



# Chatham Islands Council

Unaudited Annual Report

2020/21



chatham islands council

*Our people, our Islands, our future*

# Profile of the Chatham Islands

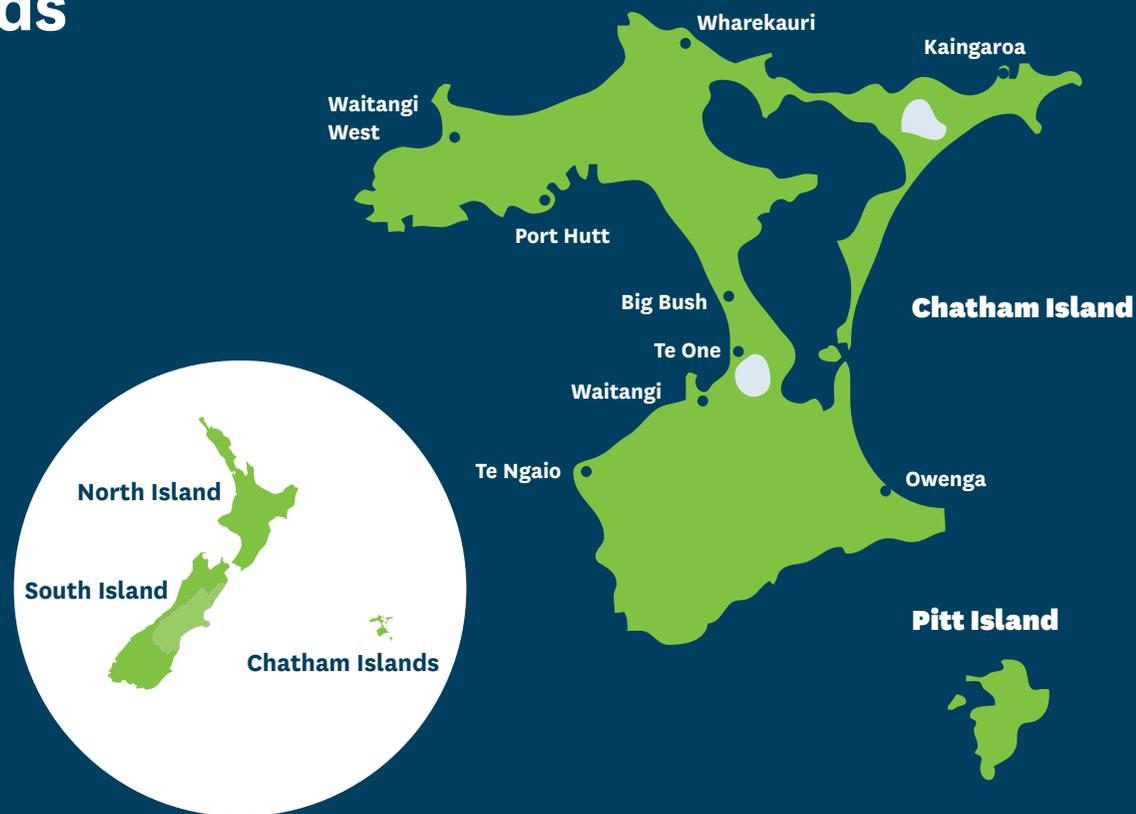
The Chatham Islands and its people are a unique community, isolated by 800 kilometres of ocean from mainland New Zealand.

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

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

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

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



## The Islands at a glance

Usually 660 people live in the Chatham Islands.

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

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

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

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

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

Source: Statistics New Zealand 2018 Census Data

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## The Council's vision

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

These are the Council's priorities for ensuring that:

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

# Mayor and Chief Executive's report

## Kioranga, kia ora, greetings,

It is with pleasure that we present the 2020/21 Unaudited Annual Report for the Chatham Islands Council, thank you for taking the time to read it. Our auditors have deferred the audit, because of an auditor shortage in New Zealand as a result of COVID-19 border restrictions. This delay has resulted in the Council being unable to meet its statutory reporting deadline of 31 December 2021. Council has elected to publish an unaudited version in the intervening period, to ensure transparency and accountability to its community in a timely manner. Your interest in the position of the Chatham Islands means a lot to us.

Once again, the Chatham Islands Council has done its best to provide a great service to its community in the face of many challenges. We are grateful that we have all worked together in the Islands amidst a global pandemic to keep our population safe. Alongside the challenges that COVID-19 presented, a lack of funding continues to be an ongoing barrier to offering comparable experiences to that of mainland New Zealand.

As always, our Council relies heavily on funding from central government to operate, as we do not have the population to fund our work through rates. We are careful to not unfairly burden our ratepayers, but in doing so, our funding situation remains unpredictable and may delay desired projects, including infrastructural upgrades.

As such, the work we have been able to achieve, and have not been able to achieve, over the last year, is largely due to external constraints and limited funds. It is important to us that our roading, water and wastewater networks and other facilities are fit for purpose, and that we can afford to pay for them, so we have continued to lobby government for further funding to enable us to meet our goals.

We acknowledge the frustration at not being able to work in a way that is fully reflective of our community's voiced desires. Included in this is the delay in upgrading our Three Waters infrastructure, and extending our waste management and minimisation facilities.

Despite the challenges we've faced, we are proud of what we have achieved. The Chatham Islands Council is pleased to have a continuing strong standard of navigational safety, especially given the importance of maritime activities to the Islands.

Additionally, we're pleased that the results of our annual residents and ratepayers survey shows our residents feel confident in their preparedness in case of an emergency. Having robust plans

and procedures in place to deal with disaster is important to us, and we're glad that is reflected in how the residents feel.

A key focus for Council has been engaging with the community, both through receiving submissions on our Long-Term Plan, and our annual residents and ratepayers survey. The more we listen to and understand our community, the better we can work together, and we aim to further develop our engagement and implement more opportunities for residents to be better informed and to have a say.

We have continued to build relationships with our regional partners including the Chatham Islands Enterprise Trust, Hokotehi Moriori Trust, Ngati Mutunga o Wharekauri Iwi Trust and other central government agencies.

This year has seen a lot of hard work go into delivering the Long-Term Plan 2021-31, as well as other important strategic documents including the Regional Land Transport Programme 2021-31, Pest Management Strategy, and the Navigational Safety Bylaws. Thanks to all involved for their mahi on these important documents.

The year to come will bring further changes and uncertainties as central government introduces new reforms, including a review of the Resource Management Act 1991, and Local Government 2002, as well as changes in the water space, with the Three Waters reforms and the Essential Freshwater package. We will continue to do our best to navigate these changes, effectively communicate impacts and bring positive outcomes for our community.

Finally, a heart-felt thank you to all the members of Council, staff, and external supporters who have worked hard over the last year to serve the community. We greatly appreciate the dedication and support of all those who work for and with the Council, including the various Government agencies for their ongoing financial assistance.

**Monique Croon**  
Mayor

**Owen Pickles MNZM JP**  
Chief Executive

# Introduction

Our 2020/21 Unaudited Annual Report is an account of Chatham Islands Council's financial and service performance in the year from 1 July 2020 to 30 June 2021. The document has not been audited as the work has been deferred, because of an auditor shortage in New Zealand as a result of COVID-19 border restrictions. The Annual Report outlines what we committed to achieving in the 2018-28 Long-Term Plan for the year and describes how we delivered it.

## The report can be divided into four sections:

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

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

### The Long-Term Plan and Annual Plan

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

### Annual Report

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

# Moriori and Māori engagement

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

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

The Council recognises the obligation to actively promote Moriori and Māori participation in the decision-making process.

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

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

The Council also recognises an obligation to the Chatham Islands community under the Long-Term Plan 2018-28 in enhancing and acknowledging the importance of t'chakat henu/ tangata whenua.



## 2020/21 in review

The 2020/21 financial year was one of change and uncertainty, not only for the Council, but around the world.

### Sustainable water and wastewater

As a result of aging infrastructure, and partially due to legislative changes, Council's water and wastewater schemes all currently require significant upgrades. The purpose of the water upgrades is to address issues of non-compliance with minimum water standards, while responding to community concerns on the impacts of water quality on health and safety. Council has been working to secure funding from central government to support water scheme upgrades for Waitangi and Te One in particular, to remedy disparities in our current services.

Council has estimated the cost of providing these upgrades for the purposes of updating the Long-Term Plan 2021-31, with costs ultimately excluded due to funding for the projects being yet unsecured. Council received \$553 thousand from the Ministry of Health and the Department of Internal Affairs (as part of the Three Waters programme) allowing us to fund prioritised maintenance repairs.

If the Three Waters reforms proceed, it is likely four publicly-owned water services entities will be created, with the Chatham Islands Council encompassed in an entity including the Wellington, Hawkes Bay, Tasman, Nelson and Marlborough regions. These legislatively formed services entities will take over the responsibilities for the service delivery and infrastructure of our Three Waters assets. These responsibilities are likely to transfer from our Council from 1 July 2024, although the exact size, shape and design of these entities remains unclear.

### Waste management strategy and progress

Managing our waste material effectively continues to be a focus for the Council as the Waste Management Strategy is substantially operative. Council remains focused on establishing greater efficiencies with the Waste Management Strategy, including contracting out these services.

The sanitary landfill is expected to become operative in the latter half of 2021. The sanitary landfill was constructed in 2014 as part of the strategy at a cost of just over \$1 million. The first cell is expected to last 7 to 10 years when the construction of a second cell will be required. This will require significant capital funding to make happen. The process will then be repeated every 7 to 10 years.

Council is exploring the viability of incineration as a waste disposal means. The original intentions were to export recyclable products. However, with there being no markets and shipping costs being high, incineration is looking to be a more financially attractive option.

### Roading programme of works

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

### Council office

The Ngati Mutunga O Wharekauri Iwi Trust Asset Holding Company started construction on the new Council office and museum space in December 2020, with expectation that the building will be completed late in 2021. It is likely other Island entities will join in renting this space once completed. The Museum section of the building has been funded by grants from the Ministry of Arts, Culture and Heritage and New Zealand Lotteries Commission.

### Predator free 2050

Council has been working with other Island stakeholders to establish a predator free 2050 programme, focusing on the eradication of possums, rats, and cats from the Island. Council has employed one staff member to coordinate this initiative. Additional funding as part of the COVID-19 stimulus package (Jobs for Nature) has been provided, with focus attributed to cat trapping works.

### Community programmes

**Funding has been provided allowing us to commence some exciting community projects:**

- The Provincial Growth Fund supported the refurbishment of the Town Hall frontage and the Squash Court building on the Norman Kirk Memorial Reserve.
- Mayor's Task Force for Jobs provided funding to employ a coordinator, and to support a project which enabled Chatham Islanders to travel to New Zealand to take driver's licence testing.
- Funding from Ministry of Business, Innovation and Employment as part of a tourism infrastructure grant fund, has allowed for the purchase and installation of green waste toilets on the Island.
- Increased funding in the 2020/21 budget for Heartlands project has been particularly welcome given the COVID-19 response resulted in a large community demand for this service.



## Statutory documents

### Progress by Council on our key documents:

- Council's Resource Management Document was approved by Hon. Eugene Sage on 10 June 2020. The Government has proposed new changes to our Resource Management Document with the introduction of National Policy Statements. The full impact of these changes has not been assessed, but if compliance is required, it is likely additional costs will be incurred to meet requirements.
- The Long-Term Plan 2021-31 was audited and adopted within statutory timeframes, without qualification. Two particular matters were noted: uncertainty over the Three Waters reforms and Council's reliance on the Crown appropriation and other Government funding.
- Legislation has been passed to support Council's regional maritime safety activities. The Navigation Safety Bylaw document has since been reviewed and updated.

## Other Island infrastructure

The Council has been working with other Island groups and Government to upgrade the airport runway, improve broadband and mobile telephone services and to find a sustainable and affordable source of electricity. These projects were supported with grants from the Government's Provincial Growth Fund.

Council is now the owner of the Kaingaroa wharf following a ceremonial handover from the Hokotehi Moriori Trust. A committee has been formed to evaluate engineering advice, with a view to forming an agreed preference to an affordable wharf structure on the Islands. Council will begin looking for funding opportunities to either repair or replace this facility with urgency as the Kaingaroa community is reliant on having a functioning wharf.

Improving Owenga wharf with a loading ramp was raised with Waka Kotahi NZ Transport Agency. A ramp is required to enable the loading of the barge that carries freight between Chatham and Pitt Islands. Funding was initially declined, and therefore Council is considering other funding opportunities.

## Resilience and climate change

As a group of islands, we are increasingly vulnerable to the impacts of climate change. Any changes to the land or water level 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.

## Looking forward

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

### Key projects include:

- The completion of a water project that provides a sustainable and compliant water supply for Te One, Owenga, Kaingaroa and Waitangi.
- A new Emergency Management Operations Centre.
- An extension to the new Council office and museum facility, with a community complex.
- Roading projects.
- The implementation of the Islands' Housing Solutions project.

# Overview of our financial performance

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

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

## Our financial performance

This overview provides a summary of our results for the 2020/21 financial year. Further details are outlined later in our financial statements, supporting notes and our service performance summaries.

Our focus during the year has been on managing our finances prudently and operating within the confines of our financial assistance packages provided by the Crown and rates received from our community. This is also known as achieving a balanced budget. With a recognised net surplus of \$1.2 million, Council has achieved that balanced budget for the year.

The Council's financial result is also better than initially forecast in the 2020/21 Annual Plan, which estimated a surplus of \$0.5 million. This achievement is largely in part due to the advocacy work completed by the Council, which has resulted in an increase to the Crown's annual appropriation and several grants provided to the Council to enhance and support our community and environmental objectives.

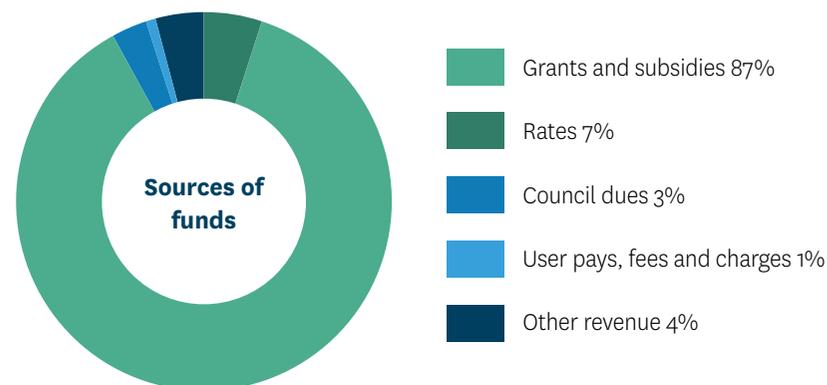
Our Council rates remain in line with inflationary movements and council due charges remain unchanged for the year. Council remains committed to ensuring rates paid by our community remain affordable and comparable with other similar Councils.

The Council ended the year with an improved cash position, moving from an overdraft of \$0.4 million in 2019/20, to an overdraft of \$0.3 million, which was consistent with the closing cash position expected in the 2020/21 Annual Plan. This has been achieved, due to Council's prudent approach to cash management.

## Our sources of funds

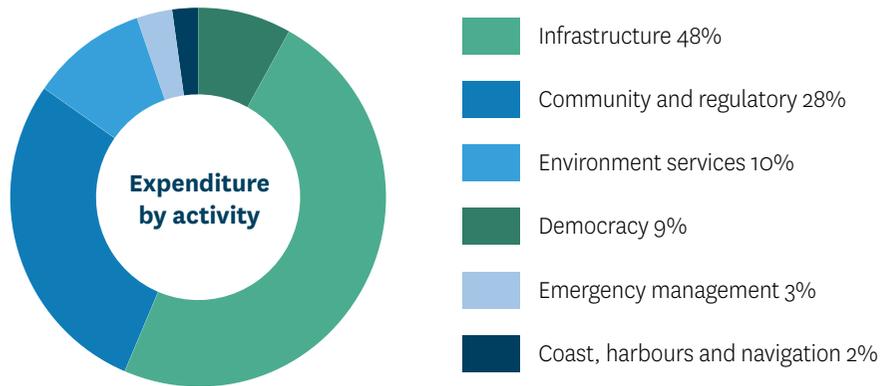
Council receives income from a range of sources but is primarily reliant on central government grants to remain operational. The budget assumed funding would be provided during the year to support on-island projects, including infrastructural development integral to improving facilities for our community.

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



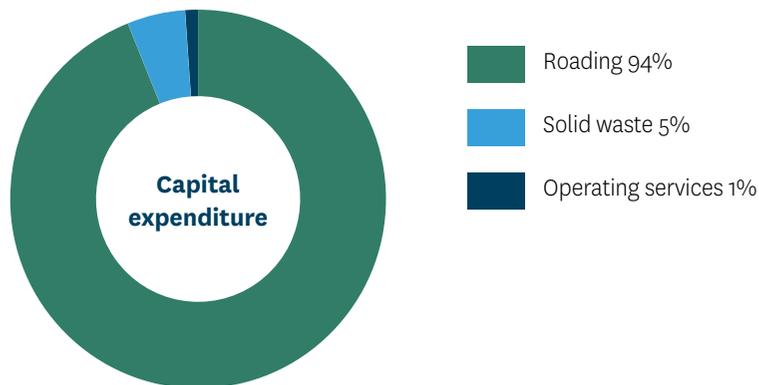
## Our allocation of funds

Operating expenditure by activity is summarised in the graph below; the largest portion of expenditure relates to on-Island infrastructure works, particularly the roading network.



## Our capital expenditure

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



## Our assets and capital works programme

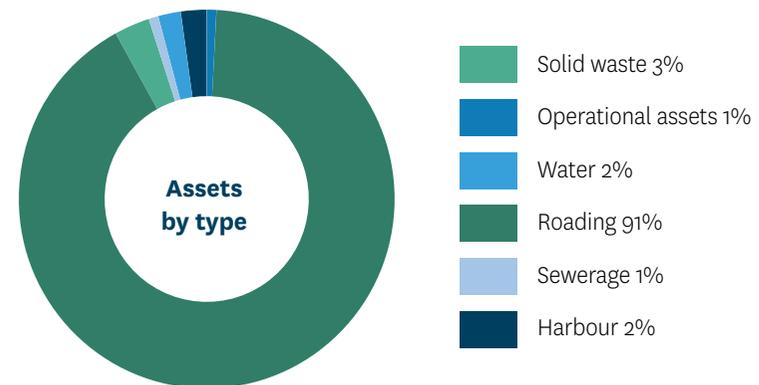
Council holds long-term assets of \$84.6 million, including operational and infrastructure assets. When investing in infrastructure, we consider affordability to the Council and ratepayers, electing to defer capital works until funding can be secured. This means our financial position remains healthy and debt low. However, the cost to the community is that critical work where funding cannot be secured, such as with our water and wastewater infrastructure is often delayed, with levels of service experienced by our community being below expectation.

Our 2018-28 Long-Term Plan highlighted \$1.2 million in critical repairs required to our assets over the 10-year period of the plan. The level of assessed critical repairs assumed a proposed \$3 million upgrade to the Waitangi water treatment plant would be completed. With no external funding commitment, Council was unable to invest in these improvements, resulting in the upgrade at Waitangi being further deferred. Consequently, the assessed critical repairs to our infrastructure are likely to be higher with additional expenditure in other areas being required to retain a status quo level of service.

The assessed level of investment excluded potential ramifications arising from the Havelock North gastroenteritis outbreak of 2016, resulting in a higher level of compliance being set, with the Three Waters reforms. This has resulted in additional costs to meet statutory compliance levels, which will require additional support from central government for Council to meet.

With the Council unable to invest in infrastructure outside of roading works, asset quality is likely to deteriorate over time. In addition, this reduces the quality of service that we can offer to our residents and increases the risk of asset failure. Our last infrastructural asset revaluation in 2018 identified several water and wastewater assets with an assessed life expectancy of one year. Due to lack of funds, Council has been unable to repair or replace these assets in the year, and therefore the risk of these assets failing is assessed as high. Council continues to work with central government agencies to secure funding to address these concerns, reflecting budgeted minimal requirements.

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



# Financial statements

## Statement of compliance and responsibility

### Compliance

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

- Under section 98(7) of the Local Government Act 2002, Council is required to complete and adopt its Annual Report prior to 31 December 2021. Council was unable to comply with this requirement for the year ended 30 June 2021 due to COVID-19 restrictions causing an auditor shortage.

### Responsibility

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

In the opinion of the Councillors and management of Chatham Islands Council, the financial statements fairly reflect the financial position of the Council as at 30 June 2021, and the results of its operations, cash flows and the service performance achievements for the year ended on that date.



**Monique Croon**  
Mayor



**Owen Pickles MNZM JP**  
Chief Executive

16 December 2021



# Financial statements

## Statement of comprehensive revenue and expense for the year ended 30 June 2021

	Note	Unaudited actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000
<b>Revenue</b>				
Rates	2	625	577	592
Grants & subsidies	2,18	10,524	7,412	7,133
Council dues		307	265	268
User pays, fees and charges		114	143	110
Interest		28	60	55
Other revenue		431	229	116
Share of surplus of associate		118	-	67
<b>Total revenue</b>	1	<b>12,147</b>	<b>8,686</b>	<b>8,341</b>
<b>Expenditure</b>				
Depreciation and amortisation	8	2,587	2,292	2,353
Personnel costs	3	1,037	1,054	973
Financial costs	4	11	24	7
Other expenditure	4	7,296	4,799	4,738
<b>Total expenditure</b>	1	<b>10,931</b>	<b>8,169</b>	<b>8,071</b>
<b>Total surplus/deficit</b>		<b>1,216</b>	<b>517</b>	<b>270</b>
<b>Comprehensive revenue and expense</b>				
Increase/(decrease) in revaluation reserve	8, 13	-	-	-
<b>Total other comprehensive revenue and expense</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive revenue and expense</b>		<b>1,216</b>	<b>517</b>	<b>270</b>

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

## Statement of changes in equity for the year ended 30 June 2021

	Note	Unaudited actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000
<b>Equity at the start of the year</b>		<b>82,398</b>	<b>84,683</b>	<b>82,128</b>
Total comprehensive revenue and expense		1,216	517	270
<b>Equity at the end of the year</b>	13	<b>83,614</b>	<b>85,200</b>	<b>82,398</b>

## Statement of financial position as at 30 June 2021

	Note	Unaudited actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000
<b>Current assets</b>				
Cash & cash equivalents	5	27	-	32
Cash funds held in trust	5	4	36	19
Cash investments	6	178	284	1,472
Current trade and other receivables	7, 18	1,563	745	967
<b>Total current assets</b>		<b>1,772</b>	<b>1,065</b>	<b>2,490</b>
<b>Non-current assets</b>				
Non-current trade and other receivables	7	-	-	-
Investment in associate		184	-	67
Property, plant and equipment	8, 18	84,482	86,926	83,991
<b>Total non-current assets</b>		<b>84,666</b>	<b>86,926</b>	<b>84,058</b>
<b>Total assets</b>		<b>86,438</b>	<b>87,991</b>	<b>86,548</b>



## Statement of financial position as at 30 June 2021 (continued)

	Note	Unaudited actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000
<b>Current liabilities</b>				
Bank overdraft	5	292	575	442
Trade and other payables	9, 18	2,211	1,843	3,331
Personnel cost liabilities	10	112	88	111
Current portion of provisions	12	25	25	45
Current portion of borrowings	11	28	260	39
<b>Total current liabilities</b>		<b>2,668</b>	<b>2,791</b>	<b>3,968</b>
<b>Non-current liabilities</b>				
Non-current portion of borrowings	11	156	-	182
<b>Total non-current liabilities</b>		<b>156</b>	<b>-</b>	<b>182</b>
<b>Total liabilities</b>		<b>2,824</b>	<b>2,791</b>	<b>4,150</b>
<b>Net assets</b>		<b>83,614</b>	<b>85,200</b>	<b>82,398</b>
<b>Public equity</b>				
Accumulated funds and reserves	13	83,614	85,200	82,398
<b>Total public equity</b>		<b>83,614</b>	<b>85,200</b>	<b>82,398</b>

## Statement of cash flows for the year ended 30 June 2021

	Note	Unaudited actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000
<b>Cash flow from operating activities</b>				
Receipts from rates revenue		585	568	626
Receipts from grants and subsidies		10,628	7,393	6,826
Receipts from Council dues		292	263	322
Interest received		28	64	55
Receipts from other revenue		(100)	365	277
Payments made to employees		(1,035)	(1,016)	(950)
Interest paid		(11)	(24)	(7)
Other payments to suppliers		(8,231)	(4,805)	(4,515)
<b>Net cash flow from operating activities</b>		<b>2,156</b>	<b>2,807</b>	<b>2,634</b>
<b>Cash flow from investing activities</b>				
Purchase of fixed assets		(3,283)	(2,538)	(2,806)
Sale/(purchase) of other assets		1,294	-	(33)
<b>Net cash flow from investing activities</b>		<b>(1,989)</b>	<b>(2,538)</b>	<b>(2,839)</b>
<b>Cash flow from financial activities</b>				
Loans raised		-	-	-
Repayment of loans		(37)	(62)	(39)
<b>Net cash flow from financial activities</b>		<b>(37)</b>	<b>(62)</b>	<b>(39)</b>
<b>Increase/(decrease) in cash held</b>		<b>130</b>	<b>207</b>	<b>(244)</b>
Opening cash balance		(391)	(462)	(147)
<b>Closing cash balance</b>	5	<b>(261)</b>	<b>(255)</b>	<b>(391)</b>

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

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

# Financial statements

## Statement of accounting policies

For the year ended 30 June 2021

### Reporting entity

Chatham Islands Council is a Unitary Local Authority under the Chatham Islands Council Act 1995 and the Local Government Act 2002 and is domiciled and operates in New Zealand. Chatham Islands Council has designated itself as a public benefit entity for financial reporting purposes. The primary objective of the Council is to provide goods and services for community or social benefit rather than to make a financial return. The financial statements of Chatham Islands Council are unaudited and for the year ended 30 June 2021. The unaudited financial statements were authorised by Council for issue on 16 December 2021.

### Basis of preparation

The financial statements are prepared in accordance with the requirements of the Local Government Act 2002, which requires information to be prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The financial statements comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS). This includes preparing the accounts on a going concern basis. Refer to note 17 in the financial statements for further details on our going concern assumption.

The Local Government Act 2002 also requires Council to complete and adopt its Annual Report prior to 31 December 2021. Council was unable to comply with this requirement for the year ended 30 June 2021 due to COVID-19 restrictions causing an auditor shortage.

### Changes in accounting policies

Standards and amendments issued but not yet effective where Council has elected not to early adopt include: *PBE IPSAS 41 Financial Instruments*, which supersedes *PBE IPSAS 9 Financial Instruments* and *PBE IPSAS 29 Financial Instruments*. The new standard is effective for annual periods beginning on or after 1 January 2022. The Council has elected to not early adopt this standard, there is expected to be no significant change from applying the 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

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

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

### Budget figures

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

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

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

### Revenue recognition

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

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



## **Borrowing costs**

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

## **Leases**

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

Chatham Islands Council does not have any finance leases.

## **Taxation**

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

## **Goods and services tax**

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

The net amount of GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## **Cash and cash equivalents**

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

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

## **Trade and other receivables**

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

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

## **Other financial assets**

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

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

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

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

## **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.

# Financial statements

## 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 (Registered Engineers) 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 (Registered Engineers) 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
<b>Operational assets</b>	
Vehicles	5-10 years
Furniture/fittings	5-10 years
Buildings	25-50 years
Office equipment	5 years
Parks and reserves	25 years
<b>Asset</b>	
<b>Infrastructure assets</b>	
<b>Roothing</b>	
Top surface (seal)	10 years
Pavement (base course)	
Sealed	60 years
Unsealed	Not depreciated
Pavement	
Unsealed (wearing course)	8 years
Sub-base and formation	Not depreciated
Culverts	70-75 years
Footpaths and kerbs	35 years
Signs	8 years
Retaining walls	60 years
Bridges	60 years



Asset	Years
<b>Water reticulation</b>	
Pipes, valves, hydrants	25 years
Pump stations	5-35 years
Tanks	80 years
<b>Sewerage reticulation</b>	
Pipes and other reticulation assets	60-80 years
<b>Solid waste</b>	
Landfill, transfer stations and other assets	5-35 years
<b>Storm water system</b>	
Pipes	40-60 years
<b>Harbour</b>	
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.

## Personnel cost liabilities

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

## Provisions

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

## Borrowings

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

# Financial statements

## Public equity

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

### The components of equity are:

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

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

## Council Controlled Organisations

The Council has one Council Controlled Organisation, the Chatham Islands Mayoral Disaster Relief Fund Trust, as a body to receive grants to respond to emergency events on the Chatham Islands. For the year ended 30 June 2021, the entity was dormant and had no assets or liabilities, nor did the entity make any transactions during the year. Therefore, the parent and group accounts are the same. The Council has exempted this organisation from reporting under Section 7 of the Local Government Act 2002.

# Notes to the financial statements

## Note 1: Summary of revenue and expenditure by activity

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

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

	Unaudited actual 2020/21 \$000	Actual 2019/20 \$000
<b>Revenue by activity</b>		
Democracy	1,522	1,247
Infrastructure	5,007	4,374
Community and regulatory	4,443	1,752
Environment	403	278
Emergency services	340	349
Coast, harbours and navigation	432	341
<b>Total revenue</b>	<b>12,147</b>	<b>8,341</b>
<b>Expenditure by activity</b>		
Democracy	925	862
Infrastructure	5,290	4,650
Community and regulatory	3,086	921
Environment	1,051	960
Emergency services	311	452
Coast, harbours and navigation	268	227
<b>Total expenditure</b>	<b>10,931</b>	<b>8,072</b>
<b>Net surplus/(deficit)</b>	<b>1,216</b>	<b>269</b>



## Note 2: Revenue

Rates is further broken down in the table below:

Rates revenue	Unaudited actual 2020/21 \$000	Actual 2019/20 \$000
General rates	311	305
<b>Targeted rates</b>		
Roading	58	56
Solid waste	71	70
Water	74	69
Sewerage	80	66
<b>Total targeted rates</b>	<b>283</b>	<b>261</b>
Rates penalties	32	26
<b>Total rates revenue</b>	<b>626</b>	<b>592</b>

### Rating base information

The following rating base information is disclosed using rating base information at the end of 30 June 2020.

	30 June 2020
The number of rating units	674
The total land value of rating units	87,092,800
The total capital value of rating units	216,712,100

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

Grants and subsidies	Unaudited actual 2020/21 \$000	Actual 2019/20 \$000
Department of Internal Affairs	4,096	3,206
Waka Kotahi NZ Transport Agency roading subsidy	3,853	3,829
Ministry of Culture & Heritage	969	-
New Zealand Lotteries Commission	1,000	-
Department of Conservation	98	-
Ministry of Business, Innovation & Employment	136	-
Ministry of Health	156	-
Other	215	97
<b>Total grants &amp; subsidies</b>	<b>10,523</b>	<b>7,132</b>

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

- The Department of Internal Affairs provides an annual contribution to meet the Council's statutory obligations. The Crown's annual contribution is for \$3.2 million per annum, this level of financial support is committed for the foreseeable future. The Crown's contribution is enough to cover our operating requirements but does not cover depreciation of infrastructure assets; which means we are unable to effectively plan for or invest in infrastructural development. Council made an application for additional support for an investment programme and funding required for identified areas of financial shortfall. An additional \$570,000 was received to assist with financial viability in 2020/21.
- The Waka Kotahi NZ Transport Agency reimburses part of the Council's costs for maintaining the local roading infrastructure. The reimbursement from Waka Kotahi is for costs already incurred, with no unfulfilled conditions or other contingencies relating to the reimbursements. The current level of support provided by Waka Kotahi is at 88% of actual costs incurred. There is a shortfall of approximately \$500,000 per annum related to roading works and the Waka Kotahi subsidy received. Council currently fund the Waka Kotahi shortfall from reserves; which further draws on Council's cash liquidity.

# Financial statements

## Note 3: Expenditure – personnel costs

Key management personnel of the Council include the Mayor, Councillors and the Chief Executive. The assessed total full time equivalent of the key management personnel is assessed as 10 for the year ended 30 June 2021 (as at 30 June 2020, 10). Due to the difficulty in determining the full time equivalent figure for the Mayor and Councillors, the figure is based on head count.

### Mayoral and Councillor remuneration

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

Name	Position	Unaudited actual 2020/21	Actual 2019/20
Monique Croon	Mayor	54,675	41,309
Alfred Preece	Mayor - until October	-	17,067
Gregory Horler	Deputy Mayor	23,236	15,041
Jeffery Clark	Deputy Mayor - until October	-	7,141
Keri Day	Councillor	17,393	16,276
Celine Gregory-Hunt	Councillor	17,393	10,919
Graeme Hoare	Councillor	17,393	10,919
Richard Joyce	Councillor	17,393	16,382
Oscar Nilsson	Councillor	17,393	10,919
Amanda Seymour	Councillor	17,393	10,919
Jason Seymour	Councillor	17,393	16,285
Eoin Chisholm	Councillor - until October	-	-
Nigel Ryan	Councillor - until October	-	5,460
Eva Tuck	Councillor - until October	-	5,463
<b>Total Honoraria</b>		<b>199,663</b>	<b>184,101</b>

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

### Chief Executive remuneration

The total remuneration of the Chief Executive for the year ended 30 June 2021 was \$205,061 (as at 30 June 2020 \$196,003).

### Other employee numbers and remuneration bands:

As at 30 June 2021, the Council employed 12 full time and two full time equivalent employees (as at 30 June 2020, the comparative figures of employment were six full time and five full time equivalent employees). The table below identifies the number of people employed by the Council at the end of the financial year and identifies the breakdown of remuneration levels of employees into bands. Where a band contains less than five staff members, the band is combined with the next highest band.

Band	Unaudited actual 2020/21	Actual 2019/20
< \$59,999	6	5
\$60,000 - \$219,999	8	5
<b>Total</b>	<b>14</b>	<b>10</b>

### Severance payments

For the year ended 30 June 2021, the Council made no severance payments outside normal contractual terms (for the year ended 30 June 2020, \$nil)

## Note 4: Expenditure – other significant items

Included within expenditure are the following notable items:

Other expenses	Unaudited actual 2020/21 \$000	Actual 2019/20 \$000
Audit fees - financial statement	80	76
Audit fees - other	52	-
Donations	132	135
Bad debts	-	-
Lease expense	43	43
Interest expense	11	7



## Note 5: Cash and cash equivalents

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

	Unaudited actual 2020/21 \$000	Actual 2019/20 \$000
Cash at bank and on hand	27	32
Funds held in trust	4	19
Bank overdraft	(292)	(442)
<b>Total cash and cash equivalents</b>	<b>(261)</b>	<b>(391)</b>

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

The Council's 2020/21 Annual Plan forecasted a net closing cash overdraft (including investments and funds held in trust) of \$255,000. The Council's deteriorating cash position is primarily a result of Council electing to fund the difference between roading works and the Waka Kotahi NZ Transport Agency's 88% subsidy from cash reserves. The Council has an overdraft arrangement in place with its on-Island banking facility to cover the forecast overdraft, which includes the ability to provide adequate security against any required short-term borrowing or increased overdraft limit.

Whilst additional funding support has been forthcoming in the 2020/21 financial year, Council remains reliant on external funding to meet operating requirements and the asset upgrade programme, therefore Council's operating cash facility is likely to remain in overdraft.

## Note 6: Other financial assets

The Council's investment programme is limited to holding term deposits with the on-Island ANZ bank. Where the investment term exceeds three months, the investment is classified as a cash investment.

## Note 7: Trade and other receivables

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

	Unaudited actual 2020/21 \$000	Actual 2019/20 \$000
Rates	122	82
Other debtors <sup>1</sup>	1,441	862
Warm Homes loans advanced current	-	23
<b>Total current trade and other receivables</b>	<b>1,563</b>	<b>967</b>
Warm Homes loans advanced non-current	-	-
<b>Total non-current trade and other receivables</b>	<b>-</b>	<b>-</b>
<b>Consisting of:</b>		
Receivables from non-exchange transactions <sup>2</sup>	1,563	944
Receivables from exchange transactions <sup>2</sup>	-	23

<sup>1</sup> Council has no impairment provision. The movement in the provision for the impairment of trade and other receivables for 2020/21 was nil (2019/20 nil).

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

# Financial statements

## Note 8: Property, plant and equipment

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

Unaudited actual 2020/21	Opening cost/ revaluation \$000	Accumulated depreciation \$000	Carrying value at the start of the year \$000	Additions/ transfers \$000	Impairment/ disposals at cost \$000	Depreciation \$000	Revaluation \$000	Closing accumulated depreciation \$000	Carrying value at the end of year \$000
<b>Operational assets</b>									
Land	278	-	278	-	-	-	-	-	278
Buildings	1,451	(815)	636	36	-	(31)	-	(846)	641
Furniture and fittings	129	(118)	11	-	-	(2)	-	(120)	9
Plant and office equipment	268	(195)	73	8	-	(18)	-	(213)	63
Vehicles	314	(158)	156	-	-	(24)	-	(182)	132
Parks and reserves	99	(81)	18	-	-	(4)	-	(85)	14
<b>Total operational assets</b>	<b>2,538</b>	<b>(1,367)</b>	<b>1,172</b>	<b>44</b>	<b>-</b>	<b>(79)</b>	<b>-</b>	<b>(1,446)</b>	<b>1,137</b>
<b>Infrastructural assets</b>									
Roading	80,214	(3,841)	76,373	2,892	-	(2,219)	-	(6,060)	77,046
Solid waste	2,672	(239)	2,434	142	-	(141)	-	(380)	2,434
Stormwater	14	(11)	3	-	-	-	-	(11)	3
Sewerage	1,089	(121)	968	-	-	(58)	-	(179)	910
Water	1,723	(99)	1,624	-	-	(41)	-	(140)	1,583
Harbour	1,491	(73)	1,418	-	-	(48)	-	(121)	1,370
<b>Total infrastructural assets</b>	<b>87,203</b>	<b>(4,384)</b>	<b>82,820</b>	<b>3,034</b>	<b>-</b>	<b>(2,508)</b>	<b>-</b>	<b>(6,891)</b>	<b>83,346</b>
Work in progress	-	-	-	-	-	-	-	-	-
<b>Property, plant and equipment</b>	<b>89,742</b>	<b>(5,750)</b>	<b>83,991</b>	<b>3,078</b>	<b>-</b>	<b>(2,587)</b>	<b>-</b>	<b>(8,337)</b>	<b>84,482</b>

### Core assets 2020/21

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

Unaudited actual 2020/21	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
<b>Water</b>				
Treatment plants and facilities	348	-	-	603
Other assets	1,235	-	-	1,697
<b>Sewerage</b>				
Treatment plants and facilities	409	-	-	1,175
Other assets	500	-	-	992

Unaudited actual 2020/21	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
<b>Stormwater</b>				
Storm drainage	3	-	-	13
<b>Roads and footpaths</b>				
Roads and footpaths	77,046	2,892	-	103,517
<b>TOTAL</b>	<b>79,541</b>	<b>2,892</b>	<b>-</b>	<b>107,997</b>



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

Actual 2019/20	Opening cost/ revaluation \$000	Accumulated depreciation \$000	Carrying value at the start of the year \$000	Additions/ transfers \$000	Impairment/ disposals at cost \$000	Depreciation \$000	Revaluation \$000	Closing accumulated depreciation \$000	Carrying value at the end of year \$000
<b>Operational assets</b>									
Land	278	-	278	-	-	-	-	-	278
Buildings	1,490	(783)	707	2	(41)	(32)	-	(815)	636
Furniture and fittings	129	(116)	13	-	-	(2)	-	(118)	11
Plant and office equipment	261	(177)	84	7	-	(18)	-	(195)	73
Vehicles	314	(131)	183	-	-	(27)	-	(158)	156
Parks and reserves	99	(77)	22	-	-	(4)	-	(81)	18
<b>Total operational assets</b>	<b>2,571</b>	<b>(1,284)</b>	<b>1,287</b>	<b>8</b>	<b>(41)</b>	<b>(83)</b>	<b>-</b>	<b>(1,367)</b>	<b>1,172</b>
<b>Infrastructural assets</b>									
Roading	77,329	(1,841)	75,488	2,885	-	(2,000)	-	(3,841)	76,373
Solid waste	2,652	(117)	2,535	20	-	(122)	-	(239)	2,434
Storm water	14	(11)	3	-	-	-	-	(11)	3
Sewerage	1,089	(61)	1,028	-	-	(61)	-	(121)	968
Water	1,723	(49)	1,674	-	-	(49)	-	(99)	1,624
Harbour	1,491	(37)	1,454	-	-	(37)	-	(73)	1,418
<b>Total infrastructural assets</b>	<b>84,298</b>	<b>(2,115)</b>	<b>82,183</b>	<b>2,905</b>	<b>-</b>	<b>(2,268)</b>	<b>-</b>	<b>(4,384)</b>	<b>82,820</b>
Work in progress	-	-	-	-	-	-	-	-	-
<b>Property, plant and equipment</b>	<b>86,869</b>	<b>(3,399)</b>	<b>83,470</b>	<b>2,914</b>	<b>(41)</b>	<b>(2,351)</b>	<b>-</b>	<b>(5,750)</b>	<b>83,991</b>

### Core assets 2019/20

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

Actual 2019/20	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
<b>Water</b>				
Treatment plants and facilities	357	-	-	603
Other assets	1,267	-	-	1,697
<b>Sewerage</b>				
Treatment plants and facilities	435	-	-	1,175
Other assets	532	-	-	992

Actual 2019/20	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
<b>Storm water</b>				
Storm drainage	3	-	-	13
<b>Roads and footpaths</b>				
Roads and footpaths	76,373	2,885	-	100,625
<b>TOTAL</b>	<b>78,968</b>	<b>2,885</b>	<b>-</b>	<b>105,105</b>

# Financial statements

## Note 8: Property, plant and equipment (continued)

Insurance of assets	Unaudited actual 2020/21 \$000	Actual 2019/20 \$000
Total value of assets covered by insurance contracts	2,635	2,658
The maximum amount to which assets are insured under Council insurance policies	6,942	6,429

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

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

### Asset investment

Our 2018-28 Long-Term Plan highlighted \$1.2 million in critical repairs required to our assets over the 10-year period of the plan. The level of assessed critical repairs assumed a proposed \$3 million upgrade to the Waitangi water treatment plant would be completed. With no external funding commitment, Council was unable to invest in these improvements, resulting in the upgrade at Waitangi being further deferred. Consequently, the future repairs to our infrastructure are likely to be higher, to retain a status quo level of service. With the Council unable to invest in on-Island infrastructure, the asset quality is likely to deteriorate over time. In addition, this reduces the quality of service that we can offer to our residents and increases the risk of asset failure.

## Note 9: Trade and other payables

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

	Unaudited actual 2020/21 \$000	Actual 2019/20 \$000
<b>Payables under exchange transactions</b>		
General creditors	1,815	2,206
<b>Payables under non-exchange transactions</b>		
Revenue in advance	396	1,126
<b>Total payables</b>	<b>2,211</b>	<b>3,332</b>

The Council received a grant from the Ministry of Culture and Heritage of \$1 million dollars to assist in funding construction of the museum area within the new Council office and community complex, held as revenue in advance in 2019/20, this was transferred to an on-Island organisation. The grant was applied to fund the museum part of the proposed complex.



## Note 10: Personnel cost liabilities

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

	Unaudited actual 2020/21 \$000	Actual 2019/20 \$000
Annual and sick leave	82	66
Accruals for personnel costs	30	45
<b>Total personnel cost liabilities</b>	<b>112</b>	<b>111</b>

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

## Note 11: Borrowings

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

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

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

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

## Note 12: Provisions

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

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

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

	Unaudited actual 2020/21 \$000	Actual 2019/20 \$000
<b>Landfill post closure costs</b>		
Opening balance	20	88
Movement in provision	(20)	(68)
<b>Closing balance</b>	<b>-</b>	<b>20</b>
Consisting of:		
Current	-	20
Non-current	-	-
<b>Pitt Island Barge Society</b>	<b>25</b>	<b>25</b>
<b>Total provisions</b>	<b>25</b>	<b>45</b>

# Financial statements

## Note 13: Equity

The Local Government Act 2002 requires the Council to manage its finances prudently and in a manner that promotes the current and future interests of the community. Our general funds are largely managed as a derivative of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

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

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

### Chatham Islands Council has the following reserve funds:

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

Equity reserves include the following notable funds:

	Unaudited actual 2020/21 \$000	Actual 2019/20 \$000
<b>General funds</b>		
Opening balance	17,084	16,814
Plus net surplus for the year	1,216	270
Adjust for transfer (to)/from other reserves	-	-
<b>Closing balance</b>	<b>18,300</b>	<b>17,084</b>
<b>Emergency services reserve</b>		
Opening balance	250	250
Adjust for transfer (to)/from other reserves	-	-
<b>Closing balance</b>	<b>250</b>	<b>250</b>
<b>Mayoral relief reserve</b>		
Opening balance	25	25
Adjust for transfer (to)/from other reserves	-	-
<b>Closing balance</b>	<b>25</b>	<b>25</b>
<b>Assets revaluation reserve</b>		
Opening balance	65,039	65,039
Revaluation/(impairments)	-	-
<b>Closing balance</b>	<b>65,039</b>	<b>65,039</b>
<b>Total equity at end of year</b>	<b>83,614</b>	<b>82,398</b>



#### Note 14: Statement of commitments

Contract commitments	Unaudited actual 2020/21 \$000	Actual 2019/20 \$000
Not later than 1 year	45	43
Between 1 and 5 years	194	181
More than 5 years	391	393
	<b>630</b>	<b>617</b>

The Council has no contractual commitments for the acquisition of property, plant and equipment as at 30 June 2021 (as at 30 June 2020, nil).

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

#### Note 15: Statement of contingencies

Council has changed how vehicles are used by staff, which may result in staff receiving a personal benefit. If so, Council may be required to pay Fringe Benefit Tax (FBT) to the IRD. We are in the process of seeking advice on the matter, and if the qualifying criteria is met, Council will make a voluntary disclosure to the IRD. Such a payment may cover current and previous periods, with potentially interest and penalty payments applied.

With this exception, the Council is not aware of any other contingent assets or liabilities as at 30 June 2021, for Council or any associates, as at 30 June 2020, nil.

#### Note 16: Related party transactions

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

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

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

# Financial statements

## Note 17: Going concern

Chatham Islands Council is the smallest council in New Zealand, with less than one thousand residents and rateable units. This makes the Council unique in that funding sources available to other councils, such as rate increases, growth, or debt are not considered financially sustainable options for the Chatham Islands Council, as this would unfairly burden our ratepayers. Consequently, there is a significant reliance on external support from the Government in the form of the annual Crown contribution and the roading subsidy from Waka Kotahi NZ Transport Agency to ensure the Council remains operating one year after the annual report is signed, also known as the going concern assumption.

Council has a commitment from the crown to receive financial assistance from the Government in the form of a Crown contribution to meet its statutory obligations and operational costs. In 2020/21, the Council received additional funding from the Crown contribution to assist with its financial viability. In 2021/22, Council again expects to receive additional funding of \$1.1 million. This additional contribution will assist with funding our roading works programme along with contracting out our waste management function and funding the rental costs of our Council building.

There is likely to be a significant amount of policy review with regards to meeting our legislative obligations under the new National Policy Statement on Freshwater Management and reforms to the Resource Management Act 1991, meaning our cash resources may remain insufficient to fund desired capital investment projects in the 2021/22 financial year. By deferring our capital projects, this may result in a higher risk of asset failure or further asset deterioration over time.

The Waka Kotahi subsidy rate remains set at 88% of roading expenditure. Historically, the Council has self-funded this difference of approximately \$500,000 per annum as the funding from the Crown's annual appropriation was insufficient to cover this shortfall, leading to a deteriorating cash position. In the current and future reporting years, there is an indication of additional funding being forthcoming, although this is not confirmed until May each year as part of the appropriation process.

At this stage, it is assumed going forward, there will be sufficient funding to cover our operating requirements including our financial strategy of maintaining a balanced budget. However, given Council's historic approach of funding the Waka Kotahi shortfall, the Council's overall cash position may not move out of overdraft in the foreseeable future. It may also mean extending creditor repayment terms. Council remains in a position where these funding options remain open to Council.

Council has achieved a positive cash movement for the year and also recognised a small surplus. Therefore, the accounts have been prepared on a going concern basis as there are currently overdraft facilities in place with the Island bank to cover expected cash movements for the 2021/22 financial year and Council is expected to receive greater levels of financial support. Council will continue to work with central government agencies to negotiate additional financial support and improve our cash position.

Given the above, the going concern assumption has been considered in preparing the financial statements for the year ended 30 June 2021 and is assessed as appropriate. The financial statements have therefore been prepared using the going concern assumption.

## Note 18: Explanation of major variances against budget

Explanations for major variations from the Council's budget figures in its 2020/21 Annual Plan are as follows:

### Statement of comprehensive revenue and expense

Council has been fortunate to receive an additional \$3.1 million in grants and subsidies during the year to support our commitment to the community and the environment.

Support of \$2 million has been recognised from the Ministry of Arts, Culture & Heritage and New Zealand Lotteries Commission to fund the museum element of our council office space. This funding is correlated with an increase in expenditure of \$2 million on our community buildings.

Grants of \$0.5 million have also been received from the Department of Internal Affairs to support work related to the three water reforms and the Department of Health to make critical maintenance repairs to Council's three waters infrastructure.

Our roading subsidy provided by Waka Kotahi NZ Transport Agency has also increased by \$0.4 million, with the Council aiming to complete works carried over from previous periods as part of the agreed 2018-21 roading programme. These works were delayed primarily due to Council awaiting materials to arrive from overseas. Our current subsidy received is 88% of actual costs incurred by the Council.

Minor other grants have been received from Ministry of Business and Innovation & Employment, Department of Conservation of \$0.3 million to support the purchase and installation of green waste toilets on the Island, refurbishment of the Town Hall frontage and squash court building on the Norman Kirk Memorial reserve and to support a project which enables Chatham Islanders to travel to New Zealand to take driver's license testing.

### Statement of financial position

The majority of the variances to the 2020/21 Annual Plan budget in the Statement of Financial Position, relate to the budget figures for the period being driven by the closing balances as at 30 June 2019, adjusted by expected changes for the 2019/20 financial year, to create an expected opening position as at 1 July 2020. Property, plant and equipment figures are lower than budget by \$2.4 million due to asset additions expected to occur in 2019/20, being deferred due to lack of funding.

Similarly, trade receivables and payables are based on the closing balances as at 30 June 2019. With an unexpected increase in both revenue and expenditure transactions during the year, there is likely to be a interrelated increase in the year-end trade receivables and payables balances.

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

In July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform local government three waters service delivery arrangements.

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated 'all in' approach. The Reform Programme proposed a partnership-based approach with the local government sector, alongside Mori and Māori as the Crown's Treaty Partner and involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024.

There remains a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, and the control and governance of these entities. Notwithstanding these uncertainties, the announcement indicates that if such legalisation is enacted, from 1 July 2024 Council will no longer be responsible for the delivery and infrastructure of the three water services.

Under section 98(7) of the Local Government Act 2002, the Council is required to complete and adopt its Annual Report prior to 31 December 2021. Council was unable to comply with this requirement for the year ended 30 June 2021 due to the effects of COVID-19.

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

# Financial statements

## Financial prudence graphs

Annual Report disclosure statement for the year ended 30 June 2021

### What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings. The Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

### Rates affordability benchmark

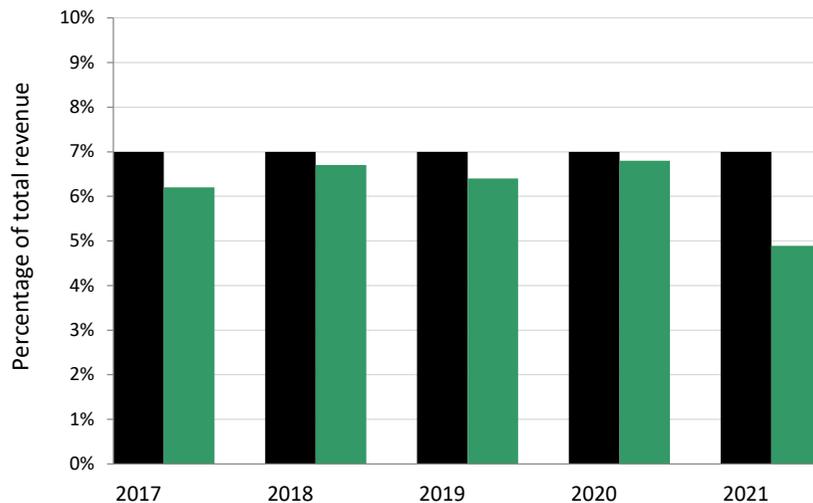
The Council meets the rates affordability benchmark if: its actual rates income equals or is less than each quantified limit on rates and its actual rates increases equal or are less than each quantified limit on rates increases.

#### Rates (income) affordability

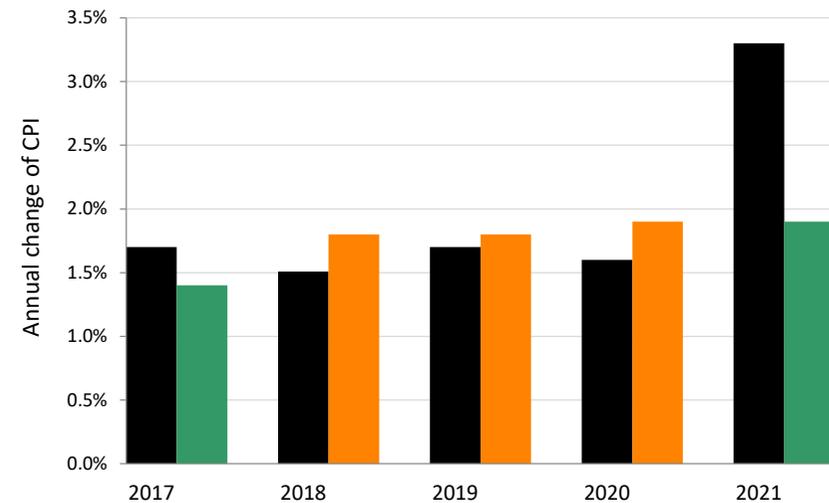
The following graph compares the Council's planned rates income with a quantified limit on rates contained in the financial strategy included in the 2018-28 Long-Term Plan. The quantified limit is 7% of total revenue.

#### Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long-Term Plan. The quantified limit is that rates will not exceed the rate of inflation.



- Actual rates income (exceeds limit)
- Actual rates income (at or within limit)
- Quantified Limit on rates income



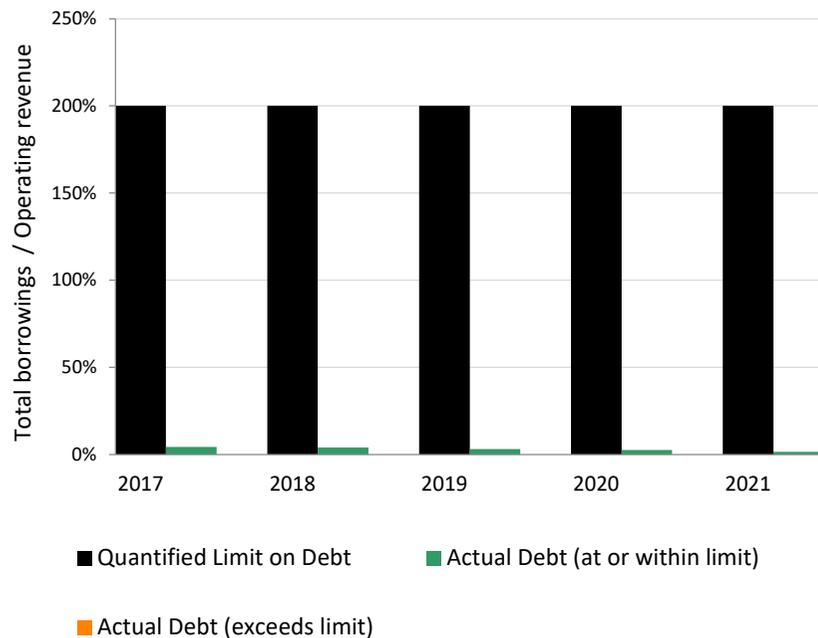
- Actual rates increase (exceeds limit)
- Actual rates increase (at or within limit)
- Quantified Limit on rates increase



### Debt affordability benchmark

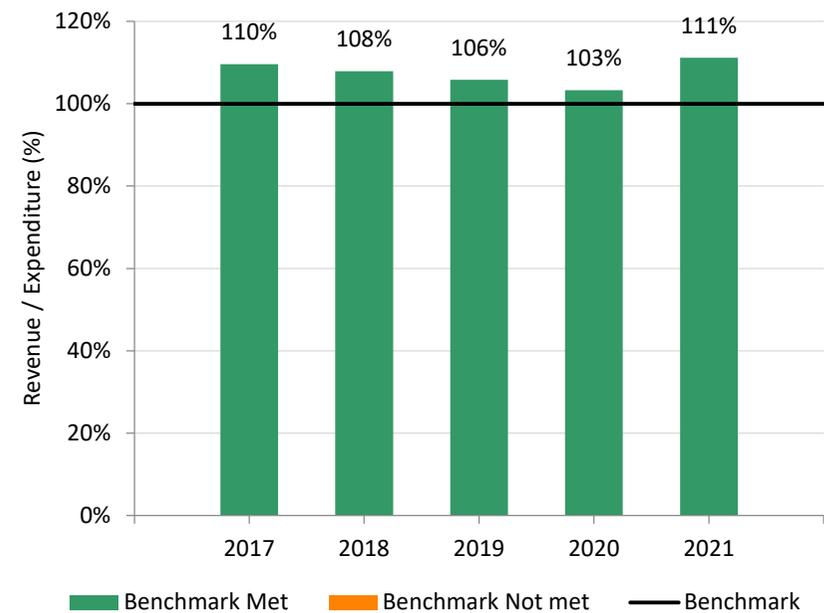
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Long-Term Plan 2018-28. The quantified limit is that total borrowings will not exceed 200% of operating revenue.



### Balanced budget benchmark

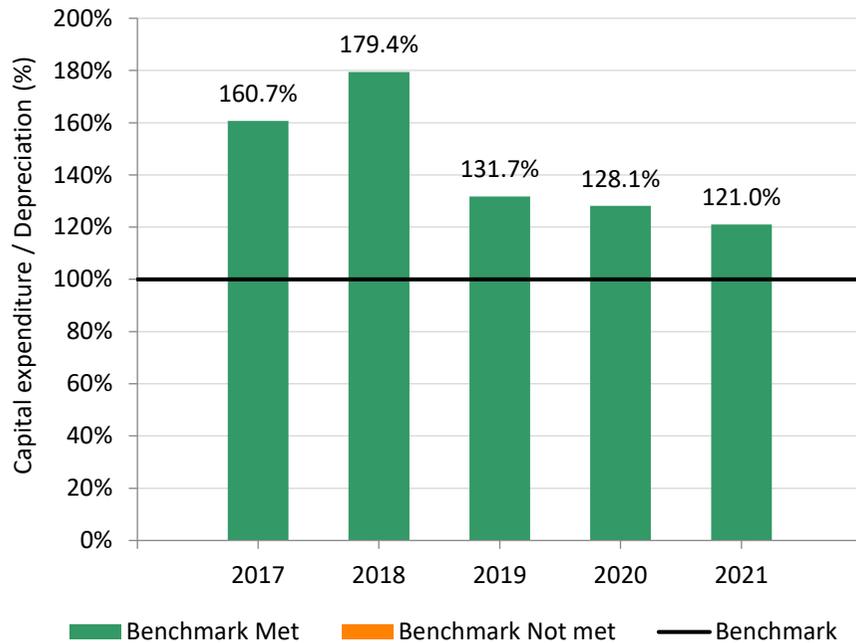
The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial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



# Financial statements

## Essential services benchmark

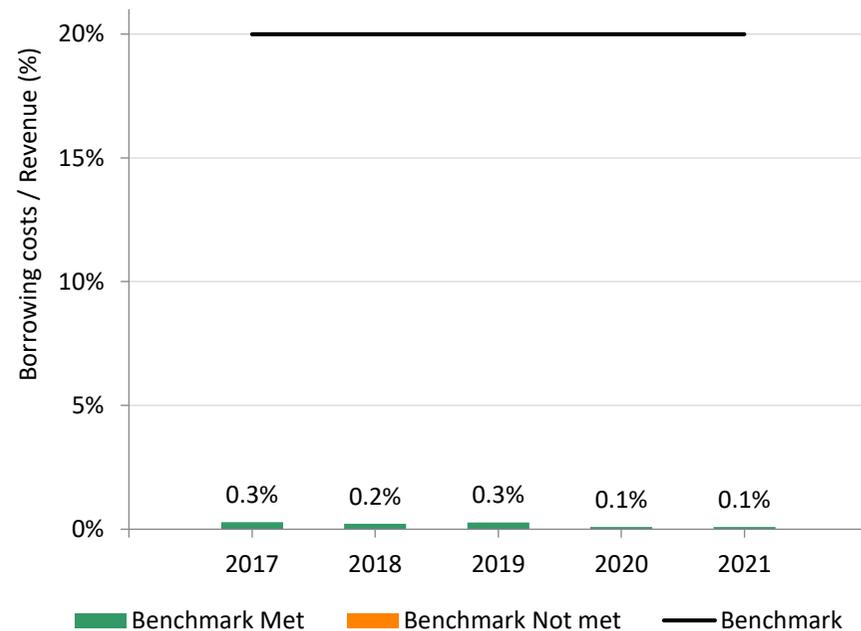
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



## Debt servicing benchmark

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

A local authority meets the debt servicing benchmark for a year if its borrowing costs for the year equal or are less than 20% of its revenue defined as above.

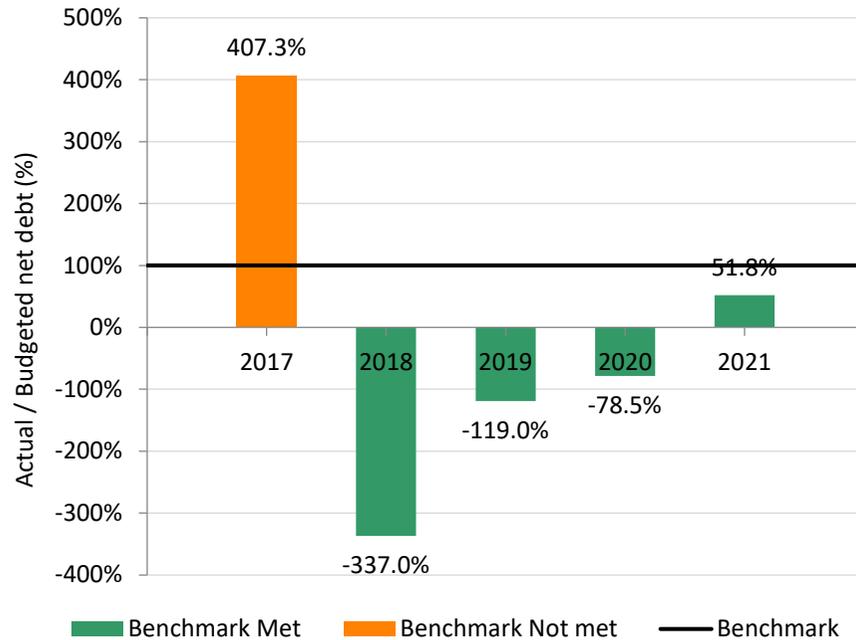




### Debt control benchmark

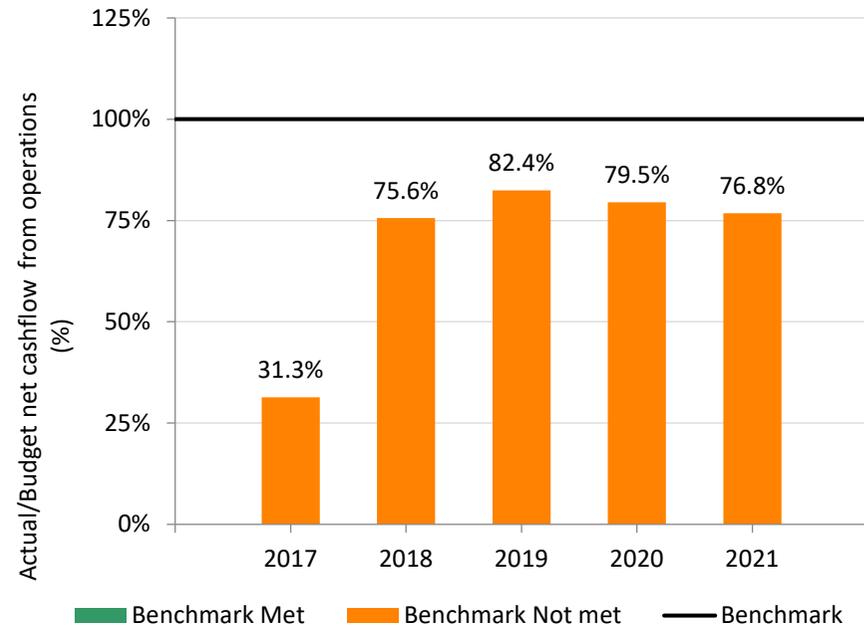
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables).

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



### Operations control benchmark

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



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

# Service performance summaries

## Democracy services

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

This activity includes planning and support for the Council and its committees, the provision of information regarding Council business, and the general oversight of the processes that underpin representative local government in the Chatham Islands territory. This includes elections and consultation with the community.

#### Key activities for democracy services

- **Governance:** It is recognised that a collaborative approach to addressing the Islands' issues is essential to community wellbeing.
- **Partnership:** The Council will work with its key partners in central government and other Island agencies to promote the interests of the Islanders. It will seek to do this in a manner that is clearly defined and is transparent to Chatham Islands residents.
- **Community representation:** Elected Councillors provide a vital link with individuals and the community. Democratic processes allow the opportunity for the public to have their say. The Council is accountable to the community.
- **Community liaison:** The Council acknowledges and values the importance of t'chakat henu/tangata whenua as an integral part of our community.

#### Community outcomes

Our Long-Term Plan 2018-28 identified the following aspirations for our democratic functions:

- **Economic wellbeing, growth builders:** A community that promotes economic development for its fishing, farming and tourism industries.
- **Environmental wellbeing, sustainable action:** An enterprising and innovative community that promotes partnerships with leading organisations.
- **Cultural wellbeing, embracing diversity:** A culturally enriched community that acknowledges and values the importance of t'chakat henu/tangata whenua as an integral part of our community.

## Effects that our democracy services activity has had on our wellbeings

**Economic – development of a sustainable Council:** Fundamental to sustaining financial viability, the Council places reliance on external funding sources to ensure it meets the legislative level of service requirements. The primary reason for this reliance is that the Council does not have an investment portfolio or the population base to support required levels of service unless core funding from central government is secured. The desire to build a strong economic foundation for the Islands, drove for the creation of the Chatham Islands Stakeholders Group, which is formed of representatives from government agencies with Chatham responsibilities along with partner entities on the Island. This group is responsible for developing the Chatham Islands Investment Strategy.

**Economic – building partnerships:** The Council continues to maintain a sound working relationship with the Chatham Islands Enterprise Trust, Hokotehi Moriori Trust and Ngati Mutunga O Wharekauri Iwi Trust and employs a collective Island approach to finding solutions to addressing the sustainability of our Island along with other government departments.

**Cultural – recognition of imi/iwi:** The establishment of a working relationship with imi/iwi continues. It is envisaged that protocols for a working relationship between the Council and imi/iwi will be developed and formalised. These protocols will assist in progressing matters relating to resource management and the recognition of imi/iwi and their relationship with their accustomed environments.

**Cultural – acknowledging and valuing the importance of tangata whenua:** Ensuring the principles of Te Riti o Waitangi/Treaty of Waitangi are recognised, strengthened and maintained.

**Social – engaging and informing our community:** The Council undertakes the local authority elections, runs decision-making processes such as Council meetings, and informs and engages with our community. The last local election was held in October 2019.

During this year, the Council adopted the Long-Term Plan 2021-31. The Long-Term Plan 2021-2031 represents a three-yearly review of our Council activities. It's been developed in response to your community views, legislative changes from central government, and work required to achieve our environmental, social, economic and cultural wellbeings. We remain reliant on external support from central government. Operating within these funding constraints, impacts on our ability to deliver expected services to 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. Otherwise, these assets are likely to deteriorate faster over time and the risk of asset failure for these assets is assessed as high.

The Council informs the community about our decision-making and activities through our website and other publications such as Council agendas, the monthly Council e-newsletter, notices in the Chatham Community Focus Trust weekly newsletter, and Annual Plan/Annual Report summary documents.

### **The challenges we face delivering our democratic functions**

- We rely on Government assistance to meet the Council's current statutory responsibilities. Securing continued funding support remains uncertain and failing to do so could potentially affect the Council's ability to deliver and maintain the required level of service in the future.
- We need to engage with the community in ways that the community find meaningful. A lack of effective engagement could potentially affect participation and make it more difficult to bring together skills, experiences and knowledge to promote a collective approach to finding solutions.
- We need to increase the community's understanding of Council decision-making processes and opportunities for input. A lack of understanding of the decision-making processes could potentially result in adverse reactions to Council decisions and inhibit opportunities for input.

A funding impact statement for the democracy group of activities is disclosed in Appendix 1.



# Service performance summaries

## Performance assessment

We aim to enable residents to be well informed and engaged in decision-making. To assess our performance, we ask for the community's views in relation to whether they believe Council decisions are made in the best interests of the community and on the advocacy provided by the Mayor and Councillors.

We also record levels of participation in elections and monitor the performance of our legislative requirements for governance, reporting and planning.

## Democracy services

Targets	Measure	Unaudited result for 2020/21
Residents feel confident that Council decisions are made in the best interests of the community. <b>NOT ACHIEVED</b> <b>X</b>	85% of residents are confident or very confident* that Council decisions are made in the best interests of the community.	In 2020/21, the Annual Public satisfaction survey showed 59% of the respondents agreed or strongly agreed that the Council decisions were made in the best interest of the community, an improvement on last year's 54%.  This year's survey highlighted that better communication, through meetings and hui along with an increase in transparency is desired by our residents. Despite this result, Council believes appropriate decisions are made in the best interests of the community, allowing for community feedback because: <ul style="list-style-type: none"> <li>• Council makes meeting agendas publicly available five days before the meeting date – allowing public to be informed and participate in decisions, where there is interest.</li> <li>• Information is provided to the community through various media sources and formally as part of our Long-Term and Annual Plan consultation process.</li> <li>• Public meetings are advertised in our local media.</li> <li>• Council maintains a complaints and enquiries register.</li> </ul> Based on the resident's survey, we will look to hold Community consultation afternoons and Q&A segments in our monthly e-newsletter.

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

Targets	Measure	Unaudited result for 2020/21
Council engages and connects with the communities it serves.  <b>NOT ACHIEVED</b> <b>X</b>	80% of residents consider the information supplied by Council to be sufficient (i.e. enough or more than enough) as measured by the annual residents' survey.	In 2020/21, the Annual Public satisfaction survey showed 53% of the respondents agreed or strongly agreed, that the information provided by Council to be sufficient. This was slightly down from the 2019/20 result of 54%.  The results of the survey have shown that respondents would like to see Council engage more with the community with a greater physical presence – including hui and through various media.  Statistics regarding the Council's e-newsletter have remained well above industry standard.  Council will continue to find other methods to reach out to those residents not connected to the internet such as information afternoons and newsletter drop to mailboxes to better inform the community on issues impacting Council.

*Council received only 30 responses for the 2020/21 residents survey. These response rates are low and therefore may not provide an accurate reflection of the community's view on our services provided. Results should be viewed as indicative, but not statistically accurate. Council will be reviewing how it collects information going forward to encourage a greater response from the community.*

## Looking ahead – key projects

- The Council will continue to work with central government to secure future funding support so that the Council can meet its statutory responsibilities, further enabling a sustainable future for our Island community.
- The Council will continue to take a collective approach to upgrading on-Island infrastructure and promoting the interests of our Islanders. We will maintain working relationships with central government and the Chatham Islands Enterprise Trust to assist with development.
- The Council acknowledges the importance of Moriori and Māori in the decision-making process; and developing a sound platform for building a working relationship in which a pathway to the sustainable management of Island resources is effectively followed.



## Infrastructure services

### *We aim to meet our statutory responsibilities and provide access to quality infrastructure services*

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

#### Key activities of infrastructure services

- **Roading:** The Council plans for movement of people and goods within the territory, providing public roads and roading-related infrastructure and promoting road safety.
- **Solid waste:** The Council provides waste management services for public health reasons and to protect the environment.
- **Water supply:** Operating a public water supply that services the Waitangi township and Kaingaroa; and providing firefighting capability in part of Waitangi township.
- **Storm water:** The Council minimises damage to property from flooding and reducing erosion and water pollution.
- **Sewerage:** The Council provides for the collection, treatment and disposal of wastewater in Waitangi.

#### Community outcomes

Our Long-Term Plan 2018-28 identified the following aspirational outcomes for infrastructure services:

- **Economic wellbeing, growth builders:** An enterprising and innovative community that promotes economic development for its fishing, farming and tourism industries and has access to reliable transportation services.
- **Environmental wellbeing, sustainable action:** An environmentally conscious community that protects, sustains and enriches the environment for future generations.

### Effects that our infrastructure services activity has had on our wellbeings

**Economic – access to quality infrastructure:** The Waste Management Strategy has been completed with the establishment of the waste recovery and processing building. This year focused on providing further education about waste sorting and closing/rehabilitation of the old dump sites.

**Social – reliable transportation services:** The Council's implementation of the Chatham Islands Land Transport Strategy continues. The Strategy sets out the features of the current land transport system and strategies for meeting the Islands' needs. The road maintenance programme has been adhered to over the year. Road safety and compliance remain a key focus of the roading programme.

**Environmental – a safe and secure community:** Water scheme upgrades for, Waitangi, Kaingaroa and Te One are a key priority. These will address issues of non-compliance with minimum water standards and respond to community concerns about the impacts on health and safety. To provide sustainable and reliable water sources for these townships, the Council has been working with government agencies to provide financial support for these developments. The Council throughout the period has continued to work to find solutions to supply issues for Waitangi, Kaingaroa and Te One.

**Environmental – protecting our environment:** The Council continues to manage storm water assets and to minimise the damage to property from flooding, erosion and water pollution. The Waitangi sewerage systems continue to operate to compliance. This also ensures that the Moriōri/Māōri relationship with their accustomed environment is not affected by any adverse effects the wastewater system may have on the environment.

### The challenges we face delivering our infrastructure service functions

There is uncertainty over the level of grants for roading, and other central government support that is the subject of a government review. This in turn could affect our ability to maintain and sustain a viable and compliant Council.

A funding impact statement for the group infrastructure services of activities is disclosed in Appendix 1.

# Service performance summaries

## Performance assessment

We aim to meet our statutory responsibility with the provision of our infrastructure services. To assess our performance, we ask for the community's views on their levels of satisfaction in relation to the overall extent and safety of our road network and our other infrastructure schemes. We also assess our performance by the number of complaints received and responded to within specified timeframes, and the level of compliance with resource management conditions and New Zealand Standards relating to roading and water.

## Roading

Targets	Measure	Unaudited result for 2020/21
Residents are satisfied with the standard of chip-sealed road network. <b>NOT ACHIEVED</b> 	75% of residents are satisfied or very satisfied* with chip-sealed road network.	The Annual satisfaction survey for 2020/21 showed 73% of respondents were either satisfied or very satisfied with the chip-sealed roads. This result is down from the 2019/20 percentage of 75%.  Council also monitors satisfaction with our roads by: <ul style="list-style-type: none"> <li>• Maintaining a complaints and enquiries register.</li> <li>• Receiving monthly reports from its roading contractor and roading engineers. Any updates or important information regarding our roading network is communicated through social media and newsletters.</li> </ul>
Residents are satisfied with the standard of the unsealed road network. <b>NOT ACHIEVED</b> 	75% of residents are satisfied or very satisfied* with the unsealed road network.	The annual satisfaction survey for 2020/21 year had 33% of respondents expressing satisfaction or were very satisfied with the unsealed road network. This is down from the 2019/20 result of 46%.  Council will continue to work on increasing the level by working closely with our roading contractor and roading engineers to monitor the road condition, addressing concerns within a timely manner.
Roads are safe. <b>ACHIEVED</b> 	Less than two fatalities or serious injury crashes on the road network per year.	No fatal or serious injury crashes were reported to the police during 2020/21. This is consistent with the past two years which have had no motor vehicle incidents causing death or serious injury.

Targets	Measure	Unaudited result for 2020/21
Quality road condition. <b>ACHIEVED</b> 	The average quality of ride on the sealed network and unsealed network to be less than 105 and 160 roughness respectively, as per the NAASRA <sup>1</sup> Road Classification System.	The ride quality was rated as "good" with the average NAASRA <sup>1</sup> Road Classification System rating in the 2020/21 year assessed as 52 for sealed roads and 80 for unsealed roads. The NAASRA measures the roughness of the gravel on the road. The 2019/20 year had a rating of 70 for sealed roads and 85 for unsealed.  The improvements are due to better grading techniques, ongoing pavement rehabilitations and improved roadside drainage in parts of the network.
Sufficient road maintenance. <b>NOT MEASURED</b>	The percentage of the sealed local road network that is resurfaced, is above 5% of the sealed networks.	The 2020/21 was not a year scheduled for sealing work to occur on the network. The last sealing and rehabilitation year was in 2019/20, where 53% of the sealed network received either a new coat or was recoated. Looking forward, given the resealing work occurs in three yearly cycles, a revised assessment criteria was approved as part of the 2021-31 Long-Term Plan, comparing work expected to be completed as part of the Roading Asset Management Plan with roading project work completed.
Footpaths are maintained. <b>ACHIEVED</b> 	100% of footpaths are maintained in accordance with the roading maintenance contract specifications.	All footpaths were maintained in accordance with the Council's roading and maintenance specifications. This is consistent with the level of service achieved in the 2019/20 financial year.
Respond to service requests in a timely manner. <b>ACHIEVED</b> 	Council will respond to 100% of customer service requests relating to roads and footpaths within five working days.	All 29 customer service requests (or 100%) relating to roads and footpaths on Chatham Island were responded to within three days or less.  There remains one request to improve the status of the road on Pitt Island, which the contractor has been unable to address as they have been unable to mobilise plant for this work, due to the barge not operating for a period of time.  This compares favourably to 2019/20 when all customer service requests were responded to within five working days.

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

<sup>1</sup> National Association of Australia State Road Authorities



## Solid waste management and minimisation

Targets	Measure	Unaudited result for 2020/21
Respond to written requests or complaints in a timely manner. <b>ACHIEVED</b> ✓	100% of complaints are responded to within five working days of notification.	In the 2020/21 financial year, 31 complaints or enquiries were received by Council, with 99% responded to within two working days and all within five working days.  In the 2019/20 financial year, two complaints were received. Both complaints were addressed within five working days.
Residents are satisfied with the landfill and recycling service and ease of use. <b>NOT ACHIEVED</b> ✗	75% of residents are satisfied or very satisfied* with the landfill and recycling service and ease of use.	In the 2020/21 financial year, 33% of the respondents who completed the annual satisfaction survey were either satisfied or very satisfied with the Council's waste management services (including landfill and recycling services). The result has decreased from the 2019/20 result of 54%.  Feedback from the survey suggested respondents were unhappy with the perceived level of waste being recycled on the Island. Following a visit to the island by Ministry for the Environment, Council has been alerted to various grants available to support the purchase of equipment to assist with weighing and measuring waste, as well as funding to assist in upgrading the current recycling facility. Council anticipates investigating further into the suitability of these items in order to improve the waste management facilities on the Island.
Waste minimisation activities and services are effective. <b>NOT MEASURED</b>	There is a reduction in waste going to landfill per annum.	With the landfill commissioning in Owenga delayed until Christmas 2021, the facilities to accurately measure a baseline of waste quantities has not yet been established and therefore this target is unable to be measured. A new volume-based measuring system is expected to be implemented to coincide with Fulton Hogan assuming responsibility for managing the solid waste facility.  Our residents will see a decrease in plastic rubbish bags at the current refuse site. The ability to separate waste types such as tins, aluminium, and to put plastic into bails is helping to minimise our waste footprint. Being able to ship large amounts of metal off the Island is still a key strategy for Council to minimise waste.

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

Targets	Measure	Unaudited result for 2020/21
Residents are aware of waste management services provided by Council and how to use them. <b>ACHIEVED</b> ✓	Minimum of quarterly communication and engagement activities relating to waste management.	Regular communications relating to solid waste management and minimisation activities and projects are circulated in the Chatham Islands Community Focus Trust weekly newsletters, the monthly Council newsletter and on our Facebook page.  The Te One Transfer station has a staff member stationed there to help residents unload rubbish and educate them on the significance of separating recyclables.  The Kaingaroa Transfer Station is unmanned but a repurposed shipping container has been situated at Kaingaroa with fadges for recyclables.  This communication is consistent with 2019/20.

## Water supply

Targets	Measure	Unaudited result for 2020/21
Residents connected to a water scheme are satisfied with the service. <b>NOT ACHIEVED</b> ✗	80% of residents connected to a water scheme are satisfied or very satisfied* with the service.	The 2020/21 annual satisfaction survey shows only 27% of respondents who are connected to a water scheme are satisfied or very satisfied with the water scheme. This result is a decrease compared to the 2019/2020 result of 36%. This year Council secured funding to address the most urgent issues with its water schemes, which may improve the residents' level of satisfaction with the service. See target "Water is safe to drink".
Water is potable. <b>ACHIEVED</b> ✓	No temporary advisory notices issued to boil water - as issued in consultation with the Ministry of Health.	No temporary boil water notices were issued in 2020/21. This is an improvement on 2019/20, where two notices were issued.

# Service performance summaries

## Water supply continued

Targets	Measure	Unaudited result for 2020/21
The reticulation network is maintained. <b>ACHIEVED</b> 	The percentage of real water loss from the Council's networked reticulation system does not exceed 20%.	Information not collected this year. However, no incidences of water loss were reported that exceeded 20%. This is consistent with the 2019/20 financial year's result.
Respond to faults in a timely manner. <b>ACHIEVED</b> 	Where the Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured: <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ul>	The following median response times were measured in 2020/21: <ul style="list-style-type: none"> <li>All issues (three in total) were resolved within eight hours.</li> <li>No urgent call-outs had occurred during the year.</li> <li>No non-urgent call-outs were received.</li> <li>No resolution to non-urgent call-outs required.</li> </ul> This is generally consistent with the 2019/20 financial year.

Targets	Measure	Unaudited result for 2020/21
Water is safe to drink. <b>NOT ACHIEVED</b> 	Council's drinking water complies with: <ul style="list-style-type: none"> <li>Part 4 of the drinking water standards (bacteria compliance criteria).</li> <li>Part 5 of the drinking water standards (protozoal compliance criteria).</li> </ul>	In 2020/21 water supplies were non-compliant with drinking water standards, primarily due to inadequate treatment. Distribution zone compliance was achieved. This is generally consistent with 2019/20.  This year Council received Ministry of Health funding to address urgent issues with both water schemes in Waitangi and Kaingaroa. This work was largely completed by the end of 2020/21 and will improve compliance.  Council is participating in the Three Waters Reform Programme, this year signing the Memorandum of Understanding and receiving funding for projects due for completion in 2021/22. Water projects are aimed at improving safety and resilience.
Residents are satisfied with drinking water. <b>ACHIEVED</b> 	The total number of complaints received by Council about any of the following: <ul style="list-style-type: none"> <li>Drinking water clarity.</li> <li>Drinking water taste.</li> <li>Drinking water odour.</li> <li>Drinking water pressure or flow.</li> <li>Continuity of supply.</li> </ul> Does not exceed five complaints per year nor will the number of complaints received exceed 5% of properties connected (a percentage has been used as the scale of the Council coverage (the number of connections) is below the per 1,000 mandatory measure).	One complaint was received in the 2020/21 financial year related to drinking water taste, colour and supply disruption. This has been resolved through planned upgrade works. See target "Water is safe to drink".  Many residents also expressed concern about water shortages during dry summer periods that risked water conservation measures being put in place. However, no official complaints were received. This is consistent with 2019/20.  Funding received in 2020/21 was limited and so Council continues to seek funding to improve the reliability of its drinking water supply in terms of quantity and quality. Given Council's financial position, Council is unable to guarantee continuity of water supply and the level of service experienced by our residents is unlikely to improve. The trend of increasing summer tourist numbers puts further pressure on the water supply.
Demand is managed. <b>ACHIEVED</b> 	The average consumption of drinking water per day per resident, within the territorial authority district, is less than 500L/person/day.	Average annual usage in 2020/21 was 320L/person/day in Waitangi and 200L/person/day in Kaingaroa.  This is similar to 2019/20, where usage was 340L/person/day in Waitangi and 230L/person/day in Kaingaroa.



## Storm water

Targets	Measure	Unaudited result for 2020/21
Storm water management is adequate. <b>ACHIEVED</b> ✓	The number of flooding events that occur in a territorial authority district does not exceed two per year. For each flooding event, the number of habitable floors affected does not exceed two per year. And 5% of properties connected (a percentage has been used as the scale of the Council coverage (the number of connections) is below the per 1,000 mandatory measure).	No flooding events occurred during the year. This is consistent with that of the 2019/20 financial year.
Storm water discharge is compliant with our Resource Management Plan. <b>ACHIEVED</b> ✓	Compliance with Council's resource consents for discharge from its storm water management is measured by the number of: <ul style="list-style-type: none"> <li>• Abatement notices</li> <li>• Infringement notices</li> <li>• Enforcement orders</li> <li>• Convictions</li> <li>• Non-compliance reports</li> </ul> These should not exceed three events per year.	No discharge notices issued, or other noncompliance event identified in 2020/21 financial year. This is consistent with that of the 2019/20 financial year.
Respond to flooding events in a timely manner. <b>ACHIEVED</b> ✓	The median response time to attend a flooding event, measured from the time that Council receives notification to the time that the service personnel reach the site, will not exceed two hours.	Not applicable, no flooding events occurred in the 2020/21 financial year. This is consistent with that of the 2019/20 financial year.
Residents are satisfied with storm water management. <b>ACHIEVED</b> ✓	The number of complaints received by Council about the performance of its storm water management does not exceed five per year. 5% of properties connected (a percentage has been used as the scale of the Council coverage (the number of connections) is below the per 1,000 mandatory measure).	No complaints were received in 2020/21. A joint committee must now agree to open Te Whanga as set out in the Chatham Islands Resource Management document.

## Sewerage

Targets	Measure	Unaudited result for 2020/21
Residents are satisfied with the wastewater system. <b>NOT ACHIEVED</b> ✗	75% of residents are satisfied or very satisfied* with the wastewater system.	In 2020/21, 27% of the residents who responded to the annual satisfaction survey are satisfied with the wastewater system. This is a decrease from the result in 2019/20, where 40% of residents were satisfied with the wastewater system. Of the respondents, recommendations focused on Council beautifying the sewage treatment area through planting and painting. Council monitors satisfaction with our wastewater system by: <ul style="list-style-type: none"> <li>• Maintaining and monitoring a complaints and enquiries register.</li> <li>• Receiving monthly reports on its wastewater system from its environmental engineers, with need to urgently carry out various remedial works as funding allows.</li> </ul> Monthly reports on wastewater system are in the monthly council meeting agenda which are available on Council's website. Council is participating in the Three Waters Reform Programme, this year signing the Memorandum of Understanding and receiving funding for projects due for completion in 2021/22. Funding from the Ministry of Health has also been received during the year. Wastewater projects are aimed at improving, or designing improvements to, the wastewater system.
Residents are satisfied with the wastewater system. <b>ACHIEVED</b> ✓	The total number of complaints received by Council about any of the following: <ul style="list-style-type: none"> <li>• Sewage odour.</li> <li>• Sewerage system faults.</li> <li>• Sewerage system blockages does not exceed 2% of properties connected^.</li> </ul>	One complaint regarding the sewerage system received in 2020/21. This is one more than 2019/20. Council continues to seek funding to carry out remedial works to maintain an appropriate level of service.

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

^ a percentage has been used for the scale of the Council coverage as the number of connections are below the mandatory measure scale of 1,000 connections

# Service performance summaries

## Sewerage continued

Targets	Measure	Unaudited result for 2020/21
System is adequate. <b>ACHIEVED</b> ✓	The number of dry-weather sewerage overflows from the sewerage system is less than five per year. 5% of properties connected.	In 2020/21 there were no dry weather sewerage overflows; or 0% of properties connected. This is consistent with 2019/20.
Wastewater discharge is compliant. <b>NOT MEASURED</b>	Compliance with resource consents for discharge from sewerage system as measured by the number of: <ul style="list-style-type: none"> <li>Abatement notices</li> <li>Infringement notices</li> <li>Enforcement orders</li> <li>Convictions</li> </ul> These should not occur more than twice per year.	<p>The Chatham Islands Resource Management document has historically assessed the Waitangi wastewater discharge system as non-compliant. The wastewater infrastructure requires repair and upgrading. Weaknesses in the wastewater settling tank have been observed, with temporary remedial works completed to address these observed issues.</p> <p>One complaint was received about run-off from the land disposal. Council addressed this with remedial works being completed in 2020/21 and the land disposal area will be extended in 2021/22 to further mitigate the issue.</p> <p>Soil and groundwater sampling data to assess compliance with resource management conditions is incomplete and therefore Council is unable to determine compliance with resource consent conditions for the 2020/21 financial year.</p> <p>In 2020/21 there were no notices or orders issued. This is consistent with the 2019/20.</p>

Targets	Measure	Unaudited result for 2020/21
Respond to faults in a timely manner. <b>ACHIEVED</b> ✓	Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following median response times are measured: Attendance time: The time when the Council receives notification to when the service personnel reach the site does not exceed 12 hours. 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.	Two incidences of blockages or faults occurred in 2020/21, which were responded to within 12 hours and rectified within 24 hours. There were no incidences in 2019/20.

## Looking ahead – key projects

- Continue to work towards sustainable and reliable water sources for the townships of Waitangi, Kaingaroa and Te One.
- Continue to provide a safe, smooth, well-maintained and managed road network.

The Government has launched the Three Waters Reform Programme, which is expected to review how local government delivers these service delivery arrangements. It is expected the reform proposals will involve the legislative creation of four publicly-owned water services entities for all of New Zealand, who will be responsible for the service delivery and infrastructure of these assets. These reforms are likely to transfer responsibility from Council from 1 July 2024, although the exact size, shape and design of these entities remains unclear. A consequence of these reforms is that services Council provides on the Island may change as a result of this programme including our three waters projects.



## Community and regulatory services

### *We aim to promote community development and provide regulatory services that meet the community's needs*

The Council seeks to promote community development through recreation, the arts and cultural heritage and to enhance the health and safety of the community through an effective and reliable administration of relevant legislation.

#### Key activities of community and regulatory services

- **Providing services to the community:** Chatham Islands Council considers social and community development to be a cornerstone of the wellbeing of the Chatham Islands community. It views recreation, arts and culture as essential to the health and wellbeing of society and believes that a strong community is knowledgeable of its heritage, and preserves and respects achievements of the past.
- **Processing building consents:** This service is contracted to Wellington City Council, which is responsible for ensuring properties on the Chatham Islands are in compliance with the New Zealand Building Code.
- **Processing alcohol and food premise licensing:** The responsibility for the administration and the compliance component of this service is contracted out to a Licensing Inspector. Chatham Islands Council has the responsibility to protect and promote public health by undertaking the licensing and inspection of premises to ensure compliance with the Health Act 1956, Sale and Supply of Alcohol Act 2012, Local Government Act 2002 and Council bylaws.
- **Waka Kotahi NZ Transport Agency licensing services:** Processing of drivers licenses are performed by Council on behalf of the agency.
- **Dog and animal control:** The Council carries out animal control functions in accordance with the Dog Control Act 1996, the Impounding Act 1955 and animal control bylaws.

#### Community outcomes

Our Long-Term Plan 2018-28 identified the following outcomes as aspirations for community and regulatory services:

- **Economic wellbeing, growth builders:** An enterprising and innovative community that promotes economic development for its fishing, farming and tourism industries.
- **Cultural wellbeing, embracing diversity:** A culturally enriched community that protects and values the Chatham Islands way of life and traditions, that values and supports the arts as a means of sustaining our heritage and that values its miheke, taonga and treasures.

#### Effects that our community and regulatory services activity has had on our wellbeings

- **Social – access to education opportunities for all ages:** The Council, together with Wellington City Council library provides a library service that enables access to knowledge.
- **Environmental – a safe and secure community:** A level of compliance is maintained through the administration of liquor licensing, health registrations and dog and animal control in order to reduce the impact of alcohol, health and animal related harm. A Liquor Ban Bylaw is in place.
- **Social – access to recreation and sports facilities:** The Council maintains a good working relationship with the Norman Kirk Memorial Reserve committee that oversees the Council's recreational asset, providing a sports and recreation facility for the community. The Council continues to administer the Sport NZ funding.
- **Economic – a community that promotes economic development for its fishing, farming and tourism industries:** The Council continues to provide community support by way of in-kind contributions to the Chatham Islands Visitor Industry Group.
- **Cultural – a community that values the Chatham Islands way of life and traditions:** The Council is currently responsible for maintaining and sustaining a morgue, public cemeteries and a burial register, with responsibility to transfer to another Island entity from next year. Having the ability to comply with the requirements of the Health Act 1956 and to provide a qualified mortician remains challenging. The Council currently does not comply with this Act. However, the provision of public cemeteries and the acknowledgement of the Chatham Islands' burial traditions are important for Islanders. In these ways, the relationship between the Council and its community on matters of cultural sensitivity can be realised.

# Service performance summaries

- **Cultural – a community that values and supports the arts as a means of sustaining our heritage:** The Council provides grants and donations that enables participation in the arts through administering the Creative Communities Scheme and in-kind contributions.
- **Cultural – a community that values its miheke, taonga and treasures:** The Council over the year has continued to support The Chatham Islands Museum & Cultural Heritage Charitable Trust.

## The challenges we face delivering our community and regulatory services functions

- The Council’s housing stock and Council buildings require on-going maintenance; without such maintenance, the assets could degrade significantly. Maintenance of the Council’s community flats continues.
- While conditions on liquor licences and health registrations may constrain individuals’ choices or actions, benefits accrue to the wider community and the environment from having such conditions.
- The Council continues to be non-compliant with the Health Act 1956, while there is no qualified on-Island mortician.

A funding impact statement for the community and regulatory services group of activities is disclosed in Appendix 1.

## Performance assessment

We aim to meet our statutory responsibility with the provision of our community and regulatory services. To assess our performance, we ask for the community's views on their levels of satisfaction in relation to community and regulatory services. We also assess our performance on compliance with New Zealand Standards, processing within statutory timeframes, frequency of inspections and by the number of complaints received and responded to within specified timeframes.

## Community and regulatory services

Targets	Measure	Unaudited result for 2020/21
Residents are satisfied with community services, including library and dog and animal control services.  <b>NOT ACHIEVED</b> 	85% of residents are satisfied or very satisfied* with community services.	In 2020/21, the Annual Public satisfaction survey showed 78% of the respondents were satisfied or very satisfied with community services, including library and dog and animal control services. In 2019/20, this question was excluded from the survey in favour of evaluating satisfaction with various areas of community services, the assessed level of satisfaction with these services on average was 68%. Respondents particularly highlighted their appreciation of the work provided by the dog and stock control office and the library service provided in conjunction with Wellington City Library.  Council will continue to work on improving these services with the funding it has.
Respond to complaints about operations and facilities, and remedy faults in a timely manner.  <b>ACHIEVED</b> 	100% of complaints about operations and facilities are investigated within 12 hours, with minor faults remedied within 24 hours of notification.	In the 2020/21 financial year, four complaints/enquiries were received in relation to community and regulatory services. All (100%) were responded to within 24 hours of notification. No complaints were received during the 2019/20 financial year.
Liquor licensing applications to be processed within statutory timeframes.  <b>ACHIEVED</b> 	95% of liquor licensing applications are processed within statutory timeframes.	All (100%) of all applications were processed within the statutory timeframes. There was one liquor licence renewal, one manager renewal, eight new manager applications, and one special licence application issued during the 2020/21 financial year. This is consistent with 100% of liquor licencing applications processed within statutory time frames in the 2019/20 financial year.
Food premises are compliant.  <b>ACHIEVED</b> 	No issues of non-compliance identified or reported.	There were no issues of non-compliance identified or reported in the 2020/21 year. This is consistent with 2019/20.

## Community and regulatory services continued

Targets	Measure	Unaudited result for 2020/21
Island-wide dog inspections (including Pitt Island) carried out.  <b>NOT ACHIEVED</b> 	At least one inspection annually to ensure dogs are registered, and to check animal welfare.	All areas of the Islands with the exception of part of North Road and Pitt Island were inspected during 2020/21 financial year. Staff were unable to complete dog inspections in 2019/20 during the COVID pandemic.

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

## Looking ahead – key projects

- Staff housing on-Island:** The Chatham Islands Housing Partnership Trust (CIHPT) was established in 2017 under the administration of the Ngati Mutunga O Wharekauri Iwi Trust. CIHP draws its members from Hokotehi Moriori Trust and Ngāti Mutunga o Wharekauri, Chatham Islands Council and Chatham Islands Enterprise Trust. The CIHP Trust was established with a \$2 million government grant, with the aim of assisting the community with the provision of a wide range of housing initiatives, including social housing.
- Morgue:** The Council continues to look at ways to address issues relating to the morgue and appropriate mortician services. Discussions with Canterbury District Health Board and Manaaki Whanau O Wharekauri are ongoing with a view to address ways to better operate this service.
- Council office and museum complex:** The new purpose-built Council offices and museum are under construction. Funding constraints have resulted in the initial concept of a community complex being revised and downsized. The building is expected to house the offices of the Chatham Islands Council, and Heartlands among other entities. The construction of the museum facility has largely been supported by grants received from New Zealand Lotteries Commission and the Ministry of Culture and Heritage. If funding allowed, the building could be extended in the future to incorporate an indoor sports stadium, library and additional meeting room space.



# Service performance summaries

## Environmental services

### *We aim to maintain, sustain and protect our natural resources now and for future generations*

The Council seeks to maintain and sustain natural resources in order to promote a sound resource base and to protect the environment from threats that could be detrimental to the needs of the community now and in the future.

#### Key activities of environmental services

- **Managing the community's resources:** The Council is responsible for the monitoring and reporting on the state of the Chatham Islands environment – its land, air, water and coastal resources and compliance with the requirements of the Resource Management Act 1991.
- **Biosecurity control:** The Council carries out work under the Biosecurity Act 1993; this is to ensure the economic and ecological sustainability of the territory. The Council will carry out pest management in accordance with National and Regional Pest Management Strategies.
- **Water quality and hydrology:** The Council monitors and reports on the Chatham Islands environment to identify water quality, river flows and rainfall trends.
- **Protection of historic places:** The Council ensures compliance with the Heritage New Zealand Pouhere Taonga Act 2014 to protect historic areas and wāhi tapu on the Islands. There are 11 registered historic places on the Islands.

#### Community outcomes

Our Long-Term Plan 2018-28 identified the following as aspirational outcomes for environmental services:

- **Economic wellbeing, growth builders:** An enterprising and innovative community that promotes economic development for its fishing, farming and tourism industries.
- **Environmental wellbeing, sustainable action:** An environmentally conscious community that protects, sustains and enriches the environment for future generations and promotes a safe, healthy and secure community.

- **Cultural wellbeing, embracing diversity:** A culturally enriched community that acknowledges and values the importance of t'chakat henu/tangata whenua as an integral part of our community and values its miheke/taonga.

#### Effects that our environmental services activity has had on our wellbeings

- **Economic – a community that promotes economic development for its fishing, farming and tourism industries:** Through its contract with Environment Canterbury, the Council monitors any changes in government policy, such as aquaculture reforms, that may have an impact on the Chatham Islands. The Council also continues to implement the Chatham Islands Pest Management Strategy in compliance with the Biosecurity Act 1993.
- **Cultural – a community that protects, sustains and enriches the environment for future generations:** The Council promotes the importance of maintaining and sustaining the Chatham Islands' natural environment through informing the community.
- **Environmental – A safe, secure and healthy community:** The Council maintains a contract with Environment Canterbury, which oversees the Council's regional resource management responsibilities.
- **Cultural – A community that acknowledges and values the importance of t'chakat henu and tangata whenua as an integral part of our community:** The Council engages with imi/iwi on matters relating to resource management. This enables the relationship between the Council, the community and Moriori/Māori on matters of natural resources and the environment to be realised.
- **Cultural – A community that values its miheke, taonga and treasures:** The Council works towards gathering baseline information and monitoring water quality in order to maintain, sustain and protect natural resources and the environment.

## The challenges we face delivering our environmental services functions

- The introduction and spread of new plant and animal pests poses a significant risk to the Chatham Islands.

A funding impact statement for the environmental services group of activities is disclosed in Appendix 1.

## Performance assessment

We aim to meet our statutory responsibility with the provision of our environmental services. To assess our performance, we measure compliance, the maintenance of water quality and frequency of inspections. We also assess our performance on maintaining internal border control.



## Environmental services

Targets	Measure	Unaudited result for 2020/21
Resource consents processed within statutory timeframes.  <b>NOT ACHIEVED</b> 	100% of resource consents processed within statutory timeframes.	In the 2020/21 financial year 93% of resource consents were processed within statutory timeframes. Eight subdivision applications, and six resource land use consent applications were received in the 2020/21 financial year.  In 2019/20 all resource consents were processed within statutory timeframes.
Respond to and initiate investigations in a timely manner for:  <ul style="list-style-type: none"> <li>Breaches of the Resource Management Act.</li> <li>Breaches of consent conditions.</li> </ul> <b>NOT ACHIEVED</b> 	Any breach to the Resource Management Act 1991 or consent conditions responded to within one hour of notification.	Council, through their contractor has monitored 23 sites for permitted activity compliance with the Resource Management Act 1991, with 13 sites having one or more assessments of non-compliances against permitted activity rules. Much of this revolved around permitted activity of hazardous substance storage or discharge of contaminants.  In relation to the four Resource Consents monitored (including the wastewater treatment plant), two were compliant and two were non-compliant with one or more consent conditions.  Investigations into non-compliance, has resulted in recommendations being made by the contractor to Council in relation to the observed issues of non-compliance with both the Resource Management Act 1991 and consent conditions, with the expectation that these will be implemented within the 2021/22 financial year, where agreed.  No breaches of the Resource Management Act 1991 or consent conditions were reported in 2019/20.
Sample and analyse water quality.  <b>ACHIEVED</b> 	Sample and analyse water quality for all sites on the Chatham Islands four times per year. State of the environment water quality monitoring programme maintained at current level (all sites are monitored).	All sites monitored and data stored in database (fully available on request) as well as displayed on Council's website. This is consistent with that of the 2019/20 financial year.

Targets	Measure	Unaudited result for 2020/21
The Chatham Islands Resource Management Document is compliant.  <b>ACHIEVED</b> 	The Chatham Islands Resource Management Document is made fully operative and steps are taken to update the document as required by nationally set direction.	The Chatham Islands Resource Management Document was approved in June 2020 and made fully operative in the 2020/21 year. Prior to this date, the document was partially operative awaiting formal approval from the Department of Conservation.  The Chatham Islands Resource Management Document was updated during the year for new requirements set by the National Environmental Standards for Plantation Forestry to include specific provisions relating to the planting, maintenance, and harvesting of trees for commercial purposes.  Looking forward, the document will need further updates by 2024 to give effect to the Essential Freshwater Package. This will involve making changes to the document through the freshwater planning process to include objectives, policies and rules required to meet the requirements of the new national direction on freshwater management. Based on the indicated future funding assistance package, there is insufficient funding to complete this expected work by 2024. Negotiations between the Council and the Department of Internal Affairs are currently underway, where if increased funding for the 2022/23 year and beyond is successful, it will ensure that the Chatham Islands Resource Management Document is able to be fully compliant with all legal obligations by 2024.  Effective Freshwater policies are a priority for the Council and an area of special interest for imi and iwi. Council plan to work in co-operation with interested parties to ensure mutually beneficial outcomes are achieved.
River flows and Te Whanga level monitored and data made publicly available.  <b>ACHIEVED</b> 	Monitor and record river flows, lagoon level and rainfall on Chatham Island. All sites are monitored, with data recorded and available to the public e.g. on the website.	Continuous monitoring of flows and levels at four river hydrometric sites, and two Te Whanga sites have been maintained over 2020/21 financial year with results archived. In 2019/20 all sites were monitored with data stored and made available on the Council's website.

## Environmental services continued

Targets	Measure	Unaudited result for 2020/21
<p>Water quality and hydrology data is available to the public.</p> <p><b>NOT ACHIEVED</b> ✘</p>	<p>A summary report (including river flow, lagoon level, and rainfall data) is available by the end of August for the previous financial year (report provided to Council and then available via the website).</p>	<p>A summary report analysing the past two years of water quality data has been prepared summarising data up until the end of June 2021 and is available on the Councils website.</p>
<p>Pest inspections conducted.</p> <p><b>ACHIEVED</b> ✔</p>	<p>Two inspections undertaken per financial year. No new pest incursions found at risk sites (results of inspection will be published on the Council website).</p>	<p>In the 2020/21 financial year, quarterly site inspections were completed, this compares favourably with the previous year, when only two annual inspections occurred. Based on inspections completed, no new pest incursions were found at these sites.</p> <p>However, a hive of German Wasps was identified at Waitangi wharf in March 2020, which was treated and eradicated. Ongoing surveillance has occurred during the year, ensuring no resurgence of this pest.</p> <p>In addition, a single German wasp was found in a consignment of lettuces from New Zealand during the year. The Wasp was destroyed and is not believed to be associated with the previous incursion.</p> <p>Our rat dog 'Moki' and its handler assisted the Department of Conservation with outer Island surveillance, to ensure no rats were present after an unauthorised boat landing.</p>
<p>Internal borders between Chatham Island, Pitt Island, and New Zealand are maintained.</p> <p><b>ACHIEVED</b> ✔</p>	<p>At least one training session to be provided to freight handlers at major ports supplying the Chatham Islands. Partnership to be established with Biosecurity NZ to develop a marine biosecurity plan as part of the internal border protection.</p>	<p>Annual freight handler training sessions have occurred in year with SPS Biosecurity, and regular refresher training has been provided on an as required basis.</p> <p>In addition, four staff have been trained and equipped to carry out marine pest surveillance surveys, in partnership with Biosecurity NZ. Our dive team has now completed four surveys of all four ports, with no incursion occurrences identified. Crab "potting" has also occurred to identify potential invasive crab presence, with no issues noted.</p>



# Service performance summaries

## Environmental services continued

Targets	Measure	Unaudited result for 2020/21
Landowners and occupiers do not introduce, sell, propagate or distribute pest species.  <b>NOT APPLICABLE</b>	80% of plans implemented.	This measurement is not applicable because no plans were implemented during the year, consistent with the 2019/20 financial year. The level of plant pest awareness from landowners has significantly increased over the past few years; with regular pest awareness campaigns occurring and our two biosecurity staff on the Islands have also contributed to this success. There have been numerous cases where landowners have proactively contacted our Regional Council service provider, Environment Canterbury, to address pest issues because of their increased level of awareness and concern. The recent German Wasp incursion notification was an example of this higher level of awareness and action.
Landowners carry out control of gorse and feral goats.  <b>NOT APPLICABLE</b>	80% of plans implemented.	This measurement is not applicable because there were no plans implemented during the year, consistent with the 2019/20 financial year.  The feral goat population has been eradicated from one geographical area, leaving approximately 40-50 goats left in another separate area. The number has not significantly reduced from the prior year, due to the difficult terrain inhabited by the goats. Control work will be on going.  For the past eight years, the Chatham Islands Council has approved an annual helicopter gorse spraying budget of up to \$150,000. Landowners are invited to participate in the scheme on a dollar-for-dollar basis. To date, the subsidised programme has resulted in over 1,800 hectares of gorse being sprayed.

Targets	Measure	Unaudited result for 2020/21
Monitor invasive marine pests that are present in New Zealand or are likely to arrive from other destinations.  <b>ACHIEVED</b> 	An annual underwater surveillance programme to be undertaken on all ports on Chatham and Pitt islands, and the Ministry for Primary Industries to be notified of pest incursions.	The dive team has conducted twice annual surveys of Waitangi, Port Hutt, Kaingaroa and Owenga ports to assess pest incursions. Crab potting has also occurred at all four ports twice during the 2020/21 financial year. No invasive marine species detected to date, consistent with the 2019/20 financial year.  The Chatham Islands has a unique environment, with multiple boats visiting our ports. It is crucial that monitoring of our ports occur for any organisms that are on the Ministry for Primary Industries unwanted list to ensure the marine environment remains pristine.
Residents are aware of and follow pest management practices.  <b>ACHIEVED</b> 	Minimum of quarterly communication and engagement activities relating to pest management, including marine pests.	Regular communications relating to biosecurity activities and projects are circulated on our website and through other publications such as the monthly Council e-newsletter, notices in the Chatham Community Focus Trust weekly newsletter and our Facebook page. This is consistent with communications in 2019/20.

## Looking ahead – key projects

- The Council will continue to authorise the use of natural and physical resources and respond to breaches of the Resource Management Act 1991.
- The Council will continue to maintain the water quality programme of Chatham Islands' streams, rivers and lakes, the water quality monitoring programme in the Chatham Islands and the water quality of Te Whanga.
- The Council will continue to prevent the arrival and establishment of new pests and monitor progress with operational and property plans according to the Chatham Islands Pest Management Strategy.
- The Resource Management Act 1991 is expected to be repealed and replaced with new legislation, the full impact is yet to be determined, but may impact on future projects.



## Emergency management

### *We aim to provide emergency management that responds effectively to the needs of the community*

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

#### Key activities of emergency management

- **Civil Defence:** The Civil Defence Emergency Management Act 2002 imposes statutory obligations on the Council to carry out hazard-based risk management in four areas: reduction of risk, readiness for events, response and recovery after an event.
- **Marine oil spill response:** The Maritime Transport Act 1994 requires the Council to prepare, maintain and review regional marine oil spill contingency plans.

#### Community outcomes

Our Long-Term Plan 2018-28 identified the following aspirational outcomes for emergency management:

- **Social wellbeing, resilient community:** A safe and secure community.
- **Environmental wellbeing, sustainable action:** An environmentally conscious community that protects, sustains and enriches the environment for future generations.

### Effects that our emergency management services activity has had on our wellbeings

**Environmental – a safe and secure community:** The Council continues to progress the Emergency Management Operations Centre project. With the challenges associated with isolation and remoteness, it is necessary to establish a resourced facility that supports, enables and strengthens community resilience in times of threat. This facility is significant and fundamental to New Zealand's most isolated community and continued community wellbeing. Land for the facility has been secured. No funding for this project has been secured as yet. However, the Council continues to actively pursue funding options. It is important for Council to have the ability to respond to and recover from the impact of all hazards by promoting readiness and preparedness through the community through education.

**Economic – promoting economic development and enriching the environment for future generations:** Our vulnerability and the impact of disasters on the environment is reduced through the provision of appropriate planning and long term strategies. Through the Civil Defence Emergency Management (CDEM) Group plan, we have an operative hazard risk plan and analysis in place. This will assist organisations, agencies and groups to better plan for their needs and allows for a provision of support and assistance for the regeneration of the economy in the event of a disaster.

**Cultural – a community that acknowledges and values the importance of t'chakat henu and tangata whenua as an integral part of our community:** The Council continues to ensure emergency management is proactive in understanding and protecting community values and the natural environment, taking a collective approach to our emergency management response on the Island.

### The challenges we face delivering our emergency management functions

A significant emergency could potentially affect the Chatham Islands economically as well as both short-term and long-term quality of life. Many emergency management functions are highly reliant upon contributions made by volunteers. Council needs to ensure the Islands are able to remain self-sufficient until further assistance is forthcoming.

A funding impact statements for the emergency management group of activities is disclosed in Appendix 1.

# Service performance summaries

## Performance assessment

We aim to meet our statutory responsibility with the provision of emergency management. To assess our performance, we measure the community's readiness and the effectiveness of recovery. We also assess our performance by the time taken to respond to events.

## Emergency management

Targets	Measure	Unaudited result for 2020/21
Residents consider they are prepared and know what to do in an emergency.  <b>ACHIEVED</b> 	75% of residents are well-prepared or prepared* and know what to do in an emergency.	In 2020/21 80% of the residents who completed the annual satisfaction survey felt they were prepared or well prepared for an emergency. A significant improvement on the 51% of residents who thought they were sufficiently prepared for an emergency in 2019/20.  The results of the survey however did indicate that there is some confusion over who the area coordinators are. Area coordinators have been proactive in contacting residents in their area and sending information, which has been prepared by Emergency Management out via various media formats such as Facebook messenger during the pandemic lockdowns  The Council remains focused on prioritising emergency management preparedness due to the importance of the Island being ready for any emergency, this is especially important given the Island's level of isolation.
Residents are aware of emergency management procedures.  <b>ACHIEVED</b> 	Minimum of quarterly communication and engagement activities relating to emergency management.	Regular communications relating to emergency management activities and projects were circulated on our website and through other publications such as the monthly Council e-newsletter, notices in the Chatham Community Focus Trust weekly newsletter and our Facebook page.  Emergency Management have composed daily updates to Area Coordinators though email and Area Coordinators have used Facebook Messenger as a means to communicate with residents.  Regular meetings with area coordinators have also resulted in updated area maps and more frequent communication with residents.

Targets	Measure	Unaudited result for 2020/21
The Emergency Management Operations Centre is always ready to respond.  <b>ACHIEVED</b> 	Including staff and volunteers, emergency management equipment, control facilities, and communication systems.  <ul style="list-style-type: none"> <li>Annual emergency event training exercise held.</li> <li>All staff and volunteers participate in at least one skills training session per annum.</li> <li>Emergency management equipment tested quarterly.</li> </ul>	Emergency management tested the Emergency Operation Centre (EOC) with training/exercise held in May 2021 with Emergency Management Training Centre. All Council staff participated EOC training. Area coordinators undertook radio training held in July 2021. In 2019/20, Council was unable to hold training sessions as scheduled, due to the COVID-19 lockdown response.  All emergency equipment is tested quarterly to confirm readiness.
The marine oil spill plan is current and compliant.  <b>ACHIEVED</b> 	At least one water equipment deployment exercise conducted annually.	One Oil Spill Training exercise was held in November 2020. In 2019/20, a water equipment deployment exercise was unable to be completed due to the COVID-19 impact.

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

## Looking ahead – key projects

The Emergency Management Operations Centre project employs a collective approach to addressing the need for a unified Island Civil Defence and Emergency Management centre that can respond to the needs of the community. The Council's overarching objective for the centre is to provide an efficient and effective system of emergency management that minimises the potential effect of all hazards on the community and the environment. This project has been delayed, awaiting funding support.



## Coasts, harbours and navigation

### *We aim to promote, maintain and sustain a safe environment for both commercial and recreational maritime activities*

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

### Key activities of coasts, harbours and navigation

- **Ensuring navigational safety:** The Council is tasked with the responsibility of addressing matters of navigation and safety within this area as required by the Local Government Act 2002 and the Maritime Transport Act 1994.

The Council seeks to promote, maintain and sustain a safe environment for both commercial and recreational maritime activities.

### Community outcomes

Our Long-Term Plan 2018-28 identified the following aspirational outcomes for coasts, harbours and navigation:

- **Social wellbeing, resilient community:** A safe, healthy and secure community with access to quality infrastructure services.
- **Economic wellbeing, growth builders:** An enterprising and innovative community that promotes economic development for its fishing, farming and tourism industries and provides access to reliable and affordable transportation services.
- **Environmental wellbeing, sustainable action:** An environmentally conscious community that protects, sustains and enriches the environment for future generations.

### Effects that our coasts, harbours and navigation services activity has had on our wellbeings

**Economic – access to quality infrastructure:** The Council continues to recognise the need to play both a facilitating and a leading role in working with others to address barriers to social and economic development that are constraints on community wellbeing.

**Economic – promoting economic development:** The Owenga Wharf assists the development of the fishing industry. The coasts, harbours and navigation activity assumes that the resources from the sea continue to be a major part of the Chatham Islands economy.

**Economic – reliable transportation services:** During the year, the Council continued to maintain the 'lifeline' from Chatham Island to Pitt Island through the provision of the Owenga Wharf, which enables the movement of stock and goods.

**Environmental – protecting our environment:** The Council continues to implement the Navigation Safety Bylaw and Regional Maritime Oil Contingency plans. During the year a review of the Navigation Safety Bylaw was undertaken and further training in oil spill response was undertaken.

### The challenges we face delivering our coasts, harbours and navigation functions

- The ongoing maintenance costs of Owenga Wharf are funded through Waka Kotahi NZ Transport Agency.

A funding impact statement for the coasts, harbours and navigation group of activities is disclosed in Appendix 1.

# Service performance summaries

## Performance assessment

We aim to meet our statutory responsibility with the provision of our coasts, harbours and navigation services. To assess our performance, we ask for the community's views on their levels of satisfaction in relation to the administration of the bylaw, the availability of the wharf and frequency of inspections. We also assess our performance by the number of complaints received and responded to within specified timeframes.

## Coasts, harbours and navigation

Targets	Measure	Unaudited result for 2020/21
<p>Navigation safety is managed in accordance to best practice.</p> <p><b>ACHIEVED</b></p> 	<p>Use of a safety management system modelled on the New Zealand Port and Harbour Safety code, reviewed every three years.</p>	<p>The Maritime Transport Act 1994 was recently amended, primarily conferring powers on Council to appoint a Harbourmaster and review the Navigation Safety Bylaw. The Council approved the Navigation Safety Bylaw in June 2021.</p> <p>Our Navigation Safety Bylaws are available on the Council's website.</p> <p>In addition, a review of the Navigation Safety risk assessment and the Safety Management System were undertaken in November 2020, these were last reviewed in 2019 as part of an internal review process.</p> <p>Our navigational safety documents remain up to date and in line with leading practice, they reflect the appropriate needs of the Islands and have been reviewed within cyclical timeframes.</p>
<p>Owenga Wharf is available for safe and efficient movement of people, stock, and goods.</p> <p><b>ACHIEVED</b></p> 	<p>No instances of the wharf being unavailable during suitable sea and weather conditions.</p>	<p>There were no instances of Owenga Wharf being unavailable for Navigation Safety reasons in the 2020/21 year. This is consistent with the 2019/20 year.</p>

## Looking ahead – key projects

- The Council will ensure the community receives a service that meets its needs for safety, including by ensuring navigational aids are maintained in proper working order and lifeline access are provided between Chatham and Pitt islands.
- The Council will work with its key partners to promote the interests of Islanders in relation to the Waitangi Wharf upgrade.
- The Council will work with the community of Kaingaroa to either repair or replace the wharf facilities and has formed a committee with representatives of the Kaingaroa community to work through options related to the future wharf facilities.



## Council funding impact statement

The Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 require the Council to adopt a Funding Impact Statement both for the Council and for each group of activities. The objective of the policy makers is to provide information that is more easily understood. The Funding Impact Statement must identify: the sources of funding to be used, the amount of funds expected to be produced from each source, and how the funds are to be applied.

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

The Revenue and Financing Policy contained in the Long-Term Plan 2018-28 sets out Chatham Islands policies with respect to which funding mechanisms are to be used to finance the operating and capital expenditure.

Reconciliation of operating funding to statement of comprehensive revenue and expense	Unaudited actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000	Annual plan 2019/20 \$000
Surplus/(deficit) of operating funding	1,140	570	17	-40
Subsidies and grants for capital expenditure	2,545	2,239	2,539	3,403
Less depreciation	2,587	2,292	2,353	2,074
Plus investment in associate	118	-	69	-
<b>Statement of total comprehensive and income</b>	<b>1,216</b>	<b>517</b>	<b>272</b>	<b>1,289</b>

COUNCIL	Unaudited actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000	Annual plan 2019/20 \$000
<b>Source of operating funding</b>				
General rates, uniform annual charge, rates penalties	343	311	331	305
Targeted rates	208	266	192	261
Subsidies and grants for operating purposes	5,622	5,173	4,594	4,556
Fees and charges	74	71	69	70
Local authorities fuel tax, fines, infringement fees, and other receipts	3,236	626	549	414
<b>Total operating funding</b>	<b>9,483</b>	<b>6,447</b>	<b>5,735</b>	<b>5,606</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	6,579	4,090	4,135	4,629
Financial costs	11	24	7	19
Other operating funding applications	1,752	1,763	1,576	998
<b>Total application of operating funding</b>	<b>8,343</b>	<b>5,877</b>	<b>5,718</b>	<b>5,646</b>
<b>Surplus/(deficit) of operating funding</b>	<b>1,140</b>	<b>570</b>	<b>17</b>	<b>(40)</b>
<b>Source of capital funding</b>				
Subsidies and grants for capital expenditure	2,545	2,239	2,539	3,403
Increase/(decrease) in debt	(39)	138	(39)	138
<b>Total source of capital funding</b>	<b>2,506</b>	<b>2,377</b>	<b>2,500</b>	<b>3,541</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to improve the level of service	145	-	23	-
- to replace existing assets	2,933	2,544	2,892	3,970
Increase/(decrease) in reserves	568	403	(398)	(469)
<b>Total applications of capital funding</b>	<b>3,646</b>	<b>2,947</b>	<b>2,517</b>	<b>3,501</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(1,140)</b>	<b>(570)</b>	<b>(17)</b>	<b>40</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Appendix 1 – Funding impact statements

DEMOCRACY	Unaudited actual 2020/21 \$000	Long-Term Plan 2020/21 \$000	Long-Term Plan 2019/20 \$000
<b>Source of operating funding</b>			
General rates, uniform annual charge, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	1,299	1,125	1,009
Local authorities fuel tax, fines, infringement fees, and other receipts	183	104	102
<b>Total operating funding</b>	<b>1,482</b>	<b>1,229</b>	<b>1,111</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	309	322	322
Financial costs	-	-	-
Internal charges and overheads applied	603	629	544
<b>Total application of operating funding</b>	<b>912</b>	<b>951</b>	<b>866</b>
<b>Surplus (deficit) of operating funding</b>	<b>570</b>	<b>278</b>	<b>245</b>
<b>Source of capital funding</b>			
Subsidies and grants for operating purposes for capital expenditure	-	-	-
Increase (decrease) in debt	-	-	-
<b>Total Source of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to improve the level of service	-	-	-
- to replace existing assets	11	-	35
Increase (decrease) in reserves	558	278	210
<b>Total applications of capital funding</b>	<b>570</b>	<b>278</b>	<b>245</b>
<b>Surplus (deficit) of capital funding</b>	<b>(570)</b>	<b>(278)</b>	<b>(245)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	<i>13</i>	<i>5</i>	<i>5</i>

INFRASTRUCTURE SERVICES – ROADING	Unaudited actual 2020/21 \$000	Long-Term Plan 2020/21 \$000	Long-Term Plan 2019/20 \$000
<b>Source of operating funding</b>			
General rates, uniform annual charge, rates penalties	-	-	-
Targeted rates	58	56	55
Subsidies and grants for operating purposes	1,309	1,444	1,427
Local authorities fuel tax, fines, infringement fees, and other receipts	9	-	-
<b>Total operating funding</b>	<b>1,375</b>	<b>1,500</b>	<b>1,482</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,444	1,597	1,576
Financial costs	-	-	-
Internal charges and overheads applied	-	-	-
<b>Total application of operating funding</b>	<b>1,444</b>	<b>1,597</b>	<b>1,576</b>
<b>Surplus (deficit) of operating funding</b>	<b>(69)</b>	<b>(97)</b>	<b>(94)</b>
<b>Source of capital funding</b>			
Subsidies and grants for operating purposes for capital expenditure	2,545	2,582	2,589
Increase (decrease) in debt	-	-	-
<b>Total Source of capital funding</b>	<b>2,545</b>	<b>2,582</b>	<b>2,589</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to improve the level of service	-	869	105
- to replace existing assets	2,892	1,713	2,483
Increase (decrease) in reserves	(416)	(97)	(94)
<b>Total applications of capital funding</b>	<b>2,475</b>	<b>2,485</b>	<b>2,494</b>
<b>Surplus (deficit) of capital funding</b>	<b>69</b>	<b>97</b>	<b>94</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	<i>2,219</i>	<i>2,011</i>	<i>1,948</i>

INFRASTRUCTURE SERVICES – SEWERAGE	Unaudited actual 2020/21 \$000	Long-Term Plan 2020/21 \$000	Long-Term Plan 2019/20 \$000
<b>Source of operating funding</b>			
General rates, uniform annual charge, rates penalties	-	-	-
Targeted rates	80	69	68
Subsidies and grants for operating purposes	102	116	108
Local authorities fuel tax, fines, infringement fees, and other receipts	14	8	8
<b>Total operating funding</b>	<b>196</b>	<b>193</b>	<b>184</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	137	100	97
Financial costs	-	9	8
Internal charges and overheads applied	47	49	43
<b>Total application of operating funding</b>	<b>184</b>	<b>158</b>	<b>148</b>
<b>Surplus (deficit) of operating funding</b>	<b>12</b>	<b>35</b>	<b>36</b>
<b>Source of capital funding</b>			
Subsidies and grants for operating purposes for capital expenditure	-	-	-
Increase (decrease) in debt	-	71	174
<b>Total Source of capital funding</b>	<b>-</b>	<b>71</b>	<b>174</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to improve the level of service	-	-	-
- to replace existing assets	1	112	238
Increase (decrease) in reserves	11	(6)	(28)
<b>Total applications of capital funding</b>	<b>12</b>	<b>106</b>	<b>210</b>
<b>Surplus (deficit) of capital funding</b>	<b>(12)</b>	<b>(35)</b>	<b>(36)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	<i>59</i>	<i>52</i>	<i>42</i>

INFRASTRUCTURE SERVICES – SOLID WASTE	Unaudited actual 2020/21 \$000	Long-Term Plan 2020/21 \$000	Long-Term Plan 2019/20 \$000
<b>Source of operating funding</b>			
General rates, uniform annual charge, rates penalties	-	-	-
Targeted rates	71	68	67
Subsidies and grants for operating purposes	68	383	377
Local authorities fuel tax, fines, infringement fees, and other receipts	62	15	14
<b>Total operating funding</b>	<b>202</b>	<b>466</b>	<b>458</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	524	377	367
Financial costs	-	-	-
Internal charges and overheads applied	32	33	28
<b>Total application of operating funding</b>	<b>556</b>	<b>410</b>	<b>395</b>
<b>Surplus (deficit) of operating funding</b>	<b>(354)</b>	<b>56</b>	<b>63</b>
<b>Source of capital funding</b>			
Subsidies and grants for operating purposes for capital expenditure	-	658	-
Increase (decrease) in debt	-	-	-
<b>Total Source of capital funding</b>	<b>-</b>	<b>658</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to improve the level of service	142	-	-
- to replace existing assets	1	658	-
Increase (decrease) in reserves	(497)	56	63
<b>Total applications of capital funding</b>	<b>(354)</b>	<b>714</b>	<b>63</b>
<b>Surplus (deficit) of capital funding</b>	<b>354</b>	<b>(56)</b>	<b>(63)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	<i>142</i>	<i>115</i>	<i>112</i>

## Appendix 1 – Funding impact statements

INFRASTRUCTURE SERVICES – WATER	Unaudited actual 2020/21 \$000	Long-Term Plan 2020/21 \$000	Long-Term Plan 2019/20 \$000
<b>Source of operating funding</b>			
General rates, uniform annual charge, rates penalties	-	-	-
Targeted rates	-	71	70
Subsidies and grants for operating purposes	571	519	505
Fees, charges and targeted rates for water supply	74	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	13	18	18
<b>Total operating funding</b>	<b>658</b>	<b>608</b>	<b>593</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	588	266	257
Financial costs	-	137	79
Internal charges and overheads applied	44	46	40
<b>Total application of operating funding</b>	<b>632</b>	<b>449</b>	<b>376</b>
<b>Surplus (deficit) of operating funding</b>	<b>26</b>	<b>159</b>	<b>217</b>
<b>Source of capital funding</b>			
Subsidies and grants for operating purposes for capital expenditure	-	-	-
Increase (decrease) in debt	-	(222)	3,274
<b>Total source of capital funding</b>	<b>-</b>	<b>(222)</b>	<b>3,274</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to improve the level of service	-	-	3,070
- to replace existing assets	1	163	314
Increase (decrease) in reserves	25	(226)	107
<b>Total applications of capital funding</b>	<b>26</b>	<b>(63)</b>	<b>3,491</b>
<b>Surplus (deficit) of capital funding</b>	<b>(26)</b>	<b>(159)</b>	<b>(217)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	<i>42</i>	<i>81</i>	<i>75</i>

INFRASTRUCTURE SERVICES – STORMWATER	Unaudited actual 2020/21 \$000	Long-Term Plan 2020/21 \$000	Long-Term Plan 2019/20 \$000
<b>Source of operating funding</b>			
General rates, uniform annual charge, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	19	15	15
Fees, charges and targeted rates for water supply	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	3	1	1
<b>Total operating funding</b>	<b>22</b>	<b>16</b>	<b>16</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	0	-	-
Financial costs	-	-	-
Internal charges and overheads applied	9	9	8
<b>Total application of operating funding</b>	<b>9</b>	<b>9</b>	<b>8</b>
<b>Surplus (deficit) of operating funding</b>	<b>13</b>	<b>7</b>	<b>8</b>
<b>Source of capital funding</b>			
Subsidies and grants for operating purposes for capital expenditure	-	-	-
Increase (decrease) in debt	-	-	-
<b>Total source of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	13	9	8
<b>Total applications of capital funding</b>	<b>13</b>	<b>7</b>	<b>8</b>
<b>Surplus (deficit) of capital funding</b>	<b>(13)</b>	<b>(-)</b>	<b>(8)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	<i>1</i>	<i>-</i>	<i>-</i>

COMMUNITY AND REGULATORY SERVICES	Unaudited actual 2020/21 \$000	Long-Term Plan 2020/21 \$000	Long-Term Plan 2019/20 \$000
<b>Source of operating funding</b>			
General rates, uniform annual charge, rates penalties	343	301	297
Targeted rates	-	-	-
Subsidies and grants for operating purposes	1,315	1,256	1,233
Local authorities fuel tax, fines, infringement fees, and other receipts	2,745	301	296
<b>Total operating funding</b>	<b>4,404</b>	<b>1,858</b>	<b>1,826</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,428	506	491
Financial costs	11	16	19
Internal charges and overheads applied	594	618	536
<b>Total application of operating funding</b>	<b>3,033</b>	<b>1,140</b>	<b>1,046</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,371</b>	<b>718</b>	<b>780</b>
<b>Source of capital funding</b>			
Subsidies and grants for operating purposes for capital expenditure	-	-	-
Increase (decrease) in debt	(39)	(62)	(84)
<b>Total Source of capital funding</b>	<b>(39)</b>	<b>(62)</b>	<b>(84)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to improve the level of service	-	-	-
- to replace existing assets	19	-	-
Increase (decrease) in reserves	1,313	655	696
<b>Total applications of capital funding</b>	<b>1,332</b>	<b>655</b>	<b>696</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,371)</b>	<b>(717)</b>	<b>(780)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	<i>53</i>	<i>46</i>	<i>45</i>

ENVIRONMENTAL SERVICES	Unaudited actual 2020/21 \$000	Long-Term Plan 2020/21 \$000	Long-Term Plan 2019/20 \$000
<b>Source of operating funding</b>			
General rates, uniform annual charge, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	316	229	226
Local authorities fuel tax, fines, infringement fees, and other receipts	78	25	24
<b>Total operating funding</b>	<b>394</b>	<b>254</b>	<b>250</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	913	900	973
Financial costs	-	-	-
Internal charges and overheads applied	135	141	122
<b>Total application of operating funding</b>	<b>1,048</b>	<b>1,041</b>	<b>1,095</b>
<b>Surplus (deficit) of operating funding</b>	<b>(654)</b>	<b>(787)</b>	<b>(845)</b>
<b>Source of capital funding</b>			
Subsidies and grants for operating purposes for capital expenditure	-	-	-
Increase (decrease) in debt	-	-	-
<b>Total Source of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to improve the level of service	-	-	-
- to replace existing assets	3	-	-
Increase (decrease) in reserves	(657)	(787)	(845)
<b>Total applications of capital funding</b>	<b>(654)</b>	<b>(787)</b>	<b>(845)</b>
<b>Surplus (deficit) of capital funding</b>	<b>654</b>	<b>787</b>	<b>845</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	<i>3</i>	<i>1</i>	<i>1</i>

## Appendix 1 – Funding impact statements

EMERGENCY MANAGEMENT	Unaudited actual 2020/21 \$000	Long-Term Plan 2020/21 \$000	Long-Term Plan 2019/20 \$000
<b>Source of operating funding</b>			
General rates, uniform annual charge, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	283	418	307
Local authorities fuel tax, fines, infringement fees, and other receipts	48	22	22
<b>Total operating funding</b>	<b>331</b>	<b>440</b>	<b>329</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	176	177	172
Financial costs	-	18	-
Internal charges and overheads applied	131	137	119
<b>Total application of operating funding</b>	<b>308</b>	<b>332</b>	<b>291</b>
<b>Surplus (deficit) of operating funding</b>	<b>23</b>	<b>108</b>	<b>38</b>
<b>Source of capital funding</b>			
Subsidies and grants for operating purposes for capital expenditure	-	875	-
Increase (decrease) in debt	-	777	-
<b>Total Source of capital funding</b>	<b>-</b>	<b>1,652</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to improve the level of service	3	1,750	250
- to replace existing assets	3	-	-
Increase (decrease) in reserves	18	10	(212)
<b>Total applications of capital funding</b>	<b>23</b>	<b>1,760</b>	<b>38</b>
<b>Surplus (deficit) of capital funding</b>	<b>(23)</b>	<b>(108)</b>	<b>(38)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	<i>3</i>	<i>27</i>	<i>9</i>

COASTS, HARBOURS AND NAVIGATION	Unaudited actual 2020/21 \$000	Long-Term Plan 2020/21 \$000	Long-Term Plan 2019/20 \$000
<b>Source of operating funding</b>			
General rates, uniform annual charge, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	340	268	264
Local authorities fuel tax, fines, infringement fees, and other receipts	81	34	34
<b>Total operating funding</b>	<b>421</b>	<b>302</b>	<b>298</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	59	53	52
Financial costs	-	-	-
Internal charges and overheads applied	158	165	142
<b>Total application of operating funding</b>	<b>217</b>	<b>218</b>	<b>194</b>
<b>Surplus (deficit) of operating funding</b>	<b>204</b>	<b>84</b>	<b>104</b>
<b>Source of capital funding</b>			
Subsidies and grants for operating purposes for capital expenditure	-	-	-
Increase (decrease) in debt	-	-	-
<b>Total Source of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to improve the level of service	-	-	-
- to replace existing assets	3	-	-
Increase (decrease) in reserves	201	84	104
<b>Total applications of capital funding</b>	<b>204</b>	<b>84</b>	<b>104</b>
<b>Surplus (deficit) of capital funding</b>	<b>(204)</b>	<b>(84)</b>	<b>(104)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	<i>51</i>	<i>1</i>	<i>1</i>



## Appendix 2 – Glossary of terms

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

### **Activity**

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

### **Annual Plan**

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

### **Annual Report**

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

### **Asset**

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

### **Asset management plan**

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

### **Capital costs**

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

### **Capital value**

Value of land including improvements.

### **Community outcomes**

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

### **Current assets**

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

### **Current liabilities**

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

### **Depreciation and amortisation**

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

### **Group of activities**

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

### **Imi/Iwi**

People or tribe.

### **Infrastructure assets**

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

### **Land value**

Value of land excluding improvements.

### **Local Government Act 2002**

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

### **Long-Term Plan (LTP)**

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



### **Operating expenditure**

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

### **Operating revenue**

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

### **Operating surplus/(deficit)**

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

### **Performance measures**

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

### **Property, plant, equipment and intangible assets**

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

### **Public equity**

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

### **Regulatory role**

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

### **Resources**

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

### **Service provider**

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

### **Significance**

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

### **Significance policy**

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

### **Statement of cash flows**

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

### **Statement of comprehensive revenue and expense**

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

### **Statement of financial position**

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

### **Sustainable development**

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

### **Wellbeing**

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

# The organisation

## **Council**

### **Mayor**

Monique Croon

### **Deputy Mayor**

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)

Nigel Lister, Shaun Boshier, 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)





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