating funding											
Payments to staff and suppliers	292	303	330	320	328	354	344	354	381	374	384
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	607	612	648	698	681	699	753	735	754	815	794
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding	899	915	978	1,018	1,009	1,053	1,097	1,089	1,135	1,189	1,178
Surplus (deficit) of operating funding	474	233	58	(20)	10	(27)	(44)	(32)	(72)	(128)	(116)
Source of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	119	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total source of capital funding	-	119	-	-	-	-	-	-	-	-	-
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	120	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	474	352	(62)	(20)	10	(27)	(44)	(32)	(72)	(128)	(116)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding	474	352	58	(20)	10	(27)	(44)	(32)	(72)	(128)	(116)
Surplus (deficit) of capital funding	(474)	(233)	(58)	20	(10)	27	44	32	72	128	116
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	20	17	14	15	13	10	7	5	5	5	5

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.

Contribution to 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.



Negative effects

Roading and transportation activities may contribute to several negative environmental effects including local air pollution, road run-off (rainwater that becomes polluted on the road surface) to adjacent land and waterways, traffic noise and vibration, visual impacts, traffic accidents, loss and damage of land and natural environments, separation of neighbours, and emission of greenhouse gases. Activities are undertaken in accordance with environmental standards and, where appropriate, resource consent conditions to ensure that negative impacts on the environment are avoided, remedied, or appropriately mitigated.

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

Measure	Target(s)	2019/20 Result	Community outcomes
Ensure residents are satisfied with the quality and safety of the sealed road network	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) ¹	55% of residents were satisfied with chip-sealed roads	 Resilient community  Embracing diversity  Building growth  Sustainable action
Ensure residents are satisfied with the quality and safety of the unsealed road network	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) ¹	46% of residents were satisfied with the unsealed road network	
Ensure there are low levels of serious harm on our road network	Ensure the number of fatal or serious injury crashes on the road network does not exceed two per year	No fatal or serious injury crashes were reported	
Ensure the road roughness is at an acceptable level	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 an average NAASRA road classification system rating of 70 for sealed roads and 85 for unsealed roads	
Respond in a timely manner to customer service requests	Ensure Council staff respond to all customer service requests relating to the road or footpath network within five working days	100% of customer service requests relating to roads and footpaths (six in total) were passed on to the contractor, who responded to all within two days or less	
Identify, preserve, protect, and conserve the cultural heritage of the Islands, and respond appropriately to the discovery of human remains	Ensure legislative requirements are followed (Coroners Act 2006 and Heritage New Zealand Pouhere Taonga Act 2014) Consult imi and iwi to identify any matters of cultural significance prior to completing major earthworks outside of the existing road corridor	New measure	
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	Complete 95% of the annual roading programme as originally planned, while considering the safety of road users and maintenance staff for all activities Maintain all existing footpaths in accordance with the roading maintenance contract to ensure adequate accessibility for residents who do not drive	2019/20 was a sealing and rehabilitation year for the local road network which occurs every three years as part of the roading planning cycle. As a result, 53% of the sealed network received a new seal coat. The bulk of resealing work conducted (85%) was applying a subsequent seal one year after the initial work to ensure the surface remains waterproof for longer. This work was delayed due to COVID-19 but was completed by 30 June 2020	

Levels of service: Enable safe navigation for vessels in the coastal area

Measure	Target(s)	2019/20 Result	Community outcomes
Manage navigation safety in accordance with leading practice	<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>	A full review by a Code panel was conducted in November 2019	 Resilient community  Building growth
Ensure Owenga wharf is available for safe and efficient movement of people, stock, and goods	Ensure there are no instances of the wharf being unavailable while sea and weather conditions are suitable	There were no instances of Owenga wharf being unavailable for navigation safety reasons	

¹ measured by annual survey, on a scale of very confident, confident, unconfident, very unconfident. Levels of service have not changed significantly to those adopted in the Long-Term Plan 2018-28.

Transportation, roading & coastal networks	Annual Plan 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)	LTP 2028/29 (\$000)	LTP 2029/30 (\$000)	LTP 2030/31 (\$000)
Source of operating funding											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	57	78	79	81	83	85	88	90	93	96	99
Subsidies and grants for operating purposes	1,600	2,133	2,204	2,164	2,191	2,385	2,430	2,452	2,589	2,578	2,581
Fees and charges	-	11	11	11	11	12	12	12	13	13	13
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	42	41	42	43	43	43	43	44	45	45	46
Total operating funding	1,699	2,263	2,336	2,299	2,327	2,525	2,574	2,598	2,740	2,732	2,739
Applications of operating funding											
Payments to staff and suppliers	1,544	1,534	1,647	1,646	1,641	1,843	1,884	1,906	2,046	2,050	2,050
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	159	160	169	183	178	183	197	192	197	213	208
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding	1,703	1,694	1,816	1,829	1,819	2,026	2,081	2,098	2,243	2,263	2,258
Surplus (deficit) of operating funding	(4)	569	519	470	508	499	492	500	497	469	482
Source of capital funding											
Subsidies and grants for capital expenditure	2,239	3,428	2,479	2,182	2,680	2,992	2,630	2,678	2,988	2,588	2,753
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total source of capital funding	2,239	3,428	2,479	2,182	2,680	2,992	2,630	2,678	2,988	2,588	2,753
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	1,634	492	257	1,029	810	105	110	281	883	91
- to replace existing assets	2,544	2,261	2,325	2,222	2,016	2,590	2,884	2,933	3,115	2,058	3,037
Increase (decrease) in reserves	(309)	102	181	173	143	91	134	135	89	116	106
Increase (decrease) of investments											
Total applications of capital funding	2,235	3,997	2,998	2,652	3,188	3,491	3,123	3,178	3,485	3,057	3,234
Surplus (deficit) of capital funding	4	(569)	(519)	(470)	(508)	(499)	(492)	(500)	(497)	(469)	(482)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	1,993	2,562	2,800	1,761	1,881	2,094	2,299	2,504	2,897	3,058	3,105

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.

Contribution to 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.

Negative effects

High levels of demand for potable water supply could potentially cause a reduction in the availability of water levels for consumers and emergency services, thereby increasing the risk to health and safety.

Council has historically delayed investing in water infrastructure as such investments were considered unaffordable, arising from a lack of Government financial support. Such investing delays have also accelerated wear and tear on our existing infrastructure, impacting our ability to improve the reliability of its potable water supply in terms of quantity and quality within our community.

Many residents have expressed concern about these water shortages. Current trends indicate for the January to March period, dry weather conditions result in critical water shortages requiring water conservation measures to be imposed.

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 tourist numbers during summer will further exacerbate and put pressure on the current water supply. Given Council's funding constraints, there are unlikely to be many effective mitigating actions, with the exception of seeking funding to improve the reliability of potable water supply in terms of quantity and quality.



Ineffective wastewater infrastructure could result in unplanned sewage discharges, which may affect the environment, public health, public access for swimming and shellfish collection, and tourism. Our wastewater programme is focused on reducing or eliminating these negative effects.

Ineffective storm water infrastructure has the potential to cause damage to property, incurring costs and potentially elevating insurance premiums. The insufficient treatment of storm water may also adversely affect our environment by overloading the sewerage reticulation and treatment system, causing untreated wastewater to overflow.

Levels of service: Provide potable water supply that meets the needs of our community now and into the future

Measure	Target(s)	2019/20 Result	Community outcomes
Ensure residents connected to a Council water scheme are satisfied with the service	Survey residents annually on whether they are satisfied with the service (50% of residents satisfied or very satisfied)	36% of residents connected to a water scheme were satisfied	<div> Resilient community</div>
Ensure water supplied by Council water schemes is potable i.e. safe to drink	Ensure it is not necessary to issue any temporary advisory notices to boil water – as determined in consultation with the Ministry of Health Ensure Council’s potable water complies with Part 4 of the Ministry of Health’s NZ Drinking Water Standards (bacteria compliance criteria) Ensure Council’s potable water complies with Part 5 of the Ministry of Health’s NZ Drinking Water Standards (protozoal compliance criteria)	Two temporary boil water notices were issued – one in Waitangi for February to March 2020, and one in Kaingaroa for March to June 2020 (prolonged in part due to COVID-19 restrictions) Water supply was not fully compliant with drinking water standards; distribution zone compliance was achieved, except when boil water notices were in place	<div> Sustainable action</div>
Ensure the percentage of real water loss from Council’s networked reticulation system is managed at an acceptable level	Ensure the percentage of real water loss from the Council’s networked reticulation system does not exceed 20%	No incidences of water loss were reported that exceeded 20%	
Respond in a timely manner to reports of faults	Meet the following median response times when attending a call-out in response to a fault or unplanned interruption to the networked reticulation system: • Attendance for urgent call-outs: the time from when the Council receives notification to when service personnel reach the site does not exceed two hours • Resolution of urgent call-outs: the time from when the Council receives notification to when service personnel confirm resolution of the fault or interruption does not exceed eight hours • Attendance of non-urgent call-outs: the time from when the Council receives notification to when service personnel reach the site does not exceed two hours • Resolution of non-urgent call-outs: the time from when Council receives notification to when service personnel confirm resolution of the fault or interruption does not exceed eight hours	<ul style="list-style-type: none">• All issues (two in total) were resolved within eight hours• No urgent call-outs occurred• No non-urgent call-outs occurred• No resolution to non-urgent call-outs were required	



Levels of service: Provide potable water supply that meets the needs of our community now and into the future

Measure	Target(s)	2019/20 Result	Community outcomes
Ensure residents are satisfied with potable water quality and supply	<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 • Council's response to any of these issues <p>does not exceed 2% of properties connected (or approximately two complaints for all connected properties)²</p>	No complaints were received, however, many residents expressed concern about water shortages during the dry summer period	 Resilient community  Sustainable action
Manage demand for potable water	Ensure the average consumption of drinking water per day per resident, within the territorial authority district, is less than 500L/person/day	In Waitangi, average annual usage was 340L/person/day, and in Kaingaroa, average annual usage was 230L/person/day	

² A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure. Levels of service have not changed significantly to those adopted in the Long-Term Plan 2018-28.

Three Waters supply & treatment - potable water	Annual Plan 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)	LTP 2028/29 (\$000)	LTP 2029/30 (\$000)	LTP 2030/31 (\$000)
Source of operating funding											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	71	73	75	76	78	80	82	85	88	90	93
Subsidies and grants for operating purposes	97	215	216	207	212	213	220	221	221	221	221
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	3	9	9	9	9	9	9	9	9	9	9
Total operating funding	171	297	300	292	299	302	311	315	318	320	324
Applications of operating funding											
Payments to staff and suppliers	191	219	229	236	245	254	263	273	284	296	307
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	44	44	47	51	50	51	55	53	55	59	58
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding	235	263	276	287	295	305	318	326	339	355	365
Surplus (deficit) of operating funding	(64)	33	24	5	5	(3)	(7)	(12)	(21)	(35)	(41)
Source of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total source of capital funding	-	-	-	-	-	-	-	-	-	-	-
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(64)	33	24	5	5	(3)	(7)	(12)	(21)	(35)	(41)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding	(64)	33	24	5	5	(3)	(7)	(12)	(21)	(35)	(41)
Surplus (deficit) of capital funding	64	(33)	(24)	(5)	(5)	3	7	12	21	35	41
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	42	44	44	48	48	48	47	47	51	51	51

Levels of service: Provide a well-managed wastewater system to protect public health and the physical environment



Measure	Target(s)	2019/20 Result	Community outcomes
Ensure residents are satisfied with the wastewater system	<p>Survey residents annually on whether they are satisfied with the wastewater system (50% of residents satisfied or very satisfied)</p> <p>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)²</p>	<p>40% of residents were satisfied with the wastewater system</p> <p>No formal complaints regarding sewage were received for specified areas</p>	 Resilient community  Sustainable action
Ensure the sewerage system meets community requirements	<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)²</p>	There was no wastewater overflow	
Comply with our Resource Management Document regarding wastewater discharge	<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 	There were no notices or orders issued; this is consistent with 2018/19	
Respond in a timely manner to reports of faults	<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>	No blockages or faults occurred	

² A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure. Levels of service have not changed significantly to those adopted in the Long-Term Plan 2018-28.

Minimal expenditure on stormwater and flood protection activities is expected over the 10-year period. Council also has minimal assets related to these activities. Consequently, any transactions are included within the wastewater funding impact statement

Three Waters supply & treatment - wastewater	Annual Plan 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)	LTP 2028/29 (\$000)	LTP 2029/30 (\$000)	LTP 2030/31 (\$000)
Source of operating funding											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	66	68	69	71	73	75	77	79	81	84	86
Subsidies and grants for operating purposes	124	121	121	116	119	119	123	124	124	124	124
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	4	11	11	11	11	11	11	12	12	12	12
Total operating funding	194	200	201	199	203	206	212	214	217	220	222
Applications of operating funding											
Payments to staff and suppliers	119	120	125	130	146	139	144	150	169	162	168
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	56	57	60	65	63	65	70	68	70	76	74
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding	175	177	185	195	209	204	214	218	239	238	242
Surplus (deficit) of operating funding	18	23	16	4	(6)	2	(2)	(4)	(23)	(18)	(20)
Source of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total source of capital funding	-	-	-	-	-	-	-	-	-	-	-
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	18	23	16	4	(6)	2	(2)	(4)	(23)	(18)	(20)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding	18	23	16	4	(6)	2	(2)	(4)	(23)	(18)	(20)
Surplus (deficit) of capital funding	(18)	(23)	(16)	(4)	6	(2)	2	4	23	18	20
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	60	60	59	62	62	62	62	61	62	62	62

Levels of service: Manage storm water to minimise and manage flood events

Measure	Target(s)	2019/20 Result	Community outcomes
Ensure storm water management is adequate for flood risk management	<p>Ensure the number of flooding events does not exceed two per year</p> <p>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)²</p> <p>All decisions to open Te Whanga lagoon will be made in consultation with imi and iwi</p>	No flooding events occurred	 Embracing diversity  Sustainable action
Ensure storm water discharge is compliant with our Resource Management Document	<p>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:</p> <ul style="list-style-type: none"> • Abatement notices • Infringement notices • Enforcement orders • Convictions 	No discharge notices were issued, or other non-compliance events identified	
Respond in a timely manner to flooding events	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	
Ensure residents are satisfied with storm water management	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) ²	<p>No complaints were received</p> <p>A joint committee must now agree to open Te Whanga as set out in Section 4.2.2.1(iii) of the Chatham Islands Resource Management Document</p>	

² A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure. Levels of service have not changed significantly to those adopted in the Long-Term Plan 2018-28.

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.

Contribution to 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.



Negative effects

Leachate from old and operational landfills could have a significantly negative impact on our land and water. Such effects include polluting the natural environment and entering natural watercourses. Odour, dust and windblown litter from operational landfills can cause problems with smell, vermin and birds if the landfill is inadequately managed. Historically, waste has been disposed at non-landfill sites, but that practice is changing as the new waste infrastructure becomes commissioned.



There is a risk that the commissioning process will be prolonged, due to lack of funding or other restrictions, resulting in a negative impact on the environment and health of our community while commissioning takes place.

Mitigation is primarily through monitoring of conditions relating to the operation of our transfer station, landfill and recycling network.

Levels of service: Provide efficient and effective waste minimisation activities and services

Measure	Target(s)	2019/20 Result	Community outcomes
Respond in a timely manner to written requests or complaints regarding waste management	Ensure Council staff respond to all complaints within five working days of receipt	Two complaints were received; both complaints were addressed within five working days	 Embracing diversity  Sustainable action
Ensure residents are satisfied with the landfill and recycling service and ease of use	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) ¹	54% of residents were satisfied with the landfill and recycling service	
Ensure waste minimisation activities and services are effective	Measure the volume of waste to landfill once commissioned and in use (target 2021/22) Establish a benchmark for annual volume of waste to landfill (target 2022/23) Ensure the amount of waste going to landfill is less than benchmark volume (target 2023/24 and ongoing years)	This measure was not assessed due to resource availability and the focus on building the new Owenga landfill	
Ensure residents are aware of waste management services provided by Council and how to use them	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	Regular messages about waste management and minimisation activities and projects were circulated in the Chatham Islands Community Focus Trust weekly newsletters, on our website, and on our Facebook page The Te One transfer station had employees available to help residents unload rubbish and educate them on the significance of separating recyclables	
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	Respond to identified non-compliance issues within five working days Ensure the landfill management plan addresses potential impacts on imi and iwi mahi kei/mahinga kai	New measure	

¹ measured by annual survey, on a scale of very confident, confident, unconfident, very unconfident.

Measure	Target(s)	2019/20 Result	Community outcomes
Ensure availability of adequate landfill space permitted for the disposal of municipal solid waste to ensure sustainability of waste disposal services	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)	New measure	 Embracing diversity  Sustainable action
Ensure available landfill space is optimised by compaction of waste	Ensure that from 2022/23, waste compaction density, measured by survey, is greater than 0.6 tonnes/m ³ (can be measured once annual volume of waste to landfill is established)	New measure	
Ensure landfill activity is provided in a safe manner, with all health and safety risks to nearby residents managed and mitigated	Ensure there are no reports of injury or illness attributable to the use of the facilities	New measure	

Levels of service have not changed significantly to those adopted in the Long-Term Plan 2018-28.

Waste management & minimisation	Annual Plan 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)	LTP 2028/29 (\$000)	LTP 2029/30 (\$000)	LTP 2030/31 (\$000)
Source of operating funding											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	72	95	97	99	102	104	107	110	114	117	121
Subsidies and grants for operating purposes	416	666	669	643	658	660	682	684	685	686	686
Fees and charges	-	2	2	2	2	2	2	2	2	2	2
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	16	12	13	13	13	13	13	14	15	15	15
Total operating funding	504	776	781	757	776	779	805	810	816	819	824
Applications of operating funding											
Payments to staff and suppliers	516	688	707	727	746	765	785	804	823	844	863
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	32	32	34	37	36	37	39	38	39	43	42
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding	548	720	741	764	782	802	824	842	862	887	905
Surplus (deficit) of operating funding	(44)	56	40	(6)	(6)	(22)	(20)	(32)	(47)	(67)	(81)
Source of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total source of capital funding	-	-	-	-	-	-	-	-	-	-	-
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(44)	56	40	(6)	(6)	(22)	(20)	(32)	(47)	(67)	(81)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding	(44)	56	40	(6)	(6)	(22)	(20)	(32)	(47)	(67)	(81)
Surplus (deficit) of capital funding	44	(56)	(40)	6	6	22	20	32	47	67	81
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	118	118	113	120	120	120	113	110	118	118	118

Community services and emergency management

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.

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.

Contribution to 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.

Negative effects

Council housing and community buildings require ongoing maintenance, which, if not performed, could result in significant degradation of the assets.

Many activities are highly dependent upon the contributions made by volunteers. Council will seek to assist organisations to recruit and retain volunteers, to provide appropriate training, and to ensure that the volunteer experience is a positive and rewarding one.




Levels of service: Provide services to the communities we serve, including library and dog and animal control services

Measure	Target(s)	2019/20 Result	Community outcomes
Ensure residents are aware of Council community services provided	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)	New measure	 Resilient community  Embracing diversity
Ensure residents are satisfied with community services, including library and dog and animal control services	Survey residents annually on whether they are satisfied with community services (70% of residents satisfied or very satisfied) ¹	Council did not meet the 85% target for the community services it provided Responses for dog control, library and museum services averaged 68%	
Respond in a timely manner to complaints about operations and facilities	Investigate all complaints about operations and facilities within 24 hours, with minor faults remedied within 24 hours of notification	No complaints were received in relation to community and regulatory services	

¹ measured by annual survey, on a scale of very confident, confident, unconfident, very unconfident.

Emergency management

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

Measure	Target(s)	2019/20 Result	Community outcomes
Ensure residents feel prepared and know what to do in an emergency	Survey residents annually on whether they feel prepared and know what to do in an emergency (75% of residents feel prepared or well-prepared) ³	51% of residents said they were well-prepared and know what to do in an emergency 65% said they feel confident that appropriate measures were/will be implemented across all Council facilities and services, due to Council's COVID-19 response	 Resilient community  Embracing diversity  Sustainable action
Ensure residents are aware of emergency management procedures	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)	Regular messages about emergency management were circulated in the Chatham Islands Community Focus Trust weekly newsletters, on our website, and on our Facebook page(s)	
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	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	Due to COVID-19, the Emergency Management Operations Centre remained in use throughout Alert Levels 3-4 and was used as a food bank All emergency equipment was tested quarterly	
Maintain current marine oil spill response preparedness and response capability, which is compliant with the Maritime Transport Act 1994	Ensure at least one water equipment deployment exercise is conducted annually	Due to the COVID-19 pandemic, the annual oil spill training exercise and water deployment exercise was deferred until October/November 2020	

³ measured by annual survey, on a scale of well prepared, prepared, not well-prepared, no opinion.
Levels of service have not changed significantly to those adopted in the Long-Term Plan 2018-28.

Community development & emergency response	Annual Plan 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)	LTP 2028/29 (\$000)	LTP 2029/30 (\$000)	LTP 2030/31 (\$000)
Source of operating funding											
General rates, uniform annual general charges, rates penalties	311	318	326	334	342	351	361	371	383	394	406
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	1,296	695	701	683	699	704	727	733	738	744	750
Fees and charges	-	50	51	53	54	55	57	59	60	62	64
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	176	301	274	277	282	288	292	298	395	311	317
Total operating funding	1,783	1,365	1,352	1,347	1,377	1,398	1,437	1,461	1,576	1,510	1,537
Applications of operating funding											
Payments to staff and suppliers	420	610	627	643	659	676	833	854	877	901	923
Finance costs	-	6	4	3	1	-	-	-	-	-	-
Internal charges and overheads applied	587	592	627	676	659	676	729	711	730	789	768
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding	1,007	1,208	1,258	1,322	1,319	1,352	1,562	1,565	1,607	1,690	1,691
Surplus (deficit) of operating funding	776	157	94	25	57	45	(126)	(104)	(31)	(180)	(154)
Source of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	(67)	(21)	(19)	(21)	(5)	-	-	(90)	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total source of capital funding	-	(67)	(21)	(19)	(21)	(5)	-	-	(90)	-	-
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Reserves	776	90	72	6	37	40	(126)	(104)	(121)	(180)	(154)
Increase (Decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding	776	90	72	6	37	40	(126)	(104)	(121)	(180)	(154)
Surplus (deficit) of capital funding	(776)	(157)	(94)	(25)	(57)	(45)	126	104	31	180	154
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	51	49	45	44	42	39	35	34	33	33	33

Environmental management, protection and monitoring

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.

Contribution to 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.





Negative effects

The control of pest animals and plants requires a range of methods including pesticides. Some people object to any form of animal control especially for game animals. There may also be some objections to the use of chemicals to control pest plants and animals.



Furthermore, if not contained, the introduction and spread of new plant or animal pests pose significant risks for the Chatham Islands.

Consenting and compliance

Levels of service: 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




Measure	Target(s)	2019/20 Result	Community outcomes
Process resource consents within statutory timeframes	Process all resource consents within statutory timeframes Imi and iwi cultural matters are considered as part of the resource consents decision-making process	100% of resource consents were processed within statutory timeframes	 Resilient community  Embracing diversity  Building growth  Sustainable action
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	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	No breaches of the Resource Management Act 1991 or consent conditions reported	
Process liquor licence applications within statutory timeframes	Process all liquor licence applications within statutory timeframes	100% of all applications were processed within statutory timeframes There were five liquor licence renewals, nine manager renewals, four new manager, and four special licence applications issued	
Maintain compliance of food premises	Ensure no issues of non-compliance are identified or reported in connection with food premises	There were no issues of non-compliance identified or reported	
Ensure all dogs are registered and well cared for	Undertake at least one inspection annually of all dogs to ensure they are registered, and to check animal welfare	All areas of the Islands, with the exception of Waitangi township and Pitt Island, were inspected (staff were unable to complete dog inspections during the COVID-19 pandemic)	




Levels of service: Partner with imi, iwi and engage with the community to consult on amendments to the regulatory framework (giving effect to central government's Essential Freshwater package, achieving Te Mana o te Wai)

Measure	Target(s)	2019/20 Result	Community outcomes
Notify changes to the resource management document providing for imi, iwi and community feedback when giving effect to Central Government's Essential Freshwater package across the region.	2021/22: Design changes to the resource management document, which is consistent with national direction. 2022/23 and ongoing: Report to Council on progress of the resource management document.	The Chatham Islands Resource Management Document was approved in June 2020.	 Embracing diversity  Sustainable action

Environmental protection



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

Measure	Target(s)	2019/20 Result	Community outcomes
Prevent incursions and establishment of new terrestrial pest species	Undertake two inspections at identified risk sites for pests annually, with no new pests becoming established (with results of inspections published on our website)	<p>Risk sites were inspected twice. COVID-19 did not impact our pest inspection programme</p> <p>There was an incursion of German Wasps in March 2020. Ongoing surveillance is required, but the population was successfully eradicated</p> <p>A rat dog and its handler assisted with outer Island surveillance after an unauthorised boat landing. Department of Conservation led this work</p>	 Embracing diversity  Building growth  Sustainable action
Reduce animal and plant pest populations in identified sites and/or geographic areas to minimise impacts on primary industry, human health and indigenous biodiversity	<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>	New measure	
Maintain biosecurity of internal borders between Chatham Island, Pitt Island, and mainland New Zealand	<p>Provide at least one training session to freight handlers at major ports supplying the Chatham Islands</p> <p>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</p>	<p>Annual freight handler training sessions occurred via SPS Biosecurity, with regular refresher training provided as-required</p> <p>Four staff have been trained and equipped to carry out marine pest surveillance surveys in partnership with Biosecurity NZ</p> <p>The dive team has now carried out four surveys of all four ports, with no incursion occurrences identified</p>	

Measure	Target(s)	2019/20 Result	Community outcomes
Monitor for invasive marine pests that are present in mainland New Zealand or are likely to arrive from other destinations	Undertake an underwater surveillance programme on all ports on Chatham and Pitt Islands, notifying the Ministry for Primary Industries of any pest incursions	The dive team conducted two surveys of Waitangi, Port Hutt, Kaiangaroa and Owenga ports to assess pest incursions No new invasive marine species were detected. The known infestation of Undaria at Port Hutt appears to have reduced	 Embracing diversity  Building growth  Sustainable action
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	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	Regular messages about biosecurity activities and projects were circulated in the Chatham Islands Community Focus Trust weekly newsletters, on our website, and on our Facebook page	
Work in partnership with others including imi, iwi and Department of Conservation to undertake pest management as an integral part of enhancing biodiversity	Undertake pest management at restoration project sites in conjunction with imi, iwi and Department of Conservation	New measure	

Monitoring

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

Measure	Target(s)	2019/20 Result	Community outcomes
Sample and analyse water quality and quantity	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 Hold community meetings with interested parties, including imi and iwi	All sites monitored and data stored in a database (fully available on request) as well as an annual report displayed on our website	 Embracing diversity  Sustainable action
Monitor river flows and Te Whanga lagoon level with data provided to imi and iwi and made publicly available	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 Record and report regular (at least quarterly) validation/calibration visits	Continuous monitoring of flows and levels at four river hydrometric sites and two Te Whanga sites were maintained with results archived COVID-19 had no impact on this monitoring; information is fully available on request and was audited and analysed in a comprehensive independent report	
Ensure water quality and hydrology data is available to the public	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)	A comprehensive report analysing the past 15 years of water quality and quantity and climate data from the Chatham Islands monitoring programmes was completed at the end of June 2020. This report and a summary of it was provided to Council and made available on our website COVID-19 did not cause any delays in completing this report	

Levels of service have not changed significantly to those adopted in the Long-Term Plan 2018-28.

Environmental protection, compliance & planning	Annual Plan 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)	LTP 2028/29 (\$000)	LTP 2029/30 (\$000)	LTP 2030/31 (\$000)
Source of operating funding											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	612	1,255	1,261	1,216	1,244	1,249	1,291	1,296	1,300	1,302	1,305
Fees and charges	-	39	40	41	42	43	44	45	47	48	50
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	112	69	70	72	72	74	73	75	74	77	77
Total operating funding	724	1,363	1,371	1,328	1,358	1,366	1,408	1,416	1,421	1,427	1,432
Applications of operating funding											
Payments to staff and suppliers	1,031	971	997	1,023	1,050	1,076	1,103	1,131	1,161	1,189	1,218
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	279	281	298	321	313	321	346	337	346	374	365
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding	1,310	1,252	1,295	1,344	1,363	1,397	1,449	1,468	1,507	1,563	1,583
Surplus (deficit) of operating funding	(586)	111	77	(15)	(5)	(31)	(41)	(53)	(86)	(137)	(151)
Source of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total source of capital funding	-	-	-	-	-	-	-	-	-	-	-
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in Reserves	(586)	111	77	(15)	(5)	(31)	(41)	(53)	(86)	(137)	(151)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding	(586)	111	77	(15)	(5)	(31)	(41)	(53)	(86)	(137)	(151)
Surplus (deficit) of capital funding	586	(111)	(77)	15	5	31	41	53	86	137	151
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Excludes non-cash items of depreciation and amortisation expenditure	8	8	6	7	6	5	3	2	2	2	2



Council funding impact statement

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

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

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

Council	Annual Plan 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)	LTP 2028/29 (\$000)	LTP 2029/30 (\$000)	LTP 2030/31 (\$000)
Source of operating funding											
General rates, uniform annual general charge, rates penalties	311	318	326	334	342	351	361	371	383	394	406
Targeted rates	266	313	320	328	336	345	354	365	376	387	399
Subsidies and grants for operating purposes	5,173	5,993	6,084	5,906	6,020	6,231	6,403	6,441	6,592	6,590	6,603
Fees and charges	71	102	104	107	109	112	115	118	122	125	129
Interest and dividends from investments	60	56	57	58	59	60	61	62	64	65	66
Local authorities fuel tax, fines, infringement fees, and other receipts	566	628	486	487	493	502	505	513	613	528	536
Total operating funding	6,447	7,410	7,377	7,220	7,359	7,601	7,799	7,870	8,150	8,089	8,139
Applications of operating funding											
Payments to staff and suppliers	4,090	6,223	6,545	6,755	6,795	7,138	7,546	7,608	7,933	8,185	8,220
Finance costs	24	6	4	3	1	-	-	-	-	-	-
Other operating funding applications	1,763	-	-	-	-	-	-	-	-	-	-
Total application of operating funding	5,877	6,229	6,549	6,758	6,796	7,138	7,546	7,608	7,933	8,185	8,220
Surplus (deficit) of operating funding	570	1,181	828	462	563	463	253	262	217	(96)	(81)

Council	Annual Plan 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)	LTP 2028/29 (\$000)	LTP 2029/30 (\$000)	LTP 2030/31 (\$000)
Source of capital funding											
Subsidies and grants for capital expenditure	2,239	3,428	2,479	2,182	2,680	2,992	2,630	2,678	2,988	2,588	2,753
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	138	(67)	(21)	(19)	(21)	(5)	-	-	(90)	-	-
Gross proceeds from sale of assets	-	119	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total source of capital funding	2,377	3,480	2,458	2,162	2,659	2,987	2,630	2,678	2,898	2,588	2,753
Application of capital funding											
Capital expenditure											
- To meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- To improve the level of service	-	1,634	492	257	1,029	810	105	110	281	883	91
- To replace existing assets	2,544	2,261	2,445	2,222	2,016	2,590	2,884	2,933	3,115	2,058	3,037
Increase (decrease) in reserves	403	766	349	146	177	50	(106)	(103)	(281)	(449)	(456)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding	2,947	4,661	3,286	2,625	3,222	3,450	2,883	2,940	3,115	2,492	2,672
Surplus (deficit) of capital funding	(570)	(1,181)	(828)	(462)	(563)	(463)	(253)	(262)	(217)	96	81
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation of operating funding to statement of comprehensive revenue and expense											
Surplus (deficit) of operating funding	570	1,181	828	462	563	463	253	262	217	(96)	(81)
Subsidies and grants for capital expenditure	2,239	3,428	2,479	2,182	2,680	2,992	2,630	2,678	2,988	2,588	2,753
Depreciation	(2,292)	(2,857)	(3,081)	(2,057)	(2,172)	(2,377)	(2,566)	(2,765)	(3,170)	(3,331)	(3,378)
Share of surplus of associate	-	133	150	150	-	-	-	-	-	-	-
Movement in revaluation	-	-	10,262	-	-	-	-	11,249	-	-	-
Surplus/(deficit) before taxation per statement of comprehensive revenue and expense	517	1,885	10,638	737	1,071	1,078	317	11,424	35	(839)	(706)



Our financial information

Responsibility for Financial Statements

Council is responsible for the prospective financial statements presented in this Long-Term Plan, and believe that appropriate assumptions have been used to produce these prospective financial statements and that all disclosure requirements have been met.

The forecast Financial Statements of this Long-Term Plan provide information on the budgets for all of Council and are comprised of:

Our significant forecasting assumptions

This details key assumptions made in compiling our financial information. Price level adjusters and assumptions with high financial risk are detailed, along with analysis on the impact of assumptions used.

Accounting Policies

Accounting policies are compliant with International Public Sector Accounting Standards for Public Benefit Entities (PBE IPSAS) and provide detail on how Council applies the standards to the Prospective Financial Statements.

Our prospective Financial Statements

These statements include the Prospective Statement of Comprehensive Revenue and Expense, Prospective Statement of Financial Position, Prospective Statement of Changes in Equity and Prospective Statement of Cash Flows for Council, which are in all annual plans and reports.

The purpose of these prospective Financial Statements is: to provide integrated decision-making and coordination of the resources of the local authority; and contribute to the accountability of the local authority to the community and to provide a long-term focus for the activities of the Council. The information in these statements may not be appropriate for purposes other than those described.

Actual financial results are likely to vary from that forecast within this Plan. These Prospective Financial Statements are a forecast for 10 years, based on the latest information and knowledge at hand, and in conjunction with assumptions considered appropriate at that time.

A new Long-Term Plan will be produced in three years' time. Annual Plans will be produced for intervening financial years.

Reserve funds

Reserve Funds detail the funds Council holds for specific purposes and how the balances of the funds move between years one and ten of this Plan.

Long-Term Plan disclosure statement

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

Statement concerning balancing the budget

In all but the last two years of the Long-Term Plan, Council plans to maintain a balanced budget with an after-tax surplus forecast for each year. Although not confirmed, Council assumes future Crown contributions will cover all operating requirements, with the next funding review expected in 2024/25. If funding is below expectation, expenditure will be reduced. For these reasons Council considers where there is an unbalanced budget, reserve use is prudent.

Financial assumptions

Revenue assumptions

Annual Crown contribution:

The Council in recent years received an annual appropriation of \$3.2 million as a contribution to the cost of Council's statutory responsibilities.

A Deed of Funding agreeing to provide ongoing support with the Crown exists. Currently, there is no confirmed level of financial support. Furthermore, the level of support is not reviewed for need, nor is it adjusted for anticipated inflationary movements. The confirmation of actual funding Council will receive is not determined until May each year, as part of the appropriation process, so a significant level of uncertainty related to funding exists.

In the May 2020 appropriation, it was indicated additional funding would be provided to assist with the ongoing financial viability of the Council. The indicated increases have been incorporated into the financial assumptions, with the increase indicated in the 2023/24 financial year being applied over the remaining 10-years of the budget. At the end of the period, it is assumed the annual appropriation will be adjusted to include additional funding to reflect inflationary movements over time, provide assistance with debt repayments supporting an asset replacement programme and additional rental costs associated with supported new projects, including the potential rental of an emergency management operations facility in partnership with other associated entities.

If the additional level of funding is not acquired, all unfunded capital works programmes will be deferred and expenditure will need to be reduced.

Waka Kotahi NZ Transport Agency subsidy rates:

The current Funding Assistance Rate provided by Waka Kotahi is 88% of total roading expenditure. It is assumed the financial subsidy will remain constant over the 10-year period of the Long-Term Plan. The difference between roading expenditure and the Waka Kotahi grant is expected to be funded from targeted rates and allocated general funds (which includes the annual Crown contribution).

A programme of work for the three-year period ending 2024 has been submitted to Waka Kotahi for approval, expected to remain under consideration until August 2021. We have assumed the full programme of works will be approved with a consistent rate of assistance. Capital works that are to improve the level of service as opposed to replacing existing assets, are subject to a higher level of uncertainty associated with the Waka Kotahi grant being approved. An adjustment to reflect this uncertainty has not been factored into the financial forecast. Variations in the Waka Kotahi approved programme or level of subsidy may require Council to review and amend its roading programme.

The approved Waka Kotahi programme will cover a three-year period cycle, any approved funds unspent at the end of a year, will be carried across to the next year.

Rating base and remissions:

The number of rateable properties is not expected to change significantly over the 10-year period.

Council assumes any ratepayer financial hardships will be managed through the rates remission and postponement policy.

Expected interest rates on investments:

Interest received is based on average cashflows over the 10-year period, applied to the expected Business and Economic Research Limited (BERL) 90-day interest rates. It is assumed the Crown contribution will be paid annually in advance allowing a small interest amount to be received.

Expenditure assumptions

Future price changes

Future price level adjustments are based on those recommended to local Government by BERL. The roading operating and capital expenditure inflation rates are based on the BERL roading rates, with no adjustment made, as the majority of materials are sourced on the island.

The Chatham Islands' isolation and small population result in a higher cost of living overall compared with the rest of New Zealand. Freight and Council dues inflate the cost of all goods imported from the mainland, and the small, remote consumer base drives up the cost of utilities and other services like air transport. To incorporate the higher costs of living and transportation impacts into Council's budgetary assumptions, an additional adjustment of 0.75% to expenditure price movements has been made.

Expected interest rates on borrowing:

Interest rates on existing loans have been applied based on actual rates (between 5.37% and 7.62%). Interest expense on new loans has been applied using expected rates provided by the Local Government Funding Agency (between 1.73% and 2.14%).

Due to the uncertainty of funding and cash flows, debt has been planned for in short intervals, with interest and bank charges based on historic levels.

Depreciation rate assumptions:

Depreciation rates are set in the roading asset management plans or other strategic documents and are consistent with levels disclosed in our Accounting Policies.

Depreciation is not currently funded for infrastructural assets.

Contracts with external service providers:

Council has engaged the services of several organisations to fulfil its statutory responsibilities. This includes: regional council support, infrastructural engineering services, and road, water, and wastewater maintenance.

These contracts will be up for renewal over the period of the Long-Term Plan. It is assumed when the contracts are tendered there will be no significant change in the cost of these services or the financial support for them, except as adjusted for inflation and the cost of meeting any revised compliance requirements.

Asset assumptions**Timing and level of capital expenditure:**

There is a significant risk that capital projects are delayed or may not occur when planned. This may have an impact on the projected future costs of the project, creating a risk that costs may vary from that estimated. Council will not proceed with capital expenditure, until funding for the work is confirmed. If a project is delayed, linked funding, including grants and borrowing will also be deferred.

Revaluation of non-current assets:

Revaluations of non-current assets are assumed to occur at five-yearly intervals for roading and other infrastructural assets. Inflationary movements for revaluation of Council's assets are based on cumulative movements from that recommended by Business and Economic Research Limited (BERL) for local government capital expenditure since the last valuation date.

Useful lives and frequency of asset replacement:

Depreciation rates for each asset group have been calculated using rates included in our Accounting Policies.

Depreciation rates are based on the expected useful life analysis performed by registered valuers in line with the requirements of Accounting Standards.

Estimated asset replacement frequency is based on these useful life indicators along with other strategic documents, including our Roothing Activity Management Plans.

However, past experience demonstrates that projects are often delayed due to funding or capacity constraints.

Capital expenditure will only occur if funding arrangements to support the work are confirmed. The Council does not have the resources to fund renewals from depreciation. Therefore, unfunded capital projects may be transferred between years to ensure that scheduled capital expenditure is completed over the life of this 10-year plan. Such an approach could potentially mean there is further deterioration of existing assets.

Liability assumptions**Borrowing:**

It is assumed that Council will have the facilities to secure funding as required throughout the term of this Long-Term Plan and additional funding will be provided through the annual Crown contribution to meet all debt repayment obligations. Borrowing terms for new capital expenditure is assumed to be over 10 years.

Other assumptions**Population changes:**

It has been assumed that the population base will remain stable for the foreseeable future and the cost of living relative to household income will not influence families to migrate elsewhere. Census data indicates the Islands' population has been declining at an average rate of 0.6% yearly between 1986 and 2018. The population of the Chatham Islands was 663 as counted in the 2018 census and 836 in the

1986 census. Over the same period, the number of occupied dwellings on the Islands has remained relatively constant, increasing slightly from 230 in 1986 to 282 in 2018.

With a population base that is assumed to remain relatively static or slightly declining over time, Council is not anticipating any additional or increased demand on the infrastructural assets to that currently in existence and therefore expects no significant change to operating or capital expenditure due to population movements. A faster change in population will impact on the level of demand and service levels and may increase the risk of asset failure. Additional funding will be required to meet any increased demand.

Although growth remains static, it is noted that the population of the Chatham Islands is ageing. According to census data, 26.9% of the population is aged over 65 years of age, compared with 15.2% for all of New Zealand. Better township environments for pedestrians that cater for those with mobility impairments will be important to ensure accessibility for our ageing population. Council is committed to ensuring there are appropriate facilities and services to meet the needs of our community, while also ensuring rates remain reasonable.

Changes in land use:

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

The Chatham Islands Resource Management Document provides mechanisms that allows for development within existing zones. Resource consents issued over the past 10 years have been nominal. Whilst some development may occur over

the course of the next ten years, potentially requiring a change in land use or zoning requirements, this is unlikely to have a significant impact.

Levels of service:

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

Opportunities for shared services:

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

Legislative change:

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

No provision has been made for the impact of legislative or other changes in the Long-Term Plan. Council does not have the ability to fund higher levels of expenditure driven by legislative change, unless additional funding support is provided from Central Government. If such funding is not provided, the Council will be unable to comply with the legislation.

Climate change:

No significant impacts in the next 10 years related to climate change impacts is included in the financial forecast. However, it is acknowledged that planning is required.

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

Flooding – More heavy rainfall will increase the risk of flooding on the islands. For instance, higher water levels in Te Whanga lagoon after heavy rainfall could increase the risk of surface flooding of nearby roads.

Coastal hazards – Coastal roads and infrastructure may face increased risk from coastal erosion and inundation, increased storminess and sea-level rise.

Biosecurity – Warmer, wetter conditions could increase the spread of pests and weeds.

As a group of islands, we are increasingly vulnerable to the impacts of climate change. Any change to the land or water level pose a threat to our way of life for current and future generations. Council is committed to taking a collaborative approach to addressing any identified local causes and impacts of climate change, which includes strategically varying our core Council infrastructure and internal policies to reduce or mitigate any greenhouse gas emissions.

We are also working to protect and enhance our natural environment to ensure we meet our obligations. We take these steps to enable our community to remain buoyant in response to any climate changes. Such costs of meeting our climate change obligations are expected to be absorbed into our current financial projections.

Resilience of infrastructure related to natural hazards:

Financial estimates exclude the financial implications of a natural disaster as it is not possible to quantify any impact on Council. Although Council is insured, not all costs would be covered.

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

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

Key infrastructural assets may be potentially damaged from such events where the infrastructure is located on the coast such as wharves, bridges, seawalls, roads, pipelines, and pump stations.

If infrastructure is damaged, roading repair work will fall under the Waka Kotahi NZ Transport Agency programme, and water and wastewater repairs will fall under the operations and maintenance contract, with any additional repair cost being funded through the Chatham Islands Mayoral Relief Fund. If necessary, an application will be made for Crown assistance. Privately owned assets, such as wharves, will be repaired at the owner's expense.

The effects of COVID-19:

No adjustment has been made in the financial forecast for the impact of COVID-19, due to the uncertainties associated with estimating the ongoing impacts. Ability for ratepayer or other user pay contributions, may be limited and there may be other constraints in resources and funding.

In the 2019/20 financial year, additional expenditure providing support to the community occurred, this was supported by way of a Government grant. Council was only financially impacted by a minor increase in staff related costs, employed to assist with the distribution of goods and other support. In this financial forecast, there may be other minor changes due to COVID-19 impacts in the presented financial forecast.

The Three Waters reform:

The Government has launched the Three Waters Reform programme which is expected to reform 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 the Long-Term Plan and completing our financial forecast, it is assumed that the responsibility for managing the Three Waters programme, including providing levels of service, collection of rates, and payment of operating and capital expenditure (including any associated debt repayment), will rest with the Council.

The Local Government Review

The Government is to compete a Ministerial Inquiry assessing the Future for Local Government. The review will consider aspects of Local Government roles, functions, and partnerships; representation and governance; and funding and financing. The review is expected to be completed by 2023, with recommendations likely to take effect after 1 July 2024. The impact of the review remains unclear. However, council has prepared the Long-Term Plan on the assumption the existing role and functions will continue for the life of the plan. Any changes will be incorporated in the 2024-34 Long-Term Plan.

Financial statements

Statement of Comprehensive Revenue and Expense

	Actual 2019/20 (\$000)	Annual Plan 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)	LTP 2028/29 (\$000)	LTP 2029/30 (\$000)	LTP 2030/31 (\$000)
Revenue												
General rates	331	311	318	326	334	342	351	361	371	383	394	406
Targeted rates	261	266	313	320	328	336	345	354	365	376	387	399
Grants & subsidies	7,133	7,412	9,421	8,563	8,088	8,700	9,223	9,033	9,119	9,580	9,178	9,356
Council dues	268	265	265	265	265	265	265	265	265	265	265	265
User pays, fees & charges and other income	226	372	465	325	329	337	349	355	366	470	388	400
Interest	55	60	56	57	58	59	60	61	62	64	65	66
Share of surplus of associate	67	-	133	150	150	-	-	-	-	-	-	-
Total revenue	8,341	8,686	10,971	10,006	9,552	10,039	10,593	10,429	10,548	11,138	10,677	10,892
Expenditure												
Depreciation and amortisation	2,353	2,292	2,857	3,081	2,057	2,172	2,377	2,566	2,765	3,170	3,331	3,378
Employment benefits	973	1,054	1,036	1,067	1,091	1,117	1,145	1,173	1,207	1,242	1,280	1,315
Financial costs	7	24	6	4	3	1	-	-	-	-	-	-
Other expenditure	4,738	4,799	5,187	5,478	5,664	5,678	5,993	6,373	6,401	6,691	6,905	6,905
Total expenditure	8,071	8,169	9,086	9,630	8,815	8,968	9,515	10,112	10,373	11,103	11,516	11,598
Total surplus/deficit	270	517	1,885	376	737	1,071	1,078	317	175	35	(839)	(706)
Comprehensive income												
Increase/decrease in revaluation reserve	-	-	-	10,262	-	-	-	-	11,249	-	-	-
Total other comprehensive income	-	-	-	10,262	-	-	-	-	11,249	-	-	-
Total comprehensive income	270	517	1,885	10,638	737	1,071	1,078	317	11,424	35	(839)	(706)

Statement of Changes in Net Assets/Equity

	Actual 2019/20 (\$000)	Annual Plan 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)	LTP 2028/29 (\$000)	LTP 2029/30 (\$000)	LTP 2030/31 (\$000)
Equity at the start of the year	82,128	84,683	83,682	85,567	96,205	96,942	98,013	99,091	99,408	110,832	110,867	110,028
Total comprehensive income	270	517	1,885	10,638	737	1,071	1,078	317	11,424	35	(839)	(706)
Equity at the end of the year	82,398	85,200	85,567	96,205	96,942	98,013	99,091	99,408	110,832	110,867	110,028	109,322

Statement of Financial Position

	Actual 2019/20 (\$000)	Annual Plan 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)	LTP 2028/29 (\$000)	LTP 2029/30 (\$000)	LTP 2030/31 (\$000)
Current assets												
Cash & cash equivalents	1,504	284	512	933	877	918	901	805	584	225	-	-
Funds held in trust	19	36	-	-	-	-	-	-	-	-	-	-
Current trade and other receivables	967	745	1,272	1,160	1,107	1,164	1,228	1,209	1,223	1,291	1,238	1,263
Total current assets	2,490	1,065	1,784	2,093	1,984	2,082	2,129	2,014	1,806	1,517	1,238	1,263
Non-current assets												
Investment in associate	67	-	200	350	500	500	500	500	500	500	500	500
Loan receivable	-	-	477	432	385	337	288	238	187	135	82	28
Property, plant & equipment	83,991	86,926	85,548	95,810	96,335	97,319	98,449	98,995	110,678	111,052	110,758	110,656
Total non-current assets	84,058	86,926	86,225	96,592	97,220	98,156	99,237	99,733	111,365	111,687	111,340	111,184
Total assets	86,548	87,991	88,009	98,684	99,204	100,238	101,366	101,747	113,172	113,204	112,578	112,446
Current liabilities												
Bank overdraft	442	575	-	-	-	-	-	-	-	-	186	796
Trade & other payables	3,331	1,843	1,694	1,796	1,644	1,672	1,774	1,886	1,934	2,070	2,147	2,163
Employee entitlements	111	88	88	91	93	95	98	100	103	106	109	112
Provisions	45	25	25	25	25	25	25	25	25	25	25	25
Current term liabilities	39	260	67	66	68	54	50	51	142	53	54	28
Total current liabilities	3,968	2,791	1,875	1,978	1,830	1,847	1,947	2,062	2,204	2,254	2,521	3,124
Non-current liabilities												
Term liabilities	182	-	567	501	432	378	328	277	135	82	28	-
Total non-current liabilities	182	-	567	501	432	378	328	277	135	82	28	-
Total liabilities	4,150	2,791	2,442	2,479	2,262	2,225	2,275	2,339	2,339	2,336	2,549	3,124
Net assets	82,398	85,200	85,567	96,205	96,942	98,013	99,091	99,408	110,832	110,867	110,028	109,322
Public equity												
Accumulated funds & reserves	82,398	85,200	85,567	96,205	96,942	98,013	99,091	99,408	110,832	110,867	110,028	109,322
Total public equity	82,398	85,200	85,567	96,205	96,942	98,013	99,091	99,408	110,832	110,867	110,028	109,322

Statement of Cash Flows

	Actual 2019/20 (\$000)	Annual Plan 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)	LTP 2028/29 (\$000)	LTP 2029/30 (\$000)	LTP 2030/31 (\$000)
Cash flow from operating activities												
Receipts from rates revenue	626	568	587	655	666	673	691	717	735	753	785	803
Receipts from grants and subsidies	6,826	7,393	9,038	8,644	8,126	8,659	9,176	9,047	9,109	9,530	9,217	9,338
Receipts from council dues	322	263	248	269	267	263	263	266	265	263	267	264
Interest received	55	64	56	57	58	59	60	61	62	64	65	66
Receipts from other revenue	277	365	381	343	337	328	339	358	364	369	397	396
Cash provided from operating activities	8,106	8,652	10,311	9,968	9,455	9,983	10,529	10,448	10,534	10,980	10,730	10,867
Payments made to employees	(950)	(1,016)	(1,036)	(1,064)	(1,089)	(1,115)	(1,143)	(1,171)	(1,204)	(1,239)	(1,277)	(1,312)
Interest paid	(7)	(24)	(6)	(4)	(3)	(1)	-	-	-	-	-	-
Other payments to suppliers	(4,515)	(4,805)	(5,038)	(5,372)	(5,814)	(5,648)	(5,891)	(6,262)	(6,352)	(6,555)	(6,828)	(6,889)
Cash required for operating activities	(5,473)	(5,845)	(6,080)	(6,440)	(6,906)	(6,763)	(7,033)	(7,432)	(7,556)	(7,794)	(8,105)	(8,201)
Net cash flow from operating activities	2,634	2,807	4,231	3,528	2,548	3,219	3,495	3,016	2,978	3,186	2,626	2,666
Cash flow from investing activities												
Purchase of fixed assets	(2,806)	(2,538)	(3,895)	(3,081)	(2,582)	(3,156)	(3,507)	(3,112)	(3,199)	(3,544)	(3,037)	(3,276)
Sale (purchase) of other assets	(33)	-	119	-	-	-	-	-	-	-	-	-
Net cash flow from investing activities	(2,840)	(2,538)	(3,776)	(3,081)	(2,582)	(3,156)	(3,507)	(3,112)	(3,199)	(3,544)	(3,037)	(3,276)
Cash flow from financial activities												
Loans raised	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of loans	(39)	(62)	(34)	(26)	(22)	(22)	(5)	-	-	-	-	-
Net cash flow from financial activities	(39)	(62)	(34)	(26)	(22)	(22)	(5)	-	-	-	-	-
Increase/(decrease) in cash held	(245)	207	421	421	(56)	41	(17)	(96)	(221)	(358)	(411)	(610)
Opening cash balance	(147)	(462)	91	512	933	877	918	901	805	584	225	(186)
Closing cash balance	(392)	(255)	512	933	877	918	901	805	584	225	(186)	(796)

Statement of accounting policies

Reporting entity

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

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

The prospective financial statements of Chatham Islands Council are for the period 1 July 2021 to 30 June 2031. They were authorised for issue by Chatham Islands Council on 29 June 2021. The prospective financial information will next be reviewed as part of the 2022/23 Annual Plan process. The accounting policies have been applied consistently to all periods presented in these prospective financial statements.

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

Basis of preparation

The financial statements are prepared in accordance with the requirements of the Local Government Act 2002, which requires information to be prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

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

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

Changes in accounting policies

PBE IPSAS 41 – Financial Instruments, this standard becomes effective for the year ending 30 June 2023. Council has elected to early adopt the standard and applied it in preparing the Long-Term Plan from 1 July 2021. The early adoption of the standard may have minor variances to that of previous periods, including the 2019/20 Annual Report and the 2020/21 Annual Plan, refer to these documents for the relevant accounting policies applied for that period.

The main changes resulting from the introduction of this standard are:

- The introduction of a new classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held.
- The application of a forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing

- The introduction of a hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

It is considered there are no substantive differences between the new standard and that currently applied by Council.

PBE FRS 48 – Service performance reporting, this standard becomes effective for the year ending 30 June 2023. The Council has not early adopted this standard and not assessed the effects of this new standard.

Measurement base

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

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

Critical financial assumptions, judgements and estimations

These prospective financial statements have been prepared in compliance with PBE IPSAS, specifically PBE FRS 42 Prospective Financial Statements.

The financial statements require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. These estimates and the associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and, if applicable, future periods if the revision affects both current and future periods.

The 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

- 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 have transferred substantially all the risks and rewards of ownership.

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 a 25% interest in the Chatham Islands Housing Partnership Trust. The purpose of the Charitable Trust is to relieve hardship caused through isolation and reduced access to housing.

The reporting date of the Chatham Islands Housing Partnership Trust is 31 March. There are no significant restrictions on the ability of the associate to transfer funds to the Council in the form of cash dividend or similar distributions, or to repay loans or advances.

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.

Infrastructure assets

Roading: Roothing assets (excluding land under roads) were revalued by Stantec Ltd (Registered Engineers) at depreciated replacement cost, as at 30 June 2018. Subsequent additions are included at cost. Land under roads is recorded at cost and is not depreciated.

Storm water and sewerage reticulation: The reticulation systems were valued by Stantec Ltd as at 30 June 2018. The valuation provided is depreciated replacement cost. Subsequent additions are included at cost.

Solid waste: Solid waste assets were valued by Stantec Ltd as at 30 June 2018. The valuation provided is depreciated replacement cost. Subsequent additions are included at cost.

Water: The reticulation systems were valued by Stantec Ltd at depreciated replacement cost as at 30 June 2018. Subsequent additions are included at cost.

Harbour: Harbour assets were valued by Stantec Ltd at depreciated replacement cost as at 30 June 2018. Subsequent additions are included at cost.

Depreciation

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

Asset	Years
Operational assets	
Vehicles	5–10 years
Furniture/fittings	5–10 years
Buildings	25–50 years
Office equipment	5 years
Parks and reserves	25 years
Infrastructure assets	
Roading	
Top surface (seal)	10 years
Pavement (base course) Sealed Unsealed	60 years 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 years
Bridges	60 years
Water reticulation	
Pipes, valves, hydrants	25 years
Pump stations	5–35 years
Tanks	80 years
Sewerage reticulation	
Pipes and other reticulation assets	60–80 years
Solid waste	
Landfill, transfer stations and other assets	5–35 years
Storm water system	
Pipes	40–60 years
Harbour	
Owenga Wharf	50 years

Intangible assets

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

Amortisation

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

Asset	Years
Computer software	5 years

Impairment of property, plant and equipment and intangible assets

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

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

Trade and other payables

Short-term payables are recorded at their face value.

Employee benefit liabilities

Provision has been made in respect of the Council's 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.

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 2020, the entity was dormant and had no assets or liabilities, nor has the entity made any transactions during the year. Therefore the parent and group accounts are the same. The Council expects this situation to remain consistent over the 10-year period, unless a significant natural disaster occurs, requiring a funding body to apply for and distribute grant funds.

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.

Movement in equity reserves

Asset	Opening balance 1 July 2021	Increases	Decreases	Closing balance 30 June 2021
General Funds Income appropriation account to fund future development	41,076	5,674	(1,545)	45,205
Emergency Services Reserve Funds are set aside for emergency events such as natural disasters	250	-	-	250
Mayoral Relief Reserve Funds are set aside for emergency relief	25	-	-	25
Asset Revaluation Reserve Reserves generated by revaluations in property, plant and equipment and other assets	42,331	21,511	-	63,842
Total Equity	83,682	27,185	(1,545)	109,322

Prudence Graphs

Long-Term Plan disclosure statement for the period commencing 1 July 2021

Purpose

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

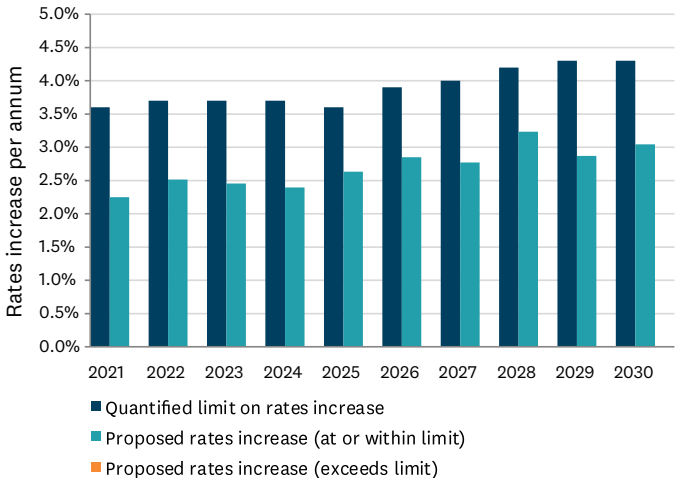
The Council is required to include this statement in its Long-Term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of the terms used in this statement.

Rates affordability benchmark

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

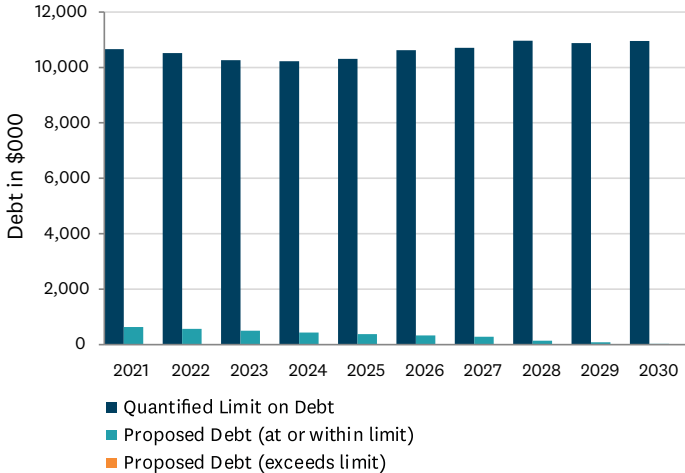
Rates (increases) affordability

The following graph compares the Council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this Long-Term Plan. The quantified limit on rates increases is CPI plus 2%.



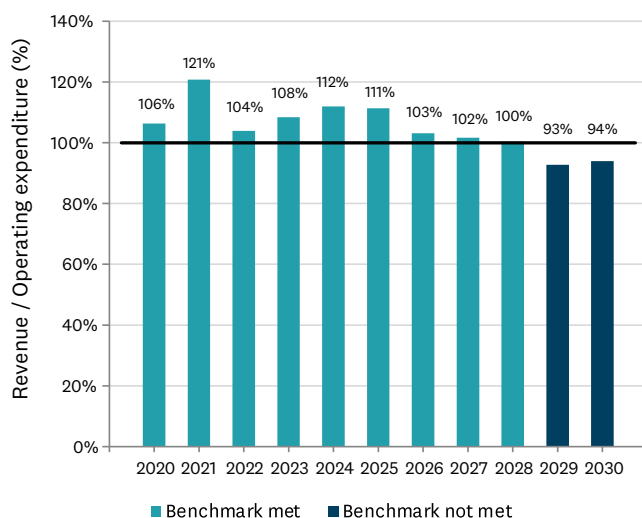
Debt affordability benchmark

The Council meets the debt affordability benchmark if its planned long term borrowing is within each quantified limit on borrowing. The following graph compares the Council's planned long term debt with a quantified limit on borrowing contained in the financial strategy included in this Long-Term Plan. The quantified limit is 175% of total revenue (omitting earmarked capital grants).



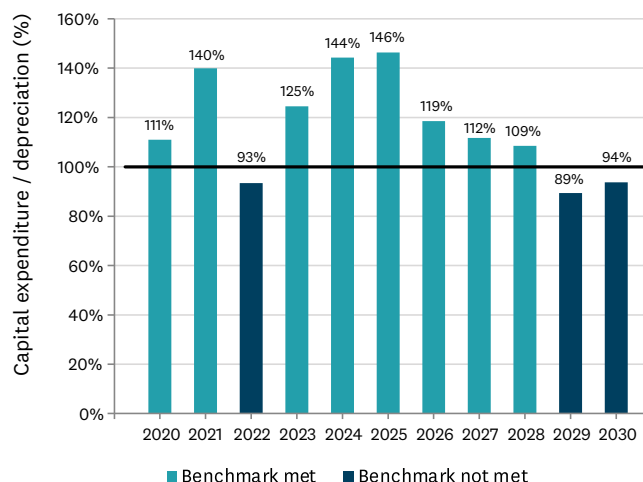
Balanced budget benchmark

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



Essential services benchmark

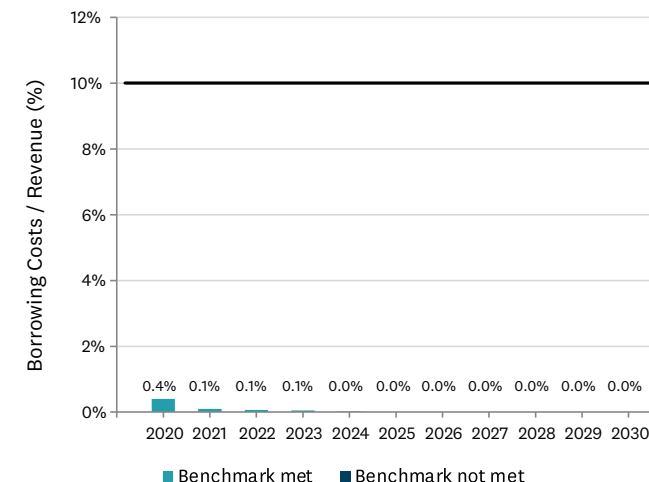
The following graph displays the Council's planned capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt servicing benchmark

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

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





**Funding, and other financial
management policies**

Revenue and financing policy

Guiding principles

To ensure Council manages its finances prudently, the following guiding principles have been applied when considering our funding sources as part of the revenue and financing policy:

- funding sources will be at a level to cover our net funding requirements. If funding is insufficient, planned expenditure will be reduced.
- The primary revenue source will be government grants, but affordability of rates and council dues will be considered.
- targeted rates are collected from properties that are the direct beneficiaries of services where these can be identified with the incidence of rates to be fairly spread where possible.
- the number and costs of projects instigated are acceptable to the community, substantially funded by Government grant.
- the needs of current and future ratepayers are considered, including adhering to limits and ratios set in our financial strategy and other policies.

Funding mechanisms

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

Government and other grants

With the small size of our ratepayer base, Council is unable to operate sustainably from rates alone. Consequently, approximately 88% of our operating and capital funding sources are provided from grants. We rely heavily on Government to support us in supplying essential infrastructure and services to the Islands, in the form of full grant or increased assistance to repay debt. If funding for a capital project cannot be confirmed, works will be delayed until funding is assured. This may result in existing assets deteriorating, due to lack of maintenance and investment and levels of service Council is able to provide may reduce. This is a risk Council has agreed to undertake to ensure intergenerational equity.

The Crown provides Council with an annual contribution to meet our statutory obligations as a council with both regional and district functions. Levels of assistance are currently confirmed annually in May as part of the budget announcement. The approach to funding Council creates a lack of funding certainty for Council. Council budgets for either future indicative amounts, or if unknown, prior status quo funding levels. Operational and capital expenditure budgets are adjusted once support is confirmed.

Financial support is also provided by the Waka Kotahi for road works, currently negotiated support is at 88% of total operational and capital expenditure, we expect this level of support to continue.

Rates

Most of our funding sources are provided from grants, leaving approximately 6% of funding provided from general and targeted rates.

Historically, the amount raised from ratepayers was more nominal in nature, reflecting a level Council felt was a reasonable contribution (including council dues) when compared with what a mainland ratepayer would contribute for a similar level of service.

Given our council is the most remote in location and smallest in size of all New Zealand councils, a meaningful comparison is difficult, especially considering the level of service we can provide to our ratepayers.

To determine whether our rating amount remains reasonable, compared to similar councils of a small or isolated nature, Council will periodically (every three years) review rating and estimated council dues amounts expected to be set and compare with benchmarked councils, ensuring our rates charged remain reasonable for the service provided. If Council considers these to be appropriate, it will remain reasonable to increase levels by estimated inflation until the next review.

Our approach to setting, assessing and assigning rates is further detailed in our rating policy and Council funding impact statement and rating information.

Council dues

A unique aspect of Council is that the Chatham Islands Council Act 1995 allows the Council to charge Council dues. These take the form of a tax on the import and export of goods for transport of goods by sea or air and are payable by the carrier of the goods. The rates of tax vary by commodity, charges are detailed as part of our fees and charges policy.

Council dues are expected to form approximately 2% of Council's funding sources. Council dues are a mechanism for Council to receive a contribution from people or entities working on the island, who benefit from Council services, but do not necessarily contribute financially to Council, as they are not ratepayers. All Council dues are classed as general funds, and allocated across the organisation, to fund all of Council's activities.

Fees, charges and other income

Fees, charges and other income consists of approximately 4% of Council's expected funding. Fees and charges can be applied where the users of a service can be identified and charged according to their use of the service. Fees and charges for a statutory service are set on a cost recovery basis, which incorporates overhead charges. Refer to our statement of fees and charges for a summary of these rates.

Other revenue sources may be used where appropriate to support operational or capital expenditure projects and to reduce the reliance on other funding. The aim is to maximise the return to Council and to use funds to reduce the amount of revenue required to be raised elsewhere.

Where fees, charges and other income can be directed to a particular activity, the revenue will be matched with the corresponding expenditure for the Council activity. Otherwise, other income will be classed as general funds, and allocated across the organisation, to fund all of Council's activities.

Loans and asset sales

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

Development, financial and other lump sum contributions are not normally used as a funding source for Council.

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

Community outcomes activity contributes	Distribution and period of benefits	External factors influencing activity	Rationale of the costs and benefits of distinct funding for the activity
Leadership & Community partnerships:			
<ul style="list-style-type: none"> • Resilient community • Embracing diversity • Building growth 	<p>The community benefits from and contribute to the Council's decision-making process, this includes an open and transparent decision-making process.</p> <p>The benefits occur predominately within the year in which the expenditure is incurred.</p>	<p>Legislative requirements mandate engagement with the community including involving Moriori and Māori in decision-making.</p> <p>The community directs Council through the consultative and election process.</p>	<p>Appropriate engagement with the community ensures a greater awareness and understanding of Island issues, where the Council can make informed decisions.</p> <p>Community representation and engagement is considered a public good. This is because the benefit accrues to individuals equally. All operational and capital costs are funded from the annual Crown contribution and allocated general funds. The contribution of the public to the decision-making process is valuable as it ensures public expectations are known and considered whilst promoting public accountability of Council. This funding source is deemed to be the most efficient and equitable.</p> <p>Funding sources:</p> <p>General funds 34.4%</p> <p>Annual Crown contribution: adjusted to balance activity funding differences</p>
Transportation, roading & coastal networks:			
Roading networks:			
<ul style="list-style-type: none"> • Resilient community • Embracing diversity • Building growth • Sustainable action 	<p>The community benefits from increased transportation links, including moving goods to reach markets and people to work, providing vital connections for economic growth, and greater access and mobility.</p> <p>The benefits accrue immediately and into the future.</p>	<p>Need is created from the public and road users.</p>	<p>Provision of a roading service is considered a public good. Funding will be principally from Waka Kotahi grants. Any shortfall is expected to come from targeted roading rates set as a fixed sum per rating unit, and the remainder from the annual Crown contribution and allocated general funds.</p> <p>Funding sources:</p> <p>Roading targeted rate 100%</p> <p>Waka Kotahi grant 100%</p> <p>General funds 9.0%</p> <p>Annual Crown contribution: adjusted to balance activity funding differences</p>
<ul style="list-style-type: none"> • Resilient community • Building growth 	<p>The community benefits from safer coastal areas for recreation. Commercial and recreational users benefit from safe water transport.</p> <p>The benefits accrue immediately and into the future.</p>	<p>Need is created by recreational and commercial coastal water users.</p>	<p>The provisions of harbour safety and navigation services provide both public and private benefits. The public, including small vessel recreational users benefit from the provisions of these services. User charges are levied on larger vessels and coastal structure owners, who are direct beneficiaries of the services. Remaining operating and capital costs are funded from a mix of Crown contribution and allocated general funds.</p> <p>Funding sources: as above</p>

Community outcomes activity contributes	Distribution and period of benefits	External factors influencing activity	Rationale of the costs and benefits of distinct funding for the activity
Three Waters supply & treatment:			
Potable water:			
<ul style="list-style-type: none"> • Resilient community • Sustainable action 	<p>The community benefits from the potable water supply activity being managed so the impact of the water take does not prove detrimental to the surrounding environment, nor community health.</p> <p>The benefits accrue immediately and into the future.</p>	<p>Need is created from residents connected to the Waitangi and Kaingaroa potable water schemes.</p>	<p>This activity is largely a private service to those connected to the potable water supply scheme. However, there remains public good in that the environment and potable water supply is managed and protected by the scheme.</p> <p>Capital expenditure is to be funded by Government grant or debt.</p> <p>Operating expenditure is funded by a fixed targeted rate on all rating units with a connection to the potable water supply scheme, the annual Crown contribution and allocated general funds.</p> <p>Funding sources:</p> <p>Water targeted rate 100%</p> <p>General funds 2.5%</p> <p>Annual Crown contribution: adjusted to balance activity funding differences</p>
Wastewater:			
<ul style="list-style-type: none"> • Resilient community • Sustainable action 	<p>The community benefits from waste material being processed or disposed of in an appropriate and sustainable manner. These activities will be managed to minimise the impact on the environment.</p> <p>The benefits accrue immediately and into the future.</p>	<p>Need is created from residents and tourists inhabiting the Islands who are connected to the wastewater scheme.</p>	<p>This activity is largely a private service to those connected to the Waitangi wastewater scheme. However, there are public good demands in that the environment is protected by the scheme.</p> <p>Capital expenditure is funded from Government grants. Operating expenditure is funded by a mix of a fixed targeted rate on all rating units with a connection to the wastewater scheme, the annual Crown contribution and allocated general funds.</p> <p>Funding sources:</p> <p>Wastewater targeted rate 100%</p> <p>General funds 3.2%</p> <p>Annual Crown contribution: adjusted to balance activity funding differences</p>
Stormwater:			
<ul style="list-style-type: none"> • Embracing diversity • Sustainable action 	<p>The community benefits from effective drainage on-island and controlling the level of Te Whanga lagoon to prevent flooding.</p> <p>The benefits accrue immediately and into the future.</p>	<p>Need is created from residents.</p>	<p>This activity involves drainage from the public roading network and is largely categorised as a public good.</p> <p>Capital and operating costs are funded from a mix of annual Crown contribution and allocated general funds.</p> <p>Funding sources: as above</p>

Community outcomes activity contributes	Distribution and period of benefits	External factors influencing activity	Rationale of the costs and benefits of distinct funding for the activity
Waste management & minimisation:			
<ul style="list-style-type: none"> • Embracing diversity • Sustainable action 	<p>The community benefits from waste material being processed or disposed of in an appropriate and sustainable manner. These activities will be managed to minimise the impact on the environment.</p> <p>The benefits accrue immediately and into the future.</p>	Need is created from residents and tourists inhabiting the Islands who are connected to the wastewater scheme.	<p>This activity is largely a private service to those connected to the Waitangi Village wastewater scheme. However, there are public good demands in that the environment is protected by the scheme.</p> <p>Capital expenditure is funded from Government grants. Operating expenditure is funded by a mix of a fixed targeted rate on all rating units with a connection to the wastewater scheme, the annual Crown contribution and allocated general funds.</p> <p>Funding sources:</p> <p>Wastewater targeted rate 100%</p> <p>General funds 1.8%</p> <p>Annual Crown contribution: adjusted to balance activity funding differences</p>
Community development & emergency management:			
Community services:			
<ul style="list-style-type: none"> • Resilient community • Embracing diversity 	<p>The community benefits from on-island collaboration opportunities.</p> <p>Benefits accrue both in the immediate and long-term.</p>	Need is created from residents.	<p>The community benefits from Council creating the environment in which communities can enjoy parks and reserves, enhancing health and wellbeing.</p> <p>Capital and operating costs are funded from a mix of Crown contribution, general rates and allocated general funds.</p> <p>Funding sources:</p> <p>General rate 100%</p> <p>General funds 33.3%</p> <p>Annual Crown contribution: adjusted to balance activity funding differences</p>
Emergency Management:			
<ul style="list-style-type: none"> • Resilient community • Embracing diversity • Sustainable action 	<p>The community benefit from maintaining an emergency response capability.</p> <p>Benefits occur mostly in the year the emergency event occurs. However, there is residual benefit from growing knowledge and experience.</p>	Need is created to provide advance warning systems to detect emergency events and providing a response.	<p>A coordinated emergency management system is a public good in respect of reduction, readiness, response, and recovery across the region. Oil spill response is for the public good, but the shipping industry can be identified as an exacerbating factor.</p> <p>Capital and operating costs are funded from a mix of Crown contribution and allocated general funds.</p> <p>Funding sources: as above</p>

Community outcomes activity contributes	Distribution and period of benefits	External factors influencing activity	Rationale of the costs and benefits of distinct funding for the activity
Environmental protection, compliance & planning:			
Biosecurity:			
<ul style="list-style-type: none"> • Embracing diversity • Building growth • Sustainable action 	<p>Individuals and the community benefit from improved image and retention of productive values of land, reducing adverse effects of natural resources.</p> <p>Furthermore, the community benefits from protecting biodiversity by the containment of plant and animal pests.</p> <p>Benefits accrue both in the immediate and long-term.</p>	<p>Individuals and the community who undertake practises which are detrimental to the environment or who wish to foster and enhance the environment are influencing factors.</p> <p>In addition, the community who benefit from the active control of animal and plant pests and the protection of our unique ecosystems.</p>	<p>The provision of biodiversity and biosecurity activities is considered a public good. However, there can be a private element of benefit, with plant and animal pest monitoring and inspection. Therefore, such monitoring and inspection costs will be funded equally from a mix of the Crown contribution, allocated general funds and landowner contributions. All other operating activities to be funded from the Crown contribution.</p> <p>Capital and operating costs are funded from a mix of Crown contribution and allocated general funds.</p> <p>Funding sources:</p> <p>General funds 15.8%</p> <p>Annual Crown contribution: adjusted to balance activity funding differences</p>
Resource management:			
<ul style="list-style-type: none"> • Resilient community • Embracing diversity • Building growth • Sustainable action 	<p>The community benefits from the environmental protection that comes from our activities that follow the Resource Management Act 1991.</p> <p>Benefits accrue both in the immediate and long-term.</p>	<p>Need is created by applicants seeking consent under the Resource Management Act 1991.</p>	<p>Planning, consenting and compliance monitoring is required as a result of the actions or inactions of individuals. Compliance provides an indirect benefit to the public. The allocation of costs to those who cause such costs, through fees and charges, ensures our environment is maintained in accordance with consent conditions, encouraging sustainable use of resources.</p> <p>Other capital and operating costs are funded from a mix of fees and charges, Crown contribution and allocated general funds.</p> <p>Funding sources: as above</p>
Licensing and building:			
<ul style="list-style-type: none"> • Resilient community • Embracing diversity • Building growth • Sustainable action 	<p>Consent holders benefit directly from gaining compliance and holding a consent.</p> <p>All benefits accrue immediately once the consent is issued. Although, there are future benefits throughout the life of the consent.</p>	<p>Need is created by applicants seeking consent under the Building Act 2004 or Sale and supply of Alcohol Act 2012.</p>	<p>Consent and licensing applications are considered a largely private good; therefore, the associated processing costs are to be fully funded by the applicant.</p> <p>Capital and operating costs are funded from a mix of Crown contribution and allocated general funds.</p> <p>Funding sources: as above</p>

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

Rating policy

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

General rates

Council uses capital value to set and assess rates. Capital value is defined as the market value of land, plus the improvements as per the valuation roll.

Council considers general rates are an appropriate basis for funding activities where it is not practicable or cost-effective to identify the individual or group of beneficiaries of the service and charge them for the benefits received or costs imposed. The rationale being that those with more capital are better able to bear the costs. Furthermore, those with more capital are likely to consume more resources and have a greater interest vested in the management of those resources.

Council will set general rates differentially, based on the use to which the land on each rating unit is put. Given the size of the Council and the distribution of wealth, this is considered the most equitable approach to fairly distributing rates within our community.

Council has defined the differential factors below:

General rate category	Description
Infrastructure	Land where the primary use is for public utilities, including telecommunications, potable water, wastewater and energy industries.
Industrial	Land where the primary use is for manufacturing or distributing goods, as defined in our Resource Management Document.
Commercial	Land where the primary use is for retail or wholesale sale of goods or services.
Rural & Residential	Land where the current or intended use includes, but is not limited to, housing (single and multiple dwellings) or rural land resources, which facilitate farming, forestry, quarrying and areas of significant natural, spiritual and cultural value.

General rates will be fully assigned to the community development and emergency management group of activities. The rationale being that funds raised on the island, by way of general rates should be attributed towards the community and focus on enhancing local services, amenities and initiatives for our residents. Council considers this an appropriate model for the allocation of rates.

Targeted rates

Council will apply a targeted rate to those properties which use the service provided. This includes: roading, potable water, wastewater and waste management services provided by the Council.

Rates based on location

The Council deems the Islands as one location, for reasons of rating efficiency and due to the size of the Council, will not apply different rating amounts based on the location of a rating unit.

Separately used and inhabited parts

Council has elected to rate all fixed rates based on the separately used or inhabited parts of a rating unit.

Divisions

A division is the separation of a property record in the District Valuation Roll (DVR) into two or more parts in the Rating Information Database (RID). The purpose of a division is to charge the correct rates liability according to the property's use.

Council has elected to not undertake the division of properties, where there are two or more uses (being the rating categories, or as non-rateable or 50% non-rateable properties). The size of the Council and the additional administrative burden required to collect the additional revenue, means division of properties is not efficient. Rates shall be calculated on a property's primary use.

Where there are contiguous rating units, owned by the same ratepayer, the ratepayer may apply for a remission on additional uniform solid waste and roading charges, applied on a per rating unit basis. Decisions on approving remissions are delegated to the Operations Manager.

Rates payable by instalments

Council provides for rates to be paid in four equal instalments. A ratepayer may elect to pay weekly, fortnightly, monthly by automatic payment through the banking system or by direct debit (weekly fortnightly or monthly). Council also accepts cash.

Any payments received for rates are applied to the oldest debt first.

Minimum economic rate

Council will not collect the rates payable on a rating unit if the sum of those rates is so small as to be uneconomic to collect. Council has determined that it is uneconomic to collect rates owing on any rating unit of less than \$20.00 (including GST) per annum.

Rates penalties

Council applies the following penalties:

- a. A 10% penalty is added on the next day to any balance of any instalment not paid by the due date.
- b. A 10% penalty will be added to any balance that remains unpaid from previous years. This will be added on 6 July of each year, or five working days after Council has passed the rates resolution (whichever is the later).

Three-yearly property re-valuations

Council has chosen to reassess rateable values of properties every three years, the maximum timeframe allowed by the Rating Valuations Act 1998. The next re-valuation is as of 1 September 2021, to be applied to the 2022/23 rating year.

The re-valuation may affect the amounts assessed against individual rating units within each differential rating category relative to other rating units.

Public availability of information

Council may charge a fee for supplying any person with a copy of information from the Rating Information Database.

Objections and disputes

The Local Government (Rating) Act 2002 provides for the right of objection to Council's implementation of their rating policies. Any objections to the allocation of property use to the council differential rating categories needs to be in writing to the Operations Manager for consideration.

Rates remission and postponement policy

A rate remission allows Council, at its discretion and where relevant qualifying criteria are met, to modify the rates liability on applicable rating units in order to ensure an appropriate rate liability.

Postponements allow for the delay in payment of rates in certain circumstances.

Specific areas where rates exemptions or postponements apply include:

- Moriori and Māori freehold land
- Not-for profit community organisations
- Property affected by natural calamity or disaster
- Late payment penalties and
- Financial hardship relief (postponement only)

Remissions policy guidelines - general

All rates remissions are deducted from the rates assessment when the rates are assessed at the start of each rating year.

All applications (except for penalty remissions) must be received one month prior to the rates being assessed. Remissions received after this date will be applied to the following financial year. Rates remissions are not made retrospectively.

Moriori and Māori freehold land remission and postponement policy

The objective of this policy is remove or reduce any financial burden on Moriori and Māori-owned lands that have no occupier, economic or financial benefit derived from the land and there is no practical means of enforcing the rates assessed, granting a remission for the portion of land unoccupied and unproductive. This approach may encourage owners or trustees to use or develop the land.

Moriori and Māori freehold land is defined as land where beneficial ownership has been determined by an order issued by the Māori Land Court, irrespective of whether the owners identify as tchakat henu Moriori or Ngāti Mutunga. Only land that is the subject of such an order may qualify for a remission or postponement of rates under this policy.

Whether rates are remitted or postponed in any individual case will depend on the individual circumstances of each application.

Conditions and criteria

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

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

The Council has a discretion to apply a remission or postponement on rates either fully or partially, based on the following criteria:

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

Not-for-profit community organisations

Council extends the status of non-rateable properties to not-for-profit community organisations, the objective to provide additional support to these organisations and reduce financial commitments. These organisations must deliver social benefits to the community where neither government nor business is best or appropriately placed to do so.

Where a property is used for multiple purposes, the primary use of the property will be used to determine its use (no rating unit division will be undertaken).

The policy is that these rating units will have all general rates remitted.

Conditions and criteria

A qualifying not-for profit community organisation is defined as:

- a. The organisation must be either a registered Charitable Trust or an IRD approved donee organisation.
- b. The organisation and anyone using the organisations property must not be operating any activity for private profit.
- c. The organisation must deliver social benefits as a substantial part of its activities.
- d. The organisation must complete and provide all information requested on the application form and respond to any further enquiry for information to support the application.
- e. As annual declaration form is required to be completed confirming that the organisation still occupies the property and meets the purpose of this policy. This form can be obtained from the Council's office.

Decisions on remission for not-for-profit organisations are delegated to the Operations Manager.

Rates set and assessed on rateable units for schools can apply for a remission of wastewater charges, subject to approval from the Operations Manager.

Property affect by natural calamity or disaster

The objective of this policy is to for rate relief to be provided to assist ratepayers experiencing extreme financial hardship due to a calamity or natural disaster that affects their ability to pay rates.

Conditions and criteria

Remissions approved under this policy do not set a precedent and will be applied only for each specific event and only to properties affected by the event.

Council may remit all or part of any rate on any rating unit where the application meets the following criteria:

- a. Where erosion, subsidence, submersion or other natural calamity or disaster has affected the use or occupation of any rating unit.
- b. It is applicable for each single event and does not apply to erosion, subsidence or other incidences that may have occurred without a recognised major natural calamity or disaster.
- c. Council can set additional criteria for each event where it considers it to be fair and reasonable to do so. This is because the criteria may change depending on the nature and severity of the event and available funding at the time. Council may require financial or other records to be provided as part of the remission approval process.

- d. The extent of any remission shall be determined by Council on a case-by-case basis.

Decisions on remission of Property affected by Natural Calamity or Disaster are delegated to the Operations Manager.

Late payment penalties remission

The objective is to enable Council to act fairly and reasonably in consideration of rates that have not been received by Council by the penalty date, due to circumstances outside the ratepayer's control.

Conditions and criteria

Council's policy is that rates penalties may be remitted under the following criteria:

- a. Remission may be granted where payment has been received after the date fixed for imposition of a penalty charge, provided none of the previous instalments were similarly received late.
- b. Remission may be granted where a ratepayer either:
 - Makes satisfactory arrangements for regular and substantial reduction of arrears (these arrangements are to include the remission of penalty charges as long as such arrangements are fully met); or,
 - provides sufficient information which, if considered genuine and if substantiated with reasonable excuse for late payment, would justify remission for late penalty charges,
 - the circumstances of each case will be taken into consideration on their individual merits.

Decisions on remission of late payment penalties are delegated to the Operations Manager.

Financial hardship rates postponement

The objective of this policy is to receive and consider applications for rates remission in the cases of extreme financial hardship.

Conditions and criteria

Council will consider postponing rates owing on a rating unit in cases of extreme financial hardship.

Council has approved the following criteria for determining the application of this policy:

- a. Ratepayers must apply to Council in writing to be considered. Postponements resulting from applications received and approved during a rating year will be effective from the commencement of the following rating year. No applications will be backdated.
- b. The following essential elements must be met before any postponing is granted:
 - The applicant must be the owner of the rating unit, must reside at the property and the property must be classified within the 'Rural & Residential' rating category. Companies, trusts and other similar ownership structures of these properties do not qualify.
 - Council must be satisfied that extreme financial hardship on any individual exists or would be caused by requiring payment of the whole or part of the rates.
 - The applicant must declare total household income and their total financial position for the purposes of the postponement calculation.
 - The ratepayer must not own any other rating units, investment properties or other realisable assets.

- c. Council will consider each application on its merits, including all of the ratepayer's personal circumstances, including: age, physical or mental disability, injury, illness, and family circumstances when determining whether rate postponement is warranted.
- d. The application will be assessed independently from the Government Rates Rebate Scheme.
- e. A provision of a postponement in any year does not set a precedent for similar postponements in future years.

Decisions on rates postponement due to financial hardship, including postponement length are delegated to the Operations Manager.

Postponed rates are a charge against the property and must be paid either at the end of the postponement term, when the property is sold or until the applicant/occupier ceases to be the occupier, whichever is the earlier.

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

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

Council funding impact statement and rating information

The funding impact statement consists of two parts:

- Rating information for 2021/22,
- Rating samples for 2021/22

The funding impact statement should be read in conjunction with our Revenue and Financing Policy and Rating Policy.

Rating information for 2021/22

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

- General rates
- Targeted rates, including:
 - Service use – roading
 - Service use – potable water
 - Service use – wastewater
 - Service use – solid waste
 - Service use – fish waste discharge

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

General rates

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

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

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

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

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

Source	Differential categories	Percentage of total general rates	Rate in the dollar of capital value (incl. GST)	Rates revenue (incl. GST) (\$)
General rate	Infrastructure	5.0%	0.00314298	17,811
	Industrial	14.5%	0.00630390	51,654
	Commercial	11.0%	0.00405395	41,991
	Rural & Residential	69.5%	0.00188294	254,663
	Total revenue sought			366,119

For the purposes of classification, the differential categories are defined in our rating policy.

Council does not require a uniform annual general charge (UAGC) to be set on any property, due to the minimal number of rateable units in the area and therefore no revenue is sought from this funding category.

Targeted rates

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

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

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

The targeted rates are set and assessed as follows:

Source	Activity for setting a targeted rate	Category for setting targeted rate	Calculation factor	Factor used (\$)		Revenue sought (including GST) 2021/22 (\$)
Targeted rate – service use	Roading	The provision of a roading service.	A per rating unit charge for roading activities	201.32	Fixed amount per unit	89,183
	Potable water supply	The provision of a public potable water supply service.	The number of connections for potable water supply activities – for both Kaingaroa and Waitangi connections.	804.94	Fixed amount per connection	83,714
	Wastewater	The provision of a wastewater service.	A per pan rate for wastewater activities.	836.70	Fixed amount per pan	77,813
	Waste management	The provision or availability of a waste management service.	All rating units on Chatham Island with improvements are charged for waste management activities.	240.00	Fixed amount per rural or residential unit on Chatham Island	75,360
				300.00	Fixed amount per Infrastructure, Industrial or Commercial unit on Chatham Island	15,000
	Fish waste discharge	The provision or availability of fish waste disposal services for fishing businesses.	A rating unit basis to the following rating units 420, 508 and 635	0.0058824	Fixed amount per tonne	19,235
						\$360,306

Warm homes

Council, along with the Energy Efficiency and Conservation Authority and the Chatham Islands Enterprise Trust, provides a warm homes programme for residents. This programme provided subsidies for owners meeting certain criteria to insulate and install clean heating appliances. The difference is funded by way of loan, repaid by the homeowner over 10 years through the rates account. The targeted rate is set to ensure there is sufficient cash to repay the loan over the ten-year period. It is expected this programme and all repayment will be finalised within the 2020/21 financial year. However, minor final repayments and other administrative processes may occur.

Water tank scheme

Council plans to provide a low interest loan to ratepayers who install approved water tanks, which aims to reduce the demand on Council's potable water supply. The loans would be repaid over 10 years through a targeted rate on the property and the loan would be registered on each property's Land Information Memorandum. The costs of supplying the water tanks to the community are expected to be off-set by way of the targeted rate loan.

The water tank scheme is in the early stages and therefore no firm agreements relating to the costs or funding of the project have been settled, including the expected level of support required from central government to enable the scheme to proceed. Council has indicatively agreed to support up to \$500,000 associated with these costs. However, the full process costing (including transportation of tanks to the island) is yet to be finalised.

Whilst the level of ratepayer participation is unclear, there is high public support for this programme, and it is expected the project will address some water supply issues. Council is planning on sourcing the funds through a loan from an external entity such as the Local Government Funding Agency, ANZ Bank or Chatham Islands Enterprise Trust, with additional support to secure the borrowing potentially being required from central government. The water tank loan scheme is expected to start later in year one of the Long-Term Plan. There remains a significant amount of uncertainty related to the costs and funding of the project and therefore failure to supply funding among other aspects may defer the project.

Rates instalment and penalty dates

The following instalment and penalty dates apply for the 2021/22 set rates :

Instalment	Due date	Penalty date
1	14 September 2021	15 September 2021
2	14 November 2021	15 November 2021
3	14 February 2022	15 February 2022
4	14 May 2022	15 May 2022

A penalty of 10% is added to each instalment or part thereof that is unpaid after the last date for payment. Previous year's rates that remain unpaid will have a further 10% penalty added on 6 July.

Future rates

Based on the assumptions and decisions included in this 10-year plan, Council intends to set and assess rates from the sources listed above in each year by the expected rates of inflation, increased by a rate of 0.75%, reflective of the increased cost of providing goods and services on the island, estimated as:

Year	Increase	Year	Increase
2020/21	2.35%	2026/27	2.75%
2021/22	2.45%	2027/28	2.95%
2022/23	2.45%	2028/29	3.05%
2023/24	2.45%	2029/30	3.05%
2024/25	2.35%	2030/31	3.05%
2025/26	2.65%		

Inspection of the rating information database

In accordance with the Local Government (Rating) Act 2002, the District Valuation Roll and Rates Records are available for public inspection at the Council Offices, 9 Tuku Road, Waitangi, Chatham Islands, between the hours of 8:30am and 4:30pm on all business days of the week.

Rating base

For the 2021/22 financial year, it is projected Council will have 665 rating units within the region. Council assumes minimal growth and expects the number of rating units to remain stable over the ten-year period.

The total capital value estimated for 2021/22 is \$176,485,550.

Rating samples table for 2021/22

The table below provides examples of the financial impact of rates on ratepayers in 2021/22 compared with 2020/21.

Sample property *	Capital Value of Property (\$)	General rate 2021/22 (\$)	Targeted rate 2021/22 (\$)	Total rate 2021/22 (\$)	Movement in total rates from 2020/21 to 2021/22 (\$)
Infrastructure	1,270,000	3,991.58	501.32	4,492.90	449.40
Industrial - Waitangi	200,000	1,260.78	2,142.96	3,403.74	234.13
Commercial	129,000	522.96	501.32	1,024.28	177.23
Rural residential - Waitangi	310,000	583.71	2,082.96	2,666.67	157.94
	Capital Value of Property (\$)	General rate 2020/21 (\$)	Targeted rate 2020/21 (\$)	Total rate 2020/21 (\$)	
Infrastructure	1,270,000	3,628.40	139.56	3,767.96	
Industrial - Waitangi	200,000	1,193.44	1,836.13	3,029.57	
Commercial	129,000	544.36	318.74	863.09	
Rural residential - Waitangi	310,000	553.98	1,836.13	2,390.11	

Liability and investment management policy

Liability management

Council's liabilities comprise borrowings and various other liabilities. Council borrows in order to:

- Raise debt to fund specific new or improvements to capital projects.
- Raise finance leases for fixed asset purchases
- Fund assets whose useful lives extend over several generations of ratepayers.

Borrowing limits

Long term debt will be managed within the following limits as shown in the following table as set by the financial covenants of the Local Government Funding Agency (LGFA):

Ratio	Policy limit
Long term debt as a percentage of equity	<10%
Long term debt as a percentage of total revenue (excluding earmarked capital grants)	<175%
Interest as a percentage of total revenue	<20%
Interest as a percentage of annual rates, council dues and Crown contribution income (debt secured under debenture)	<25%
Liquidity as a percentage of external debt	>110%

Notes:

- Long term debt is defined as borrowing commitments of more than one year, it excludes short term overdraft facilities.

- Total revenue is defined as cash earnings from rates, Government grants and subsidies, user charges, interest, dividends, financial, and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).
- Net interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.
- Annual rates income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002.
- Liquidity is defined as external debt plus committed loan facilities plus liquid investments.

Borrowing mechanisms

Council is responsible for the approval of any new borrowing. In approving new debt, council will consider the impact on its borrowing limits as well as the economic life of the asset that is being funded and its overall consistency with Council's Long-Term Plan.

Council can borrow through a variety of market mechanisms, although the preferred method is to directly borrow from ANZ, to retain our on-island banking service (ensuring continuation of our banking services, refer to our investment policy). Council can also borrow from the LGFA.

When evaluating new borrowing in relation to source, term, size and pricing of debt, Council must ensure any terms result in:

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

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

Security

Council's external borrowings and interest rate risk management instruments will generally be secured by way of a charge over its Council dues and/or rates and rates revenue offered through a deed of charge, debenture or debenture trust deed. Under a deed of charge, debenture or debenture trust deed, Council's borrowing is secured by a floating charge over all Council dues acquired under the Chatham Islands Act 1995 or for council rates, levied under the Local Government (Rating) Act 2002. The security offered by council ranks equally with other lenders.

From time to time, and with Council approval, security may be offered by mortgage over the property being purchased or upgraded.

Debt repayment

The funds from all asset sales and operating surpluses will be applied to the reduction of debt and/or a reduction in borrowing requirements, unless Council specifically directs that the funds will be put to another use.

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or renegotiated as and when appropriate.

Loans and contingent liabilities

Loans and advances can be made to community organisations/individuals to facilitate the ongoing provision of community services or recreational opportunities. These are usually at a lower than commercial interest rate.

Council sets the criteria for applications for any other loans or advances as they are granted. Council as a rule is not a lender of money. Council must be satisfied that the potential for capital loss is minimal by applying the following:

- where possible, securing a charge over collateral security realisable on default
- ensuring the organisation/ratepayer is financially stable and the ongoing cashflow is sufficient to service the loan

Council may act as guarantor to financial institutions or individuals on loans or enter into incidental arrangements for organisations, clubs or trusts, when the purposes of the loan are in line with Council's strategic objectives.

Investment policy

Council generally holds investments for strategic reasons, including retaining a local banking facility on-island or where there is some other community, social, physical or economic benefit accruing from the investment activity. Generating a commercial return on strategic investments is considered a secondary objective.

Council recognises that as a responsible public authority, all investments held should be low risk. Council also recognises that low risk investments generally mean lower returns.

In its financial investment activity, only approved creditworthy counterparties are acceptable. Council's primary objective when investing is to ensure the continuance of a trading bank on the Islands and therefore, surplus funds will be utilised to repay borrowings and any surplus cash will be invested with the ANZ Bank or other on-island agencies at the best available negotiated rate. Investments held with ANZ bank will mature in less than three months and are held for working capital purposes.

Council will act effectively and appropriately to:

- Protect council's investments by only transacting with counterparties and instruments that are detailed in this policy to ensure investments are risk averse and secure
- Ensure investments benefit council's ratepayers
- Maintain a prudent level of liquidity and flexibility to meet both planned and unforeseen cash requirements.

Acquisition of new investments

With the exception of approved financial investments, new investments are acquired if an opportunity arises and approval is given by the appropriate Council committee, based on advice and recommendations from Council officers. Before approving any new investments, Council must give due consideration to the contribution the investment will make in fulfilling Council's strategic objectives, and the financial risks of owning the investment.

The authority to acquire financial investments is delegated to the chief executive.

Investment mix

Council may maintain investments in the following assets from time to time:

- Equity investments, including investments held in Council controlled organisations and other shareholdings
- Property investments incorporating land, buildings, a portfolio of ground leases and land held for development
- Forestry investments
- Financial investments
- Other investments approved by Council.

Financial investments

Council's investment portfolio will be arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due. Council prudently manages liquid financial investments as follows:

- Any liquid investments must be restricted to a term of no more than 91 days and must be with an approved counterparty
- Interest income from financial investments is credited to general funds, except for income from investments for other funds where interest may be credited to the fund.

Disposal of investments

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

Monitoring and reporting

Investments and associated risks are monitored and managed, and regularly reported to Council by the chief executive, who is also responsible for recommending investment strategies to the Council. Council will receive a quarterly statement of investment balances and interest rates, and income received compared to budget.

Risk management

The definition and recognition of interest rate, liquidity, funding, investment, counterparty credit, market, operational and legal risk of council as detailed below applies to both the Liability Management Policy and Investment Policy.

Credit risk exposure

Dealing in interest rate products must be limited to financial instruments approved by Council. For cash management, investments and borrowing, approved instruments include: bank overdraft, cash advance (for short term and long-term loan facilities), call deposits, short-term bank deposits and borrowing through the Local Government Funding Agency.

Any other financial instrument must be specifically approved by Council on a case by case basis, and only be applied to the one single transaction being approved.

There is no minimum credit rating requirements imposed by the Council on its lenders, nor is there any limit on the level of borrowing to which the Council may commit from any one lender.

Liquidity risk management

Liquidity risk management focuses on the ability to access committed funding at a future time to fund gaps. Funding risk management centres on the ability to refinance or raise new debt at a future time at the same or more favourable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities. The Council minimises its liquidity risk by timing expenditure payments to match expected cash inflows from its revenue sources or investments maturing, where there is an expected cash shortfall, Council will utilise an overdraft facility to manage the cashflow difference.

Policy on development or financial contributions

Interest rate risk management

Interest rate risk is the risk that funding costs or investment returns (due to adverse movements in market interest rates) will materially exceed or fall short of projections included in the Long-Term Plan or Annual Plan, so as to adversely impact revenue projections, cost control, and capital investment decisions/returns and feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty relating to interest rate movements by fixing investment returns or funding costs. Certainty around funding costs is to be achieved through proactive management of underlying interest rate exposures.

To manage debt and borrowings, a fixed interest rate is preferred. However, floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months

Council manages short term cash investment risk ensuring availability and access to financial investments held. In order to manage short-term cash risk, financial investments are required to have a term to maturity of less than 91 days.

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

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

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

A financial contribution shall be received for the purposes of:

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

The financial contribution shall be determined as follows:

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

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

Significance and engagement policy

Introduction

Decisions made by Council affect the residents and ratepayers of the Chatham Islands. Therefore, for every decision Council makes, we need to determine how important, or significant, it is to our community. We consider several factors, including who is affected by or interested in the decision, how the decision may impact levels of service, and what the costs will be.

These factors help us to work out how to engage with our community, i.e., whether to involve the community in making the decision, ask for community feedback on the decision, or simply tell the community what is happening. The way we engage is often set by legislation, and there are many steps to follow. This policy guides how we determine the significance of a decision and how we engage the community based on that level of significance.

The objectives of this policy are to:

- Establish a general approach and process when making decisions, to ensure consistency when determining significance;
- identify the extent and type of public engagement required before a decision is made;
- build positive relationships with stakeholders and the wider community – including Moriori and Māori, encouraging co-operation, respect and mutual understanding of other points of view.

Determining significance

Significance will be determined in the early stages of a proposal before decision making occurs. If it becomes necessary to do so, the significance of a proposal may be re-assessed.

In determining a proposal's degree of significance, Council will be guided by:

- Historic levels of community impact or interest in the proposal.
- How much a decision or action promotes community outcomes or other Council priorities
- The likely impact on Moriori and Māori and their culture and traditions with their ancestral land, water, valued flora and fauna; and
- Whether the decision is consistent with previous Council decisions
- The extent and degree to which consequences of a decision are irreversible

Matters of significance

A decision will be considered significant by Council if one of the following applies:

- It involves the transfer of the ownership or control of a strategic asset to or from Council; or
- It is a legislative requirement
- It is inconsistent with Council's plans or policies that have been previously consulted on and meets one of the following thresholds:

Criteria	Threshold	Considerations
Financial impacts	Incurs net debt as a percentage of equity of more than 10%.	1. The financial cost of the decision, in the short term, medium term and long term 2. The extent of the impact on debt 3. The impacts on Council's capacity/ capability to meet legislative requirements
Level of public interest	Generates considerable interest or community views are extremely divided	1. The potential for the issue to generate interest or controversy 2. The extent to which community opinion is divided on the matter
Effect on the ratepayers	Ratepayers have a notable change in the value of rates set against properties	1. The extent of the financial impact on rates
Effect on individuals or communities	Specific demographics are drastically impacted.	1. The proportion of individuals or groups within the community that are affected and the extent they are impacted 2. The level of impact on our community outcomes and strategic priorities
Levels of Service	The change in level of service will be major and long-term.	1. The long-term social, economic, environmental and cultural impacts of the proposal/decision on the needs of current and future generations 2. The opportunity costs, assessed level of risk and ability to reverse any effects of the decision

The higher the level of impact assessed as part of the considerations, the higher the need for greater engagement within our community.

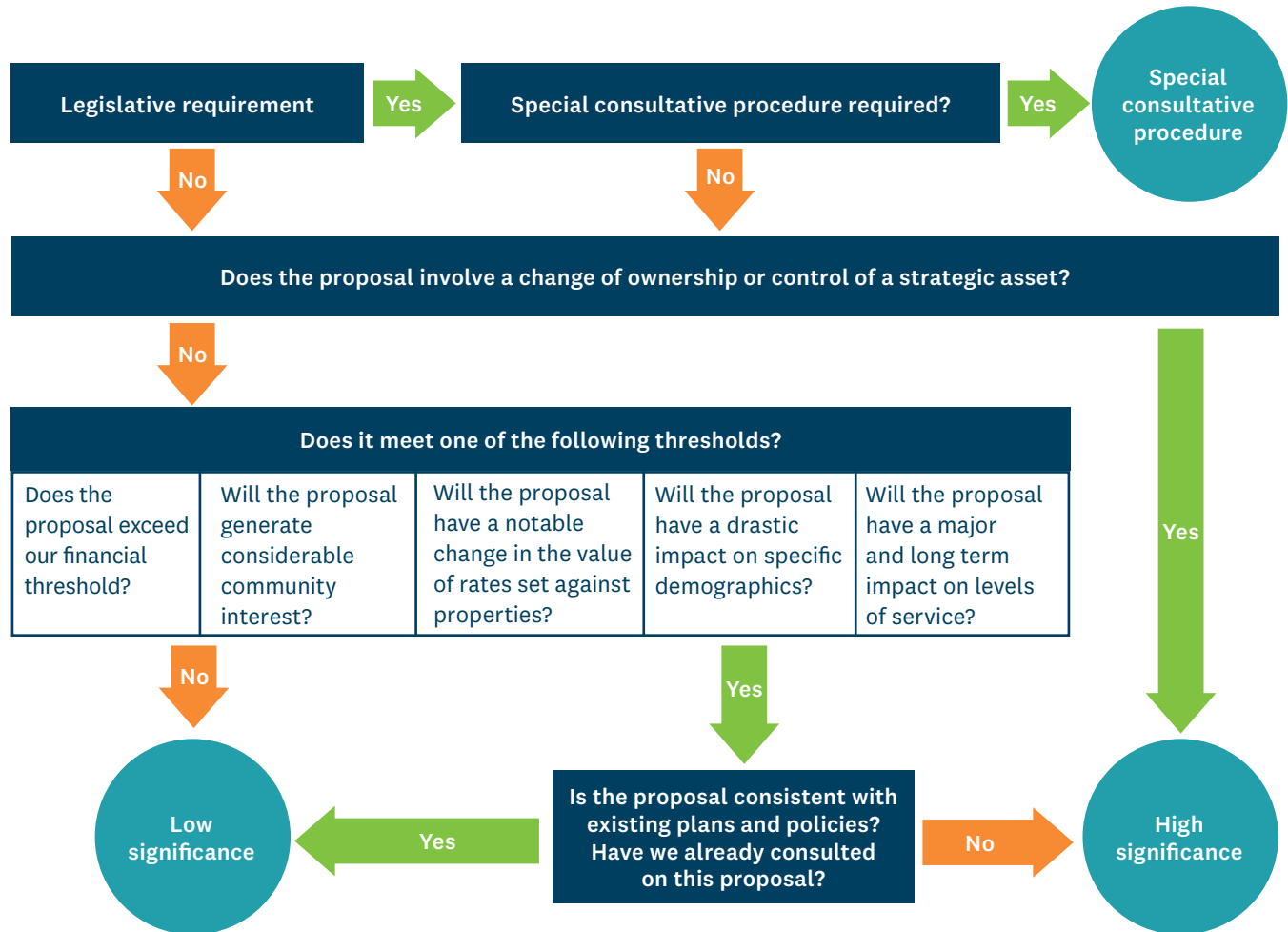
Strategic assets

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

Council considers the following to be strategic assets:

- Our infrastructural assets, including: the roading network, the potable water supply network, the wastewater network, our landfills and transfer stations
- Our open space network, including parks, walkways and sports fields
- Our community buildings and housing and
- Owenga wharf and our inner harbours

Determining level of engagement



Once the level of significance has been assessed, the corresponding level of engagement will be used:

Level of significance	Level of engagement
High	Collaborative: Working together with key stakeholders (such as the Department of Internal Affairs, imi and iwi) to develop understanding of all issues and interests to work out alternatives and identify preferred solutions.
Medium	Consultative: Two-way communications designed to obtain public feedback about ideas on rationale, alternatives and proposals to inform decision-making.
Low	Informative: One-way communication providing balanced and objective information to assist understanding about something that is going to happen or has happened.

Principles for engagement

Council seeks to inform communities about decisions that affect them, provide an opportunity for meaningful community input into decisions, and promote a sense of ownership of its decisions. Council will do this by upholding the following principles:

1. We conduct our business in an open, transparent, democratically accountable manner
2. We maintain awareness of, and have regard to all community views
3. At the beginning of a decision-making process, we consider what matters are significant, and the level of engagement required.
4. We provide opportunities for Moriori and Māori to contribute to our decision-making processes.

Engaging with Moriori and Māori

When engaging with Moriori and Māori, Council will:

- Acknowledge the unique perspective of Moriori and Māori and recognise that Moriori and Māori are more than an interest group or stakeholder;
- Provide opportunities and capacity for Moriori and Māori to hui and contribute to its decision-making processes;
- Ensure existing general and project-specific relationship processes between Council and Moriori and Māori will, where working well, remain as a starting point for engagement;
- Recognise and empower existing formal relationships (i.e. MOUs) with imi and iwi; and
- Fulfil our obligations under the Treaty settlement legislation and agreements.

When council may choose not to engage

There are times when Council may not consult the community including, but not limited to:

- Operational matters that do not reduce a level of service
- Emergency management activities
- Those decisions made by delegation to Council staff
- Commercially sensitive decisions (e.g. awarding contracts)
- Decisions made to manage an urgent issue
- Decisions where action is necessary for example to comply with the law; protect life, health, or amenity and infrastructure; prevent serious damage to property or avoid, remedy, or mitigate an adverse effect on the environment.

Working in partnership with Moriori and Māori

The Council recognises the special position of t'chakat henu and t'ngata whenua within our community and acknowledges the important role Moriori and Māori play in our decision-making processes. Council seeks to recognise the principles of Te Tiriti o Waitangi/Treaty of Waitangi within its decision-making processes.

Council is committed to take steps to strengthen the capacity of Moriori and Māori to contribute to the decision-making processes of the Council, with the following strategies:

- Establish and maintain processes to provide opportunities for Moriori and Māori to contribute to the decision-making processes of the local authority;
- Consider ways in which it may foster the development of Moriori and Māori capacity to contribute to the decision-making processes of the local authority; and
- Consult with Moriori and Māori where, in the course of the decision-making process a significant decision relates to land or a body of water, the Council must take into account the relationship of Moriori and Māori and their culture and traditions with their ancestral land, water, sites, sacred places/wāhi t'chap/wāhi tapu, valued flora and fauna, and other treasures/miheke/taonga.

Recognition of tikane Moriori and tikanga Māori

Within the Chatham Islands territory, Moriori are recognised as t'chakat henu and Māori are recognised as tangata whenua, both identities representing and acknowledging the people of the land.

The Council acknowledges that differences may arise when engaging with tikane Moriori and tikanga Māori in their values, beliefs and traditions. Council will seek to resolve these differences by enabling participation that promotes:

- greater understanding of expectations and aspirations
- finding common outcomes
- increased opportunities to establish shared projects and joint ventures, supporting Moriori and Māori expectations and aspirations to promote the well-being of Moriori, Māori and the wider community
- ensuring more efficient and effective use of Council, Moriori and Māori resources,
- improved processes based on an understanding of one another's priorities, expectations and available resources.

The Council is committed to building strategic relationships with Moriori and Māori. Effective relationships and meaningful engagement will enable the Council to meet our responsibilities, recognise Te Tiriti o Waitangi/Treaty of Waitangi and result in more informed decision-making.

Resource management

For resource management matters, the Council is considering opportunities for imi, iwi and Council to work together under the Resource Management Act 1991. Other processes or mechanisms that will contribute to Moriori and Māori input in resource management include:

- providing opportunities for Moriori and Māori to hui and participate in the review of Council's Resource Management Document,
- implementing statutory provisions prescribed within Treaty Claims Settlement Acts

The relationship between Moriori, Māori and Council's regulatory functions relating to protecting the environment requires information-sharing and appropriate dissemination. The wider relationship-building process will also seek to align Moriori and Māori social and development stewardship or t'chiekitanga /kaitiakitanga outcomes so there are clearer opportunities and efficiencies when providing for well-being/mouri ora of Moriori and Māori within our islands.

Council's Significance and Engagement Policy

This policy sets out what the community, including Moriori and Māori, can expect from Council regarding consultation and ways they can influence and participate in Council's decision-making processes.

Council acknowledges the unique perspective of Moriori and Māori. When Council are considering a significant decision, it will consider the likely impact on imi and iwi.

Building capacity

Chatham Islands Council will work with Moriori, Māori and others to investigate how the Council may foster development of Moriori and Māori capacity to contribute to the decision-making processes of Chatham Islands Council.

Related to this process is the need for the Council to gain a clear understanding, through hui and ongoing relationships, of Moriori and Māori expectations and to agree and commit to practicable steps to building Moriori and Māori capacity.

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

Formalised arrangements, such as memoranda of understanding and agreed consultative processes under the Local Government Act 2002, will need to be agreed upon.

Memorandum of Understanding

Memoranda of Understanding are principle-based documents that seek to build and maintain relationships and enable input into Council processes where applicable. These documents are becoming increasingly important as Council seeks closer and more meaningful working relationships with Moriori and Māori, along with striving for effective consultation and engagement on a wide range of issues affecting Moriori and Māori areas of interest, and shared projects for shared outcomes.

The Council will seek to develop a formalised Memorandum of Understanding with imi and iwi along with other strategies considered relevant to building relationships.

The Council is committed to encouraging and developing further relationships at both the governance and operational levels. The Council will also participate in co-governance models where they arise under Treaty Settlement legislation.

Statement of fees and charges 2021/22

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

Fees and charges will predominantly increase by the rate of inflation. However, some fees will change due to a legislative or bylaw change or a revision in the rates provided by our contractors. Fees and charges for Council's services are based on a cost recovery basis and are subject to change. These may be updated at any time during the year to meet changing market conditions.

Activity	Fee Type	Description	2020/21	2021/22
Building Consents	Building Consents Fees		External service provider, a deposit is required based on the estimated Building Consent application charges, further fees may be required based on actual Inspection costs incurred. Costs outlined on https://wellington.govt.nz/property-rates-and-building/building-and-resource-consents	
Resource Consents*	Land Information Memorandums (LIM's)		\$238	\$244
	Urgent LIM's		\$342	\$350
	Project Information Memorandum (PIM's)	Single residential	\$408	\$418
		All other buildings	\$490	\$502
Land Use Consents*	Notified Consent		\$2,000 deposit	\$2,000 deposit
	Charge out rates	Recovery of actual planner costs charged to Council	An administration charge at cost, with fees starting from \$115 per hour for a planner	An administration charged at cost
	Non Notified Consents		\$489	\$500
	Controlled Activity Consents		\$733	\$750
Subdivision Consents*	Non Notified – Boundary Adjustments		\$624	\$639
	Non Notified – 2 lots or less		\$706	\$723
	Non Notified – 3 to 5 lots		\$1,630	\$1,668
	S 223 Certificate		\$326	\$334
	S 224 Certificate		\$326	\$334
	S 226 Certificate		\$435	\$445
	S 139 Certificate of Compliance		\$516	\$528
Food licencing fees	New Registration	https://wellington.govt.nz/services/consents-and-licences/selling-food/food-safety-fees	\$155	\$159
	Inspection Fee		\$283	\$290

Activity	Fee Type	Description	2020/21	2021/22
Liquor Licensing	Club License	To comply with the Sale and Supply of Alcohol Act 2012	Determined by the Sales and Supply of Alcohol (Fees) Regulations 2013	https://www.justice.govt.nz/justice-sector-policy/key-initiatives/sale-and-supply-of-alcohol/licensing/
	On Licence			
	Off Licence			
	Managers Certificate			
	Annual Fees			
	Special Licence			
Animal Control	Dog registration		\$64	\$66
	Dog registration – Early		\$41	\$42
	Fines under Dog Control Act 1996	Vary per offence, (Per Sch. 1 of the Dog Control Act)	From \$100 up to \$750	From \$100 up to \$750
	Impounding Fees		\$109	\$112
Cemetery	Sale of Caskets		At cost plus 10%	At cost plus 10%
	Sexton Fees		At cost plus 10%	At cost plus 10%
	Sale of Plots		\$619	\$634
Community Housing	Rentals – 3 Bedroom	Per week (effective from 1 January)	\$134	\$137
	Rentals – 2 Bedroom	Per week (effective from 1 January)	\$107	\$110
Staff Housing	Rental – 3 bedrooms	Per week (effective from 1 January)	\$169	\$173
Coasts, Harbours & Navigation	Swing Mooring Fees – Registration and Transfer	Per year	\$80	\$82
	Waitangi	Per year	\$3,259	\$3,336
	Owenga	Per year	\$2,715	\$2,779
	Kaingaroa	Per year	\$2,171	\$2,222
	Port Hutt	Per year	\$2,171	\$2,222
	Flower Pot	Per year	\$544	\$557
	Permission of Harbourmaster – Oil Tanker		\$109	\$112
	Application for Exemption		\$65	\$67
	Application for Suspension		\$272	\$278
	Application for Reservation		\$272	\$278
	Cruise ship fee	Per visit	\$40 per passenger	\$41 per passenger

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

Council dues

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

Carriage by sea	Quantity	2021/22 Fee GST Exclusive
Rock Lobster, Paua, Scallops and Oysters	Tonne	\$200
Other fish meat and fish bait	Tonne	\$18
Cooler goods (fruit, vege, etc.)	m ³	\$5
General Cargo	m ³ / Tonne*	\$18
Diesel, Oil in bulk	1,000 litres	\$24
Petrol/Avgas in bulk tanks	1,000 litres	\$25
Petrol/Avgas in 200 litre drums	Drum	\$5
Hazardous Goods	m ³ / Tonne*	\$18
Small vehicles (including small trailers, motorbikes, etc.)	Lineal Metre	\$5
Large vehicles (including cars, boats, trailers etc.)	Lineal Metre	\$50
Timber	m ³	\$12
Dry Bulk (cement, fertiliser, coal, animal feed)	m ³ / Tonne*	\$12
Wool and Moss	Bale	\$12
Animals, large (cattle/horses)	Each	\$5
Animals, small (sheep, pigs, dogs, fowls, goats)	Each	\$1
Minimum freight		\$24.30

Carriage by air	Quantity	2021/22 Fee GST Exclusive
Rock Lobster, Paua, Scallops and Oysters	Tonne	\$200
Other fish meat and fish bait	Tonne	\$18
General Cargo	kg	\$3.04
Minimum Freight		\$17.50

*m³/Tonne - whichever is the greatest

Independent Auditor's Report

To the reader:

Independent auditor's report on Chatham Islands Council's 2021-31 long-term plan

I am the Auditor General's appointed auditor for Chatham Islands Council (the Council). The Local Government Act 2002 (the Act) requires the Council's long-term plan (the plan) to include the information in Part 1 of Schedule 10 of the Act. Section 94 of the Act requires an audit report on the Council's plan. Section 259C of the Act requires a report on disclosures made under certain regulations. I have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 29 June 2021.

Opinion

In our opinion:

- the plan provides a reasonable basis for:
 - long term, integrated decision making and co ordination of the Council's resources; and
 - accountability of the Council to the community; and
- the information and assumptions underlying the forecast information in the plan are reasonable; and

- the disclosures on pages 76 to 77 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

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

Emphasis of Matters

Without modifying our opinion, we draw attention to the following matters:

Uncertainty over three waters reforms

Page 10 outlines the Government's intention to make three waters reform decisions during 2021. The effect that the reforms may have on three waters services provided is currently uncertain because no decisions have been made. The plan was prepared as if these services will continue to be provided by the Council, but future decisions may result in significant changes, which would affect the information on which the plan has been based.

Reliance on funding from the Government

Page 9 outlines that the Council is reliant on funding from the Government to remain financially sustainable. The Government has confirmed financial support for operational costs until the end of the 2023/24 financial year.

The Council also receives grants from various government agencies to fund capital expenditure to renew assets and improve levels of service. Pages 10 and 11 outline those capital expenditure projects that the Council has not included in its financial forecasts because such funding has not yet been secured.

We draw specific attention to the following matters, because of the Council's unique circumstances:

- The Council expects that investment in the three waters, waste management and minimisation and roading infrastructure will be required over the next 10 years. As outlined on page 11, the Waka Kotahi NZ Transport Agency (Waka Kotahi) has endorsed an indicative subsidy for road maintenance operations and renewals for the next three years. However, Government funding for other needed investment has not yet been confirmed. As a result, there is a risk that if funding for identified asset investments is not forthcoming, critical assets may fail and planned service levels may not eventuate.

- Pages 25 to 28 and 92 outline that ratepayers will have an opportunity to install approved water tanks to reduce the demand on potable water, and to repay the costs to the Council via a targeted rate on the property over 10 years. The cost and community uptake of this project and how the Council plans to fund the project, including the level of support from the Government are uncertain.

Basis of opinion

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

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

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the Council's forecasts to replace existing assets are consistent with its approach to replace its assets, and reasonably take into account the Council's knowledge of the assets' condition and performance;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;

- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

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

Responsibilities of the Council and auditor

The Council is responsible for:

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

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

Independence and quality control

We have complied with the Auditor General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

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



Julian Tan Audit New Zealand

On behalf of the Auditor General, Christchurch,
New Zealand

The organisation

Council

Mayor

Monique Croon

Deputy Mayor

Greg Horler

Councillors

Keri Lea Day

Celine Gregory-Hunt

Graeme Hoare

Amanda Horler

Steve Joyce

Oscar Nilsson

Jason 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)

(formerly Stantec New Zealand Ltd)

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
PO Box 24
Tuku Road
Waitangi
Chatham Islands

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