



**chatham islands council**

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# Chatham Islands Council

## AGENDA

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### Notice of Special Meeting:

A Special meeting of the Chatham Islands Council will be held on:

**Date:** Thursday 26 October 2023

**Time:** 1.00pm

**Venue:** Council Chambers, Tuku Road, Chatham Islands

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### Membership

Chairperson: Mayor Monique Croon  
Deputy Mayor: Councillor Keri Day  
Members: Councillor Celine Gregory-Hunt  
Councillor Graeme Hoare  
Councillor Greg Horler  
Councillor Steve Joyce  
Councillor Judy Kamo  
Councillor Nigel Ryan  
Councillor Amanda Seymour

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Owen Pickles  
Chief Executive

Jo Guise  
Executive Assistant  
[secretary@cic.govt.nz](mailto:secretary@cic.govt.nz)  
[www.cic.govt.nz](http://www.cic.govt.nz)

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. If you require further information relating to any reports, please contact the person named on the report.

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# Agenda

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# Annual Report 2023

*Agenda*

# ANNUAL REPORT ADOPTION

## 1.0 Annual Report Adoption 2023

<b>Date of meeting</b>	26 October 2023
<b>Agenda item number</b>	1.0
<b>Author/s</b>	Tanya Clifford, ECan

### Purpose

To present Council with the draft Annual Report for the year ended 30 June 2023, with a recommendation that it be adopted, along with the audit opinion contained therein. Noting the adoption process for the summary annual report will be included in the next Council agenda papers for adoption, such a process complies with legislated statutory deadlines.

### Recommendations

**That the Council for the 2022/23 Annual report:**

- 1. Receives the draft Annual Report for 2022/23**
- 2. Receives the Audit New Zealand Audit opinion for the 2022/23 financial year.**
- 3. Adopts the Audited Annual Report for 2022/23**
- 4. Approve the publication of the 2022/23 Annual Report (both in print & online).**
- 5. Delegate to the Chief Executive to approve minor editorial changes.**

### Background

The Council is required by the Local Government Act 2002 to annually prepare and adopt an Annual Report. This report must include several mandatory disclosures (including compliance with reporting standards) and be adopted by 31 October in that year.

### Discussion

The purpose of the Annual Report is to:

- compare the actual activities and the actual performance of the local authority in the year with the intended activities and the intended level of performance as set out in respect of the year in the long-term plan and the annual plan; and
- promote the local authority's accountability to the community for the decisions made throughout the year by the local authority.

A copy of the draft Annual Report for the year ended 30 June 2023 proposed for adoption is attached. The Annual Report outlines the achievements of Council and the financial and non-financial performance against the comparative years of the Council's Long-Term Plan.

The Annual Report has been reviewed by Audit New Zealand, who are expected to issue an unmodified audit opinion as to the fair presentation in all material respects of matters presented and disclosed in the Annual Report. The audit report will include an emphasis of matter paragraph on the Three Waters reforms. The purpose of an emphasis of matter paragraph is to draw the reader's attention to this matter and be mindful of it when reading the Annual Report.

To ensure the statutory deadline for the full Annual Report for the year ended 30 June 2023 was met, we elected to focus on completing the audit of the full document, with the summary document being prepared later, allowing appropriate quality control processes to occur within both Council and with Audit New Zealand. Council may adopt a summary Annual Report document within one month of the full annual report being adopted. Therefore, the summary annual report is expected to be present to Council for adoption as part of it's meeting on the 16th of November 2023.

### **Attachments**

1. 2022/23 Chatham Islands Council Annual Report





# Chatham Islands Council

## Annual Report 2022/23



chatham islands council

***Our people, our Islands, our future***





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# Mayor and Chief Executive's report

## Kioranga, kia ora, greetings,

We are pleased to present the 2022/23 Annual Report for the Chatham Islands Council. Thank you for taking the time to read it.

Once again, we have done our best to provide a great service to the community in the face of many challenges. We are grateful that we have all worked together despite fuel shortages and our main connection with New Zealand being out of service for several months during the year.

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

Government reforms have continued to be plentiful, all providing different challenges for the community. Reforms in the resource management space and as a response to climate change have been both challenging and costly while other reforms like the Three Waters proposals have provided the Council with additional funds to enable infrastructure upgrades to occur. The "better off" allocation provided Council with approximately \$2.2 million to spend on community good projects. However, we do not yet have certainty about what the Three Waters space will look like for us going forward. We continue to fight for what is right and what is fair for the people of the Chatham Islands in this space.

A highlight this year has been the completion of the Whangamoe Bridge Replacement project. This work was carried out by roading partner Fulton Hogan and strengthens our roading network. We have also put great effort into improving our waste management and minimisation work. With the launch of a new waste management campaign featuring Hemi the weka, the community has been encouraged to sort their waste and think of ways to reduce, reuse and recycle. The push for recycling has proved to be successful.

In 2022 it was estimated that about 26.5 tonnes of recyclables were diverted from landfill. With a new Waste Management and Minimisation Plan (WMMP) and associated bylaw in place, we will now focus on how we can continue to improve this service and the state of our waste on island.

The community has expressed a desire for waste collection services and green waste options, and shown concerns that what is happening is not enough. Council receives this feedback and continues to move forward and strive for continual improvement where we can.

We have continued to build relationships with our regional partners, and with our treaty partners Hokotehi Moriori Trust and Ngati Mutunga O Wharekauri Iwi Trust, and Island partner Chatham Islands Enterprise Trust, we have completed the refresh of the Chatham Islands Investment Strategy which is due for release soon.

We also continue to maintain good relationships with the Government and its officials and acknowledge retiring local MP Paul Eagle for his assistance with this.

There are many changes being imposed by the Government that will affect the way the Council operates that flow into the community. We continue to advocate for the Islands interests where we can.

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



**Monique Croon**  
Mayor



**Owen Pickles MNZM JP**  
Chief Executive

## Moriori and Māori engagement

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

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

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

- Working towards formalising working relationships.
- Building capacity to enhance participation in the decision-making process.
- Providing information to assist Moriori and Māori to effectively contribute to the decision-making process.
- Providing education and raising awareness among staff and elected members so that they can gain an appreciation of the Moriori and Māori values and traditions in relation to the Local Government Act 2002 and the Resource Management Act 1991.
- Consulting with Moriori and Māori on key decisions. The Council also recognises an obligation to the Chatham Islands community under the Long-Term Plan 2021-31 in enhancing and acknowledging the importance of t'chakat henu/ tangata whenua.

## 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.





## What we delivered

In the following section you will find the year that was. We highlight what we have achieved and what hasn't quite gone according to plan. We set out our Levels of Service, targets and measures for the work we do and how we performed against those. We compare this year's result to what happened last year. We also have the opportunity to share stories of the work we have been involved in. We are proud to deliver this mahi for the people of the Chatham Islands.





## **Council Activities**

**Leadership and community partnerships**

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**Transportation, roading and coastal networks**

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**Three waters supply and treatment**

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**Waste management and minimisation**

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**Community services and emergency management**

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**Environmental management, protection and monitoring**

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# Leadership and community partnerships

The aim of the leadership and community partnerships group of activities is to meet our statutory responsibilities and provide effective governance and leadership.

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

## Key activities and why we provide this service

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

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

## Community outcomes

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

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

## What we delivered

Council met all the targets set for 2022/23 regarding leadership and community partnerships. Community satisfaction with the level of communication provided by Council, trust in their decision making and the community's ability to contact Council and Councillors were all high scoring areas in our annual resident's satisfaction survey. The community was asked for their feedback regarding many of Councils plans and activities; including the waste plan, representation arrangements and the Chatham Islands Investment Strategy. Though submissions and feedback on Council documents is typically low, providing the community these opportunities to have their say on our work is important to us.

Regular meetings of the "4 Entity" group ensure Moriori and Māori participation and engagement, and Council continually actively engages with Central Government, advocating for the Island. Council recognises the unique needs of the Chatham Islands and fights for the community when government legislation is impractical for our way of life. Our submission to Central Government regarding stock exclusion regulations was successful, demonstrating to the community that we understand their needs and will take action when needed.

**ALL TARGETS ACHIEVED**

**75% OF RESIDENTS FELT INFORMATION SUPPLIED BY COUNCIL IS SUFFICIENT**



**95% OF RESIDENTS KNOW HOW TO CONTACT COUNCIL OR COUNCILLORS**

**68% OF RESIDENTS ARE CONFIDENT THAT COUNCIL DECISIONS ARE MADE IN THE BEST INTERESTS OF THE COMMUNITY**

## LEVEL OF SERVICE 1:

### Ensure Council decision-making is informed by community participation

MEASURE	TARGETS	RESULT
<p><b>Engage with and provide opportunities for community voices to be heard</b></p> <p><b>ACHIEVED</b></p> 	<p>Survey residents annually on whether the information supplied by Council was sufficient</p> <p>2022/23: 63%</p> <p>Survey residents annually on whether they know how to contact the Council and Councillors (80% know how to contact the Council and Councillors)</p> <p>Publish Council agendas and meeting information at least three working days before a meeting, with key stakeholder organisations contacted and asked to participate in significant discussions</p>	<p>In 2022/23, the annual residents' satisfaction survey showed 76% of the respondents agreed or strongly agreed that the information provided by Council to the community was sufficient. This is consistent with last year's result of 82%.</p> <p>In addition, 95% of respondents know how to contact the Council and Councillors. This result is consistent with the prior year's result of 95%.</p> <p>This year's survey highlighted that better communication, through hui and greater visibility of our Councillors along with improved transparency by engaging with our community more on our decisions is desired by our residents.</p> <p>Council makes meeting agendas publicly available on our website and advertised these meetings through Facebook five days before the meeting date, allowing the public to be informed and participate in our decisions where there is interest.</p>
<p><b>Enable Moriori and Māori to participate in Council decision-making</b></p> <p><b>ACHIEVED</b></p> 	<p>Establish a hui with Council, imi and iwi at least three times a year, to provide opportunities for imi and iwi to contribute to the decision-making processes of the Council (target for 2021/22)</p> <p>Identify and appoint a staff member to engage with imi and iwi and develop relationships (target for 2021/22)</p> <p>Develop and implement processes for imi and iwi to be supported to participate in Council decision-making (ongoing target)</p>	<p>Council, Iwi, Imi and Chatham Islands Enterprise Trust meet monthly as part of the "4 Entity" group. This group supports locally led aspirations, including co-operatively advancing goals set in the Chathams Islands Investment Strategy.</p> <p>In addition, to holding public meetings and other community consultation processes, any specific matters considered relevant to imi and iwi are also raised with representatives directly to receive feedback.</p> <p>In the 2021/22 financial year, the Chatham Islands Council Chief Executive was appointed to engage with imi and iwi and meets with them monthly.</p>

MEASURE	TARGETS	RESULT
<p><b>Ensure residents are confident that Council decisions are well-informed and made in the best interests of the community</b></p> <p><b>ACHIEVED</b></p> 	<p>Survey residents annually on whether they are confident that Council decisions are made in the best interests of the community, including consideration of imi and iwi matters</p> <p>2022/23: 63% confident or very confident <sup>1</sup></p>	<p>In 2022/23, the annual residents' satisfaction survey showed 68% of the respondents agreed or strongly agreed that the Council decisions were made in the best interest of the community, a decrease on last year's result of 75%.</p> <p>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.</p> <p>Engagement with the Council's e-newsletter based on open rate is high and demonstrating community interest, especially with the Mayor's column.</p> <p>Council will continue to investigate 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.</p>
<p><b>Maintain and build strong relationships with Government and Island partners to advocate for opportunities and outcomes that benefit the Chatham Islands</b></p> <p><b>ACHIEVED</b></p> 	<p>Engage with one or more Government agencies at least annually, to advocate for funding allocation or other benefits for imi, iwi and other Island communities</p>	<p>Council regularly meets with representatives of the Department of Internal Affairs to advocate for additional funding to meet our operational obligations. Specifically, this includes requesting additional funding to support our freshwater planning framework to achieve Te Mana o te Wai. This funding request was not successful for the 2023/24 financial year, so Council will remain non-compliant with these requirements.</p> <p>In addition, island representatives of local and central government organisations, including imi and iwi have met to progress the Chatham Islands Investment Strategy. The strategy aims to be a collaborative document unifying the needs of the Island as a whole. Funding for these initiatives is likely to be supported by the Department of Internal Affairs.</p> <p>This result is consistent with that in the prior financial year.</p>

LEADERSHIP & COMMUNITY PARTNERSHIPS	Actual 2022/23 \$000	LTP 2022/23 \$000	LTP 2021/22 \$000
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	1,155	912	908
Local authorities fuel tax, fines, infringement fees, and other receipts	152	124	239
<b>Total operating funding</b>	<b>1,307</b>	<b>1,036</b>	<b>1,148</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	262	330	303
Finance costs	-	-	-
Internal charges and overheads applied	862	648	612
<b>Total application of operating funding</b>	<b>1,125</b>	<b>978</b>	<b>915</b>
<b>Surplus (deficit) of operating funding</b>	<b>182</b>	<b>58</b>	<b>233</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	119
<b>Total source of capital funding</b>	<b>-</b>	<b>-</b>	<b>119</b>
<b>Application of capital funding</b>			
Capital expenditure			
-- to improve the level of service	-	-	-
-- to replace existing assets	87	120	-
Increase (decrease) in reserves	95	(62)	352
<b>Total applications of capital funding</b>	<b>182</b>	<b>58</b>	<b>352</b>
<b>Surplus (deficit) of capital funding</b>	<b>(182)</b>	<b>(58)</b>	<b>(233)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	<i>12</i>	<i>14</i>	<i>17</i>

# Transportation, roading and coastal networks

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

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

## Key activities and why we provide this service

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

The Chatham Islands' area of responsibility extends to the 12 nautical mile territorial boundary.

## Community outcomes

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

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

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

## What we delivered

Council met the majority of measures for the transportation, roading and coastal networks group of activities. While residents have expressed their satisfaction with the sealed road network, the 2023 residents and ratepayers survey revealed a high level of dissatisfaction with the unsealed road network. Comments suggested this was due to potholes and a lack of grading. That said, we are proud that we can report no fatalities or serious injuries on our roading network this year as road safety is a priority to us. Roothing is the Council's largest spend with an approximate annual spend of \$4.5M. A notable piece of work this financial year was the Whangamoe Bridge replacement project. Council works to regularly ensure signage is appropriate and up to date wherever needed.

Council worked with organisations across the Island to ensure the adequate supply of fuel to the Island while the ship Southern Tiare was out of service.

**5/7** ACHIEVED

**80%** SATISFACTION WITH SEALED ROADING NETWORK

**32%** SATISFACTION WITH UNSEALED ROADING NETWORK



**NO** FATAL OR SERIOUS INJURY CRASHES ON OUR ROAD NETWORK




**AVERAGE ROAD QUALITY RATED: GOOD**



## LEVEL OF SERVICE 2:

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

MEASURE	TARGETS	RESULT
<p>Ensure residents are satisfied with the quality and safety of the sealed road network</p> <p><b>ACHIEVED</b> </p>	<p>Survey residents annually on whether they are satisfied with the quality and safety of the sealed road network (60% of residents satisfied or very satisfied)</p>	<p>The annual satisfaction survey for 2022/23 showed 81% of respondents were either satisfied or very satisfied with the quality and safety of chip-sealed roads. This result is up from the 2021/22 percentage of 53%.</p> <p>Council also monitors quality and safety of our roads by maintaining a complaints and enquiries register and monitoring the monthly roading reports from our engineers.</p> <p>Any updates or important information regarding the quality or safety of our roading network for community attention is communicated through social media and newsletters.</p>
<p>Ensure residents are satisfied with the quality and safety of the unsealed road network</p> <p><b>NOT ACHIEVED</b> </p>	<p>Survey residents annually on whether they are satisfied with the quality and safety of the unsealed road network (60% of residents satisfied or very satisfied)</p>	<p>The annual satisfaction survey for 2023 reported that 32% of respondents were satisfied or were very satisfied with the quality and safety of the unsealed road network. This is lower than the 2021/22 result of 43%. Community feedback indicated that the number of potholes on our unsealed road network were a concern to our residents. Unfavourable weather conditions have had a negative impact on our unsealed roads and delayed the grading programme and other routine road maintenance works.</p> <p>Council will continue to work on increasing the level of satisfaction by working closely with our roading contractor and roading engineers to monitor the road condition, addressing quality and safety concerns within a timely manner.</p>



MEASURE	TARGETS	RESULT
<p>Ensure there are low levels of serious harm on our road network</p> <p><b>ACHIEVED</b> </p>	<p>Ensure the number of fatal or serious injury crashes on the road network does not exceed two per year</p>	<p>In the 2022/23 financial year, one fatal or serious injury crash was reported. This result is consistent with the prior year.</p> <p>Ensuring our roads remain safe is an important priority for Council, with a focus on promoting road safety during the year considered to contribute to this beneficial result. Given funding limitations, Council will be looking into low-cost options to continue this promotional activity.</p>
<p>Ensure the road roughness is at an acceptable level</p> <p><b>ACHIEVED</b> </p>	<p>Ensure the average smooth travel exposure (roughness) on the sealed and unsealed network is rated at or below 70 and 120 respectively on the National Association of Australia State Road Authorities (NAASRA) road classification system</p>	<p>The NAARSA measures the surface texture of the road and is used as an indication of a road users experience of the road 'ride'.</p> <p>The average ride quality for our roading network for the current and prior year was rated as "good" with an assessed score for the 2022/23 year being 68 for sealed roads (prior year 52) and 108 for unsealed roads (prior year 88).</p> <p>While the overall results show a slight increase in roughness on average than the 2021/22 result, the actual impact is considered negligible.</p>
<p>Respond in a timely manner to customer service requests</p> <p><b>ACHIEVED</b> </p>	<p>Ensure Council staff respond to all customer service requests relating to the road or footpath network within five working days</p>	<p>All customer requests were forwarded to the relevant contractor and responded to within five working days. This result is consistent with that of the 2021/22 financial year.</p>

MEASURE	TARGETS	RESULT
<p>Identify, preserve, protect, and conserve the cultural heritage of the Islands, and respond appropriately to the discovery of human remains</p> <p><b>ACHIEVED</b> ✓</p>	<p>Ensure that legislative requirements are followed (Coroners Act 2006 and Heritage New Zealand Pouhere Taonga Act 2014)</p> <p>Consult imi and iwi to identify any matters of cultural significance prior to completing major earthworks outside of the existing road corridor</p>	<p>Prior to completing the major earthworks associated with the Whangamoe Bridge Replacement project, all legislative requirements were met including the completion of a heritage assessment in partnership with imi and iwi. No human remains or notable items of cultural significance were discovered.</p> <p>This is consistent with that of 2021/22.</p>
<p>Ensure there is sufficient road and footpath maintenance that aligns with the roading asset management plan, ensuring the roads are maintained to a safe standard</p> <p><b>NOT MEASURED</b></p>	<p>Complete 95% of the annual roading programme as originally planned, while considering the safety of road users and maintenance staff for all activities</p> <p>Maintain all existing footpaths in accordance with the roading maintenance contract to ensure adequate accessibility for residents who do not drive</p>	<p>Progress has been evaluated on a granular rather than collective level.</p> <p>Of the planned pavement maintenance activities for 2022/23, 115% of the planned programme was delivered. The level of bitumen supplied allowed for additional maintenance work to be undertaken, bringing forward work expected to be completed next year.</p> <p>Of the structural and drainage maintenance programme, 92% of the planned structural maintenance work was completed, some work was delayed until 2023/24, due to unfavourable weather conditions and awaiting specialist contractors.</p> <p>All (100%) footpaths were maintained to the required standard.</p> <p>This is a new target for the 2022/23 financial year.</p>



### LEVEL OF SERVICE 3:

#### Enable safe navigation for vessels in the coastal area

MEASURE	TARGETS	RESULT
Manage navigation safety in accordance with leading practice  <b>ACHIEVED</b> 	Apply a safety management system consistent with the New Zealand Port and Harbour Marine Safety Code (the Code) and conduct an internal annual review  Conduct an external review by a Code panel every three to four years, with the next review expected in 2023	The Safety Management System is up to date and consistent with the Port and Harbour Marine Safety code. A review has recently been conducted.
Ensure Owenga wharf is available for safe and efficient movement of people, stock, and goods  <b>ACHIEVED</b> 	Ensure there are no instances of the wharf being unavailable while sea and weather conditions are suitable	There were no instances of Owenga Wharf being unavailable for navigation safety reasons in the 2022/23 year. This is consistent with the 2021/22 year.

<sup>1</sup> Measured by annual survey, on a scale of very confident, confident, unconfident, very unconfident.

TRANSPORTATION, ROADING & COASTAL NETWORKS	Actual 2022/23 \$'000	LTP 2022/23 \$'000	LTP 2021/22 \$'000
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	84	79	78
Subsidies and grants for operating purposes	2,273	2,204	2,133
Local authorities fuel tax, fines, infringement fees, and other receipts	172	53	52
<b>Total operating funding</b>	<b>2,530</b>	<b>2,336</b>	<b>2,263</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,917	1,647	1,534
Finance costs	-	-	-
Internal charges and overheads applied	226	169	160
<b>Total application of operating funding</b>	<b>2,142</b>	<b>1,816</b>	<b>1,694</b>
<b>Surplus (deficit) of operating funding</b>	<b>387</b>	<b>519</b>	<b>569</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	2,387	2,479	3,428
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
<b>Total source of capital funding</b>	<b>2,387</b>	<b>2,479</b>	<b>3,428</b>
<b>Application of capital funding</b>			
Capital expenditure			
-- To improve the level of service	-	492	1,634
-- To replace existing assets	2,713	2,325	2,261
Increase (decrease) in reserves	62	181	102
<b>Total applications of capital funding</b>	<b>2,775</b>	<b>2,998</b>	<b>3,997</b>
<b>Surplus (deficit) of capital funding</b>	<b>(387)</b>	<b>(519)</b>	<b>(569)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	<i>1,973</i>	<i>2,800</i>	<i>2,562</i>

# Three waters supply and treatment

Safe drinking water and appropriate collection, treatment and disposal of wastewater are essential to the health and wellbeing of our people and our environment. The Government has reviewed arrangements for how three water services will be delivered. The Water Services Entities Act 2022 originally established four publicly-owned water service entities to take over responsibilities for three waters service delivery and infrastructure from local authorities from 1 July 2024, with later legislation proposed to enable the transfer of three waters related assets and liabilities to these water service entities.

The Chatham Islands Council is not referred to within the Water Services Entities Act 2022, and the responsibility for managing the Three Waters programme (including providing levels of service, collection of rates, and payment of operating and capital expenditure – including any associated debt repayment), will rest with the Council.

## Key activities and rationale for providing the service

- **Potable water supply:** Council is responsible for the treatment and distribution of water through our reticulated water schemes. It is Council’s responsibility to ensure firefighting performance standards are met in urban water supply areas.
- **Wastewater:** Council manages and maintains reticulated sewerage schemes and services for the treatment and disposal of waste. We monitor maintenance requirements of onsite wastewater disposal systems. Water and wastewater assets consist of treatment plants, reservoirs, pipeline reticulation, and pump stations.
- **Storm water:** Council undertakes to minimise damage to property from flooding of buildings and property from surface run-off, as well as reduced erosion and water pollution. The main risk is mitigated by controlling the levels at Te Whanga lagoon by opening the Hikurangi Channel as and when required. This is necessary to protect land around Te Whanga lagoon from inundation and to maintain the balance of marine life. There are no other flood protection or control assets.

## Community outcomes

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

## What we delivered

We are disappointed to have achieved only half of our measures for potable water. A boil water notice was in Kaingaroa as a temporary measure to ensure public safety. Council responded quickly to instances where action regarding potable water was required, and we continue to seek funding to better improve the infrastructure required to support higher drinking water standards for the community. We strongly believe that some of the non-compliance we face relates directly back to our lack of funding, and therefore, appropriate infrastructure.

All wastewater and storm water measures were achieved. We are pleased to receive no complaints, no concerning incidents and no flooding events this year.

**50%**  
**ACHIEVED**  
**POTABLE WATER MEASURES**

**100%**  
**ACHIEVED**  
**WASTEWATER MEASURES**

**100%**  
**ACHIEVED**  
**STORMWATER MEASURES**





## LEVEL OF SERVICE 4:

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

MEASURE	TARGETS	RESULT
<p>Ensure residents connected to a Council water scheme are satisfied with the service</p> <p><b>NOT ACHIEVED</b> <b>✗</b></p>	<p>Survey residents annually on whether they are satisfied with the service (50% of residents satisfied or very satisfied)</p>	<p>The 2022/23 annual satisfaction survey shows only 16% of respondents who are connected to a water scheme were satisfied or very satisfied with the water scheme. This result is a decrease on the prior year's result of 40%.</p> <p>The majority of survey responders connected to our water scheme, had no opinion on our water service and did not provide additional comments. Council acknowledges that water infrastructure requires further capital investment for our services to improve and be fully compliant with legislation.</p>
<p>Ensure water supplied by Council water schemes is potable i.e. safe to drink</p> <p><b>NOT ACHIEVED</b> <b>✗</b></p>	<p>Ensure it is not necessary to issue any temporary advisory notices to boil water – as determined in consultation with the Ministry of Health</p> <p>Ensure Council's potable water complies with Part 4 of the Ministry of Health's NZ Drinking Water Standards (bacteria compliance criteria)</p> <p>Ensure Council's potable water complies with Part 5 of the Ministry of Health's NZ Drinking Water Standards (protozoal compliance criteria)</p>	<p>No boil water notices were put in place for Waitangi, but precautionary boil water notices were put in place in December 2022 – January 2023 for Kaingaroa, due to detection of E.coli in water samples.</p> <p>Similarly, in the 2021/22 financial year, one boil water notice was also issued for Kaingaroa.</p> <p>Taumata Arowai became the drinking water regulator in November 2022, and is consulted for all boil water notices instead of the Ministry of Health.</p> <p>Changes to the drinking water regulatory framework were implemented during the financial reporting year. The Council is currently not compliant with these revised standards at both Waitangi and Kaingaroa (nor the prior drinking water standards) due to funding, monitoring, treatment and other logistical challenges.</p> <p>Council continues to seek funding to ensure its drinking water supply is safe to drink and compliant with current regulations.</p>

MEASURE	TARGETS	RESULT
<p>Ensure the percentage of real water loss from Council's networked reticulation system is managed at an acceptable level</p> <p><b>NOT MEASURED</b></p>	<p>Ensure the percentage of real water loss from the Council's networked reticulation system does not exceed 20%</p>	<p>Information was not collected this year. However, no incidences of water loss were reported that exceeded 20%. This is consistent with 2021/22.</p>
<p>Respond in a timely manner to reports of faults</p> <p><b>ACHIEVED</b> <b>✓</b></p>	<p>Meet the following median response times when attending a call-out in response to a fault or unplanned interruption to the networked reticulation system:</p> <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>	<p>The following median response times were measured in 2022/23:</p> <ul style="list-style-type: none"> <li>One urgent call-out occurred during the year because there was no water at Kaingaroa and was attended to within two hours (2021/22 no urgent call outs)</li> <li>One non-urgent call-out received due to water discolouration at Kaingaroa, this was attended to within two hours (2021/22 no non-urgent callouts required)</li> <li>All urgent and non-urgent issues were resolved within eight hours (2021/22 all issues resolved within targeted timeframes).</li> </ul>




MEASURE	TARGETS	RESULT
<p>Ensure residents are satisfied with potable water quality and supply</p> <p><b>ACHIEVED</b></p> 	<p>Ensure the total number of complaints received about any of the following:</p> <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> <p>Council's response to any of these issues does not exceed 2% of properties connected (or approximately two complaints for all connected properties)<sup>2</sup></p>	<p>Two complaints were received during the 2022/23 financial year due to water shortage and/or water discolouration at Kaingaroa. Precautionary boil water notices were put in place in response to both complaints while these were being investigated.</p> <p>One complaint was received in the 2021/22 financial year related to the drinking water taste at Kaingaroa. No complaints were received related to the Waitangi water supply in either financial year.</p> <p>Council continues to seek funding to improve the reliability of its drinking water supply in terms of quantity and quality.</p>
<p>Manage demand for potable water</p> <p><b>ACHIEVED</b></p> 	<p>Ensure the average consumption of drinking water per day per resident, within the territorial authority district, is less than 500L/person/day</p>	<p>Average annual usage in 2022/23 was:</p> <ol style="list-style-type: none"> <li>1. 280L/person/day in Waitangi (2021/22: 260L/ person/day) and</li> <li>2. 220L/person/day in Kaingaroa (2021/22: 225L/person/day).</li> </ol> <p>Usage in both years was similar.</p>



<sup>2</sup> A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure.

THREE WATERS SUPPLY & TREATMENT - POTABLE WATER	Actual 2022/23 \$000	LTP 2022/23 \$000	LTP 2021/22 \$000
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	77	75	73
Subsidies and grants for operating purposes	463	216	215
Local authorities fuel tax, fines, infringement fees, and other receipts	22	9	9
<b>Total operating funding</b>	<b>563</b>	<b>300</b>	<b>297</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	432	229	219
Finance costs	-	-	-
Internal charges and overheads applied	63	47	44
<b>Total application of operating funding</b>	<b>495</b>	<b>276</b>	<b>263</b>
<b>Surplus (deficit) of operating funding</b>	<b>68</b>	<b>24</b>	<b>33</b>
<b>Application of capital funding</b>			
Capital expenditure			
-- To improve the level of service	-	-	-
-- To replace existing assets	6	-	-
Increase (decrease) in reserves	62	24	33
<b>Total applications of capital funding</b>	<b>68</b>	<b>24</b>	<b>33</b>
<b>Surplus (deficit) of capital funding</b>	<b>(68)</b>	<b>(24)</b>	<b>(33)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	79	44	44

## LEVEL OF SERVICE 5:

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

MEASURE	TARGETS	RESULT
<p>Ensure residents are satisfied with the wastewater system</p> <p><b>NOT ACHIEVED</b> </p>	<p>Survey residents annually on whether they are satisfied with the wastewater system (50% of residents satisfied or very satisfied)</p>	<p>In 2022/23, 32% of the residents who responded to the annual satisfaction survey were satisfied with the wastewater system. However, if responses with no opinion were removed, the result would increase to 66%. The result is a decrease from the prior year of 75%.</p> <p>The majority of survey respondents connected to our wastewater scheme had no opinion on our water service and did not provide additional comments. Council acknowledges that wastewater infrastructure requires further capital investment for our services to improve and be fully compliant with legislation.</p>
<p>Ensure residents are satisfied with the wastewater system</p> <p><b>ACHIEVED</b> </p>	<p>Council's response to any of these issues does not exceed 2% of properties connected (or approximately two complaints for all connected properties)<sup>2</sup></p> <p>Ensure the number of complaints received about any of the following:</p> <ul style="list-style-type: none"> <li>• wastewater odour</li> <li>• sewerage system faults</li> <li>• sewerage system blockages</li> </ul>	<p>No complaints regarding the sewerage system were received in 2022/23 or 2021/22.</p> <p>Council continues to seek funding to carry out remedial and upgrade works to maintain an appropriate level of service.</p>
<p>Ensure the sewerage system meets community requirements</p> <p><b>ACHIEVED</b> </p>	<p>Ensure the number of dry-weather wastewater overflows from the sewerage system is less than five per year, or does not exceed 2% of properties connected (or approximately two complaints for all connected properties)<sup>2</sup></p>	<p>In 2022/23 there were no dry-weather sewerage overflows or complaints. There was one dry weather sewerage overflow event in 2021/22, affecting 1% of properties.</p>

MEASURE	TARGETS	RESULT
<p>Comply with our Resource Management Document regarding wastewater discharge</p> <p><b>ACHIEVED</b> </p>	<p>Ensure two or fewer reports of non-compliance with resource consent conditions (annually) for discharge from Council's sewerage system, measured by the number of:</p> <ul style="list-style-type: none"> <li>• Abatement notices</li> <li>• Infringement notices</li> <li>• Enforcement orders</li> <li>• Convictions</li> </ul>	<p>In 2022/23 there were no notices or orders issued. This is consistent with 2021/22.</p> <p>The treated wastewater discharge complied with quantity and quality limits in the 2022/23 financial year, except for E.coli and nitrogen. Mitigating action taken includes remedial works associated with the land application system, which will reduce treated wastewater concentrations prior to reaching groundwater.</p> <p>Further funding is required to strengthen resilience and enable compliance.</p>
<p>Respond in a timely manner to reports of faults</p> <p><b>ACHIEVED</b> </p>	<p>Meet the following median response times when attending wastewater overflows resulting from a blockage or other fault in the Council's sewerage system:</p> <p>Attendance time is the time from when the Council receives notification to when the service personnel reach the site does not exceed 12 hours</p> <p>Resolution time: the time from when the Council receives notification to when the service personnel confirms resolution of the blockage or other fault does not exceed 24 hour</p>	<p>No incidences of blockages or faults occurred in 2022/23, this is consistent with the prior financial year.</p>

<sup>2</sup> A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure.

## LEVEL OF SERVICE 6:

### Manage storm water to minimise and manage flood events

MEASURE	TARGETS	RESULT
<p>Ensure storm water management is adequate for flood risk management</p> <p><b>ACHIEVED</b> ✓</p>	<p>Ensure the number of flooding events does not exceed two per year</p> <p>Ensure that for any flooding event, the number of habitable floors affected does not exceed 2% of properties connected (or approximately two complaints for all connected properties)<sup>2</sup></p> <p>All decisions to open Te Whanga lagoon will be made in consultation with imi and iwi</p>	<p>No flooding events occurred. This is consistent with that of the 2022/23 financial year.</p>
<p>Ensure storm water discharge is compliant with our Resource Management Document</p> <p><b>ACHIEVED</b> ✓</p>	<p>Ensure three or fewer reports of non-compliance with resource consent conditions, annually, for discharge from Council's storm water system each year, measured by the number of:</p> <ul style="list-style-type: none"> <li>• Abatement notices</li> <li>• Infringement notices</li> <li>• Enforcement orders</li> <li>• Convictions</li> </ul>	<p>No discharge notices were issued, or other non-compliance events noted in the 2022/23 financial year.</p> <p>This is consistent with that of the 2021/22 financial year.</p>
<p>Respond in a timely manner to flooding events</p> <p><b>ACHIEVED</b> ✓</p>	<p>Meet a median response time of no more than two hours when attending a flooding event, measured from the time that Council receives notification to the time that the service personnel reach the site</p>	<p>No flooding events occurred in the 2022/23 financial year. This is consistent with that of the 2021/22 financial year. The lagoon opening remained untouched.</p>
<p>Ensure residents are satisfied with storm water management</p> <p><b>ACHIEVED</b> ✓</p>	<p>Ensure the number of complaints received about the performance of storm water management does not exceed 2% of properties connected (or approximately two complaints for all connected properties)<sup>2</sup></p>	<p>No complaints (0% of properties) related to stormwater management were received in 2022/23.</p> <p>This is consistent with that of the 2021/22 financial year.</p>

<sup>2</sup> A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure

THREE WATERS SUPPLY & TREATMENT - WASTEWATER	Actual 2022/23 \$000	LTP 2022/23 \$000	LTP 2021/22 \$000
<b>Source of operating funding</b>			
Targeted rates	71	69	68
Subsidies and grants for operating purposes	128	121	121
Local authorities fuel tax, fines, infringement fees, and other receipts	17	11	11
<b>Total operating funding</b>	<b>216</b>	<b>201</b>	<b>200</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	164	125	120
Internal charges and overheads applied	80	60	57
<b>Total application of operating funding</b>	<b>244</b>	<b>185</b>	<b>177</b>
<b>Surplus (deficit) of operating funding</b>	<b>(29)</b>	<b>16</b>	<b>23</b>
<b>Total source of capital funding</b>	<b>244</b>	<b>185</b>	<b>177</b>
<b>Application of capital funding</b>	<b>(29)</b>	<b>16</b>	<b>23</b>
Capital expenditure			
-- To replace existing assets	8	-	-
Increase (decrease) in reserves	(37)	16	23
<b>Total applications of capital funding</b>	<b>(29)</b>	<b>16</b>	<b>23</b>
<b>Surplus (deficit) of capital funding</b>	<b>29</b>	<b>(16)</b>	<b>(23)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	86	59	60

Note: Council incurs minimal storm water transactions, and therefore has elected to not separately disclose these transactions, but include these within the wastewater disclosure.



# Waste management and minimisation

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

## Key activities and rationale for providing the service

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

## Community outcomes

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

## What we delivered

Though not a clean sweep of fully achieved measures, Council has done a lot in the waste management space over the last financial year. With the launch of a new waste management campaign featuring Hemi the weka, the community has been encouraged to sort their waste and think of ways to reduce, reuse and recycle. Items dropped at Te One station are now required to be sorted to aid this initiative.

The push for recycling has proved to be successful. In 2022 it was estimated that about 26.5 tonnes of recyclables were diverted from landfill, representing an overall diversion rate of just under 5%.

The new landfill at Owenga became operational. We drafted a new Waste Management and Minimisation Plan (WMMP) and associated bylaw in order to consider how we can continue to improve this service and the state of our waste on the Island.

We acknowledge that though improvements have been made, we still have a long way to go, as indicated by a satisfaction rate from our community which is lower than what we would like. The community has expressed a desire for waste collection services and green waste options, and shown concerns that what is happening is not enough. Council receives the feedback and continues to move forward and strive for continual improvement where we can.



**5/7** ACHIEVED



**56%** OF RESIDENTS SATISFIED WITH WASTE MANAGEMENT SERVICES

**299** TONNES OF MATERIAL WAS RECEIVED AT THE OWENGA LANDFILL SITE

## LEVEL OF SERVICE 7:

### Provide efficient and effective waste minimisation activities and services

MEASURE	TARGETS	RESULT
Respond in a timely manner to written requests or complaints regarding waste management  <b>ACHIEVED</b> 	Ensure Council staff respond to all complaints within five working days of receipt	There were three requests or complaints received during the 2022/23 financial year, all were responded to within five working days. This is an improvement on last year's result, where no request was responded to within five working days – limited staff numbers and a change in our waste management processes impacted our ability to respond to the community in a timely manner last year. Our processes have subsequently been reviewed and improved.
Ensure residents are satisfied with the landfill and recycling service and ease of use  <b>NOT ACHIEVED</b> 	Survey residents annually on whether they are satisfied with the landfill and recycling service and ease of use (65% of residents satisfied or very satisfied) <sup>1</sup>	In the 2022/23 financial year, 56% of the respondents who completed the annual satisfaction survey were either satisfied or very satisfied with the Council's landfill and recycling service and ease of use. The result has decreased from the 2021/22 result of 66%.  The landfill site has recently become fully operational, with the management of the site contracted out. The service was recently established and Council is continuing to work with the contractor to improve processes and create other enhancements and efficiencies.  Survey feedback has identified waste collection as an area of service improvement, which Council will investigate further in the next financial year.

MEASURE	TARGETS	RESULT
Ensure waste minimisation activities and services are effective  <b>ACHIEVED</b> 	Measure the volume of waste to landfill once commissioned and in use (target 2021/22)  Establish a benchmark for annual volume of waste to landfill (target 2022/23)  Ensure the amount of waste going to landfill is less than benchmark volume (target 2023/24 and ongoing years)	In 2022/23, 299 tonnes of material was received at the Owenga landfill site.  This is the first year of the landfill site being operational, having opened in July 2022, and therefore no comparative data is available.  Based on waste received at the landfill site, Council has set an initial benchmark of 300 tonne as the benchmark volume to be below for the next financial year and beyond.  Council has already implemented strategies to encourage waste minimisation, including an educational campaign encouraging the community to sort their waste, and regular promotion of ways to reduce, repurpose and recycle.
Ensure residents are aware of waste management services provided by Council and how to use them  <b>ACHIEVED</b> 	Ensure communication and engagement activities relating to waste management are undertaken at least quarterly  Regular messages about waste management and minimisation activities and projects are circulated in our monthly Council e-newsletter, the Chatham Islands Community Focus Trust weekly newsletters, on our website, and on our Facebook page  The Te One transfer station has employees available to help residents unload rubbish and educate them on the significance of separating recyclables	Council carried out a waste campaign via social media and the Council e-newsletter to encourage the community to sort their waste. Additional signs were installed at the transfer station and a brochure developed which was delivered to mailboxes. This is similar to what was provided last year.

MEASURE	TARGETS	RESULT
<p>Ensure all landfill activities, facilities and services comply with resource consent conditions, landfill management plans (developed in partnership with imi and iwi), and appropriate legislative requirements</p> <p><b>ACHIEVED</b> ✓</p>	<p>Respond to identified non-compliance issues within five working days</p> <p>Ensure the landfill management plan addresses potential impacts on imi and iwi mahi kei/mahinga kai</p>	<p>No non-compliance issues or other environmental impacts were noted at the landfill site in 2022/23. This is based on environmental monitoring information supplied, which considers the effects on surface and ground water.</p> <p>Recently the Ministry for the Environment completed an assessment on how the landfill is operating and complies with legislative requirements and concluded the Owenga Landfill demonstrated a good level of compliance, given its unique waste management challenges. The previous waste audit in May 2021 found two non-compliances related to the recording and reporting of the waste that was coming into the then operative Te One dump site. These issues have now been rectified.</p> <p>No comparative data is available as the landfill site was not operational in 2021/22.</p> <p>Ensuring our landfills remain compliant remains important to Council. We will be working closely with our partners Fulton Hogan, Environment Canterbury, Ministry for the Environment, imi and iwi to ensure our landfill site remains compliant with our landfill management plan, along with best practice and other cultural considerations.</p>
<p>Ensure availability of adequate landfill space permitted for the disposal of municipal solid waste to ensure sustainability of waste disposal services</p> <p><b>ACHIEVED</b> ✓</p>	<p>Ensure sufficient landfill space permitted for the disposal of municipal solid waste for at least one year (current requirements are approximately 1,000 cubic metres)</p>	<p>There is currently sufficient landfill space for the disposal of waste in the current cell for more than one year.</p> <p>In 2021/22, the cell site was predicted to have a life of five years and be filled by June 2027. Current trends indicate lower than anticipated levels of waste are being transferred to the site, primarily due to Council encouraging alternatives to disposal, such as the Mitre 12 facility.</p>

MEASURE	TARGETS	RESULT
<p>Ensure available landfill space is optimised by compaction of waste</p> <p><b>NOT MEASURED</b></p>	<p>Ensure that from 2022/23, waste compaction density, measured by survey, is greater than 0.6 tonnes/m3 (can be measured once annual volume of waste to landfill is established)</p>	<p>The survey result will be delayed until a full year of waste disposal has occurred at the landfill site (no comparative results are available). Council expects the survey to occur in the 2023/24 financial year to determine the level of compaction based on waste total that has entered the landfill. Council is committed to redirect waste from landfill through promotional campaigns which encourage alternatives to disposal (reduce, reuse, recycle).</p>
<p>Ensure landfill activity is provided in a safe manner, with all health and safety risks to nearby residents managed and mitigated</p> <p><b>ACHIEVED</b> ✓</p>	<p>Ensure there are no reports of injury or illness attributable to the use of the facilities</p>	<p>There have been no reports of personal injury or illness during the landfill operation (no comparative results available, due to facility not being operational in 2021/22). Ensuring our waste management site remains safe to people entering the facility and living nearby remains a key priority to the Council. Council will continue to work closely with our contractors – Fulton Hogan along with other interested parties; such as imi and iwi, to ensure we comply with best practice along with other cultural considerations.</p>

<sup>1</sup> Measured by annual survey, on a scale of very confident, confident, unconfident, very unconfident.

<b>WASTE MANAGEMENT &amp; MINIMISATION</b>	<b>Actual 2022/23 \$000</b>	<b>LTP 2022/23 \$000</b>	<b>LTP 2021/22 \$000</b>
<b>Source of operating funding</b>			
Targeted rates	105	98	95
Subsidies and grants for operating purposes	750	669	666
Local authorities fuel tax, fines, infringement fees, and other receipts	123	15	14
<b>Total operating funding</b>	<b>979</b>	<b>782</b>	<b>776</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	852	707	688
Finance costs	-	-	-
Internal charges and overheads applied	45	34	32
<b>Total application of operating funding</b>	<b>897</b>	<b>741</b>	<b>720</b>
<b>Surplus (deficit) of operating funding</b>	<b>82</b>	<b>41</b>	<b>56</b>
<b>Application of capital funding</b>			
Capital expenditure			
-- To improve the level of service	362	-	-
-- To replace existing assets	5	-	-
Increase (decrease) in reserves	75	41	56
<b>Total applications of capital funding</b>	<b>442</b>	<b>41</b>	<b>56</b>
<b>Surplus (deficit) of capital funding</b>	<b>(82)</b>	<b>(41)</b>	<b>(56)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	<i>168</i>	<i>113</i>	<i>118</i>





# Community services and emergency management

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

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

## Key activities and rationale for providing the service

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

## Community outcomes

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

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

## What we delivered

We had mixed results in both Council's community services and emergency management functions. Though respondents in our residents' survey were generally satisfied with the community services we provide, only 50% of respondents were aware that we were responsible for most of our services. The highest awareness being that of dog/animal control (74%) and the lowest being recreation centres (23%).

In order to encourage use of our services, Council posts regularly on our Facebook page advertising new books available to borrow from our library and information regarding dog registrations or vet visits.

Council supports the Manaaki Whanau O Wharekauri Trust (formerly the Morgue/Marque Committee) which in turn supports whānau on the Island with funeral services. Council supports the committee with administration services.

As per the requirements below, our emergency management team held the annual training exercise, Exercise Phenox, which involved a large number of people. 61% of respondents in our residents survey felt confident Council would be able to respond appropriately to an emergency.

**76%** RESIDENTS AWARE OF KEY SERVICES PROVIDED BY COUNCIL

**53%** RESIDENTS SATISFIED WITH COMMUNITY SERVICES

**73%** RESIDENTS FEEL PREPARED IN CASE OF AN EMERGENCY



## LEVEL OF SERVICE 8:

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

MEASURE	TARGETS	RESULT
<p>Ensure residents are aware of Council community services provided</p> <p><b>ACHIEVED</b> ✓</p>	<p>Survey residents annually on how many key community services they can identify that are provided by Council (75% of residents are able to identify at least three key areas e.g. dog/ animal control, library, and recreational services)</p>	<p>In 2022/23, the annual satisfaction survey showed 75% of the respondents could identify three or more services Council provides. This is a slight decrease to the prior year's result of 82%.</p> <p>Council will be considering alternative methods to promote our community resources in the future.</p>
<p>Ensure residents are satisfied with community services, including library and dog and animal control services</p> <p><b>NOT ACHIEVED</b> ✗</p>	<p>Survey residents annually on whether they are satisfied with community services (70% of residents satisfied or very satisfied)<sup>1</sup></p>	<p>In 2022/23, the annual satisfaction survey showed 58% of the respondents were satisfied or very satisfied with community services, including library and dog and animal control services. In the previous year, the result was 65%.</p> <p>Survey feedback highlighted dog and stock control as an area requiring further attention.</p>
<p>Respond in a timely manner to complaints about operations and facilities</p> <p><b>NOT ACHIEVED</b> ✗</p>	<p>Investigate all complaints about operations and facilities within 24 hours, with minor faults remedied within 24 hours of notification.</p>	<p>During the 2022/23 financial year, 342 enquiries or complaints were received, related to our operations and facilities - including public facilities, community services and dogs/stock control. Of these enquiries, 37% were responded to within 24 hours. A portion of these complaints were received outside of office hours, delaying response time. No enquiries/complaints were noted as a minor or major fault requiring immediate action.</p> <p>The collation process between years has changed, with the prior year recognising only one complaint, which was responded to within 24 hours.</p>

<sup>1</sup> Measured by annual survey, on a scale of very confident, confident, unconfident, very unconfident.

## LEVEL OF SERVICE 9:

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

MEASURE	TARGETS	RESULT
<p>Ensure residents feel prepared and know what to do in an emergency</p> <p><b>NOT ACHIEVED</b> ✗</p>	<p>Survey residents annually on whether they feel prepared and know what to do in an emergency (75% of residents feel prepared or well-prepared)<sup>3</sup></p>	<p>In 2022/23 74% of the residents who completed the annual satisfaction survey felt they were prepared or well prepared for an emergency, which is a similar result to last year's 76% result.</p> <p>Our survey also asked residents what steps they had taken to prepare for the types of emergencies and disasters that might occur in our community. Most respondents confirmed they have stores of food, water and backup power/alternative cooking facilities. Some discussed having 'grab bags' pre-pared and securing important documents.</p>
<p>Ensure residents are aware of emergency management procedures</p> <p><b>ACHIEVED</b> ✓</p>	<p>Ensure communication and engagement activities relating to emergency management are undertaken at least quarterly Regular messages about emergency management are circulated in our monthly Council e-newsletter, the Chatham Islands Community Focus Trust weekly newsletters, on our website, and on our Facebook page(s)</p>	<p>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, and our Emergency Management Facebook page.</p>

MEASURE	TARGETS	RESULT
<p>Ensure the Emergency Management Operations Centre can respond in the event of an emergency, including deployment of staff and volunteers, availability of emergency management equipment, control facilities, and communication systems</p> <p><b>ACHIEVED</b> ✓</p>	<p>Hold an annual emergency event training exercise</p> <p>Ensure all staff and volunteers participate in at least one skills training session annually</p> <p>Test emergency management equipment quarterly</p>	<p>An island training exercise was run with Emergency Operations Centre staff along with other island key emergency service providers to test our emergency response processes. The exercise was held at the Chatham Islands airport, with learnings from this exercise to be collated and implemented into our emergency response procedures.</p> <p>Additional online training has been provided during the year to strengthen our emergency response knowledge and skill sets.</p> <p>Emergency management equipment was not tested quarterly due to limitations in staff numbers. This is consistent with the prior year. We are assessing our future civil defence equipment requirements and will be purchasing updated equipment as required.</p> <p>In the prior financial year, a training exercise was held. Role vacancies during the period resulted in some activities not being completed in a timely manner and additional staff training required.</p>

MEASURE	TARGETS	RESULT
<p>Maintain current marine oil spill response preparedness and response capability, which is compliant with the Maritime Transport Act 1994</p> <p><b>ACHIEVED</b> ✓</p>	<p>Ensure at least one water equipment deployment exercise is conducted annually</p>	<p>An audited equipment deployment exercise was undertaken in November 2022, assisted by Maritime New Zealand. This is consistent with the 2021/22 financial year.</p> <p>Our capacity to respond to marine oil spill events during the year has been enhanced with an alternative regional on scene commander appointed through our contractor Environment Canterbury, boosting capabilities. This allows for advice and support to be provided 24/7, including assistance with planning and compliance with the Maritime Transport Act 1994 for a tier 1 entity.</p> <p>We continue to work on complying fully with the requirements of the Maritime Transport Act 1994. During the year additional requirements related to marine oil transfer sites were enacted, the application to Chatham Islands Council is now being investigated.</p> <p>The Marine oil spill contingency plan lapsed in March 2022 and remains under review, awaiting a response from the Department of Conservation.</p>

<sup>3</sup> Measured by annual survey, on a scale of well prepared, prepared, not well-prepared, no opinion.

COMMUNITY DEVELOPMENT & EMERGENCY RESPONSE	Actual 2022/23 \$000	Long Term Plan 2022/23 \$000	LTP 2021/22 \$000
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	367	326	318
Targeted rates	-	-	-
Subsidies and grants for operating purposes	1,411	701	695
<b>Local authorities fuel tax, fines, infringement fees, and other receipts</b>	<b>553</b>	<b>325</b>	<b>351</b>
<b>Total operating funding</b>	<b>2,331</b>	<b>1,352</b>	<b>1,365</b>
Applications of operating funding			
Payments to staff and suppliers	1,376	627	610
Finance costs	-	4	6
Internal charges and overheads applied	835	627	592
<b>Total application of operating funding</b>	<b>2,211</b>	<b>1,258</b>	<b>1,208</b>
<b>Surplus (deficit) of operating funding</b>	<b>120</b>	<b>94</b>	<b>157</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	230	-	-
Increase (decrease) in debt	(27)	(21)	(67)
Gross proceeds from sale of assets	-	-	-
<b>Total source of capital funding</b>	<b>203</b>	<b>(21)</b>	<b>(67)</b>
<b>Application of capital funding</b>			
Capital expenditure			
-- To replace existing assets	235	-	-
Increase (decrease) in reserves	88	72	90
<b>Total applications of capital funding</b>	<b>323</b>	<b>72</b>	<b>90</b>
<b>Surplus (deficit) of capital funding</b>	<b>(120)</b>	<b>(94)</b>	<b>(157)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	62	45	49



# Environmental management, protection and monitoring

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

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

## Key activities and why we provide this service

Council seeks to sustain natural resources to maintain a sound resource base and protect the environment from risks that could be detrimental to the needs of our community. We also endeavour to protect our environment from unwanted plant and animal pests. Many of Council's policies and plans are statutory documents or processes required under legislation.

Council's state of the environment monitoring and information work tracks progress against agreed environmental outcomes, identifies new issues, and provides information of use to the public. Council processes resource consent applications and undertakes compliance activities to reduce the impact of human activity on other people and the environment.

## Community outcomes

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

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

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

## What we delivered

Council is pleased with the efforts we've made in the environmental management, protection and monitoring space this financial year. All consenting and compliance deadlines were met and processed on time, and no major non-compliance issues noted.

As part of regular surveys on inbound vessels during the year, three fanworms were detected on a vessel. Council and Environment Canterbury acted promptly to minimise any residue risk from the vessel. This involved "wrapping" the vessel and using a chlorine solution which was left to soak for 30 hours and the threat was eliminated. This is just one example of the hard mahi we are continually doing to ensure that our Island stays protected from unwanted organisms and pests.

Water monitoring, sampling, testing and analysing was conducted as per the measures listed below. We aim to continue to hold ourselves to a high standard, and actively engage the community regarding the regulations we and they have to uphold to ensure an appropriate level of water quality is met.

**100%** **CONSENTING AND COMPLIANCE MEASURES ACHIEVED**

**13** **STREAMS, 8 LAKES AND THE TE WHANGA LAGOON SITE TESTED FOR WATER QUALITY**

**NO** **GERMAN WASPS FOUND IN 2022/23**

## LEVEL OF SERVICE 10:

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

MEASURE	TARGETS	RESULT
Process resource consents within statutory timeframes <b>ACHIEVED</b> ✓	Process all resource consents within statutory timeframes Imi and iwi cultural matters are considered as part of the resource consents decision-making process	All resource consents were processed within statutory timeframes. This is consistent with the prior financial year's result. Where appropriate, imi and iwi have been consulted on any cultural or other relevant matters of interest as part of the consenting process.
Respond in a timely manner to breaches of the Resource Management Act 1991 and breaches of resource consent conditions, including initiation of investigations when required <b>ACHIEVED</b> ✓	Assess the risk of all notifications of breaches of the Resource Management Act 1991 or resource consent conditions as soon as practicable and investigate within five working days, seeking assistance when required	No breaches of the Resource Management Act 1991 or consent conditions were reported in 2022/23 to be investigated further by contractors. This is consistent with the result of the prior financial year.
Process liquor licence applications within statutory timeframes <b>ACHIEVED</b> ✓	Process all liquor licence applications within statutory timeframes	All liquor licence applications were processed within statutory timeframes. This is consistent with the prior financial year's result.

MEASURE	TARGETS	RESULT
Maintain compliance of food premises <b>ACHIEVED</b> ✓	Ensure no issues of non-compliance are identified or reported in connection with food premises	One verification exercise was completed on all food premises in November 2022. No major issues of non-compliance were noted. Minor issues of non-compliance were identified and addressed within prescribed timeframes.  In the prior financial year, no non-compliance issues were noted in connection with food premises on the island.
Ensure all dogs are registered and well cared for <b>ACHIEVED</b> ✓	Undertake at least one inspection annually of all dogs to ensure they are registered, and to check animal welfare	Animal welfare inspections were completed once during the 2022/23 financial year on all known properties owning dogs, this included an inspection to Pitt Island in June 2023. In 2021/22 one welfare inspection was completed, but it did not extend to Pitt Island.






**LEVEL OF SERVICE 11:**



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

MEASURE	TARGETS	RESULT
<p>Notify changes to the resource management document providing for imi, iwi and community feedback when giving effect to Central Government's Essential Freshwater package across the region</p> <p><b>ACHIEVED</b> ✓</p>	<p>Design changes to the resource management document, which is consistent with national direction.</p> <p>2022/23 and ongoing: Report to Council on progress of the Resource Management Document</p>	<p>The Council has an operative Resource Management Document in place. Recent amendments to the regulatory framework have increased our obligations to give effect to Central Government's Essential Freshwater Package.</p> <p>Cost indications have been provided to Council to enable compliance with the national direction. While there is general support for these initiatives by Council, along with imi and iwi, the project has been paused due to funding limitations with the Council. Council is seeking additional funding from the Department of Internal Affairs through the annual appropriation to be compliant. This was not successful for the 2023/24 financial year and further funding initiatives are being considered.</p> <p>These additional requirements came into effect during the 2022/23 financial year and therefore were not required in the prior year. The Resource Management Document for 2021/22 was compliant with legislation and best practice.</p>

## LEVEL OF SERVICE 12:

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

MEASURE	TARGETS	RESULT
Prevent incursions and establishment of new terrestrial pest species  <b>ACHIEVED</b> 	Undertake two inspections at identified risk sites for pests annually, with no new pests becoming established (with results of inspections published on our website)	In the 2022/23 financial year, quarterly site inspections were completed. Based on inspections completed, no new pest incursions were found at these sites. This result is consistent with the prior financial year.  During the year we took the following actions to mitigate and prevent other pest incursions on the island:  A whitetail spider was also found in in-coming food freight and was dispatched.  Annual surveillance for German wasps has taken place following the incursion (nest found on the cliffs above Waitangi Port) in the previous financial year. No wasps found since the control of the nest.
Reduce animal and plant pest populations in identified sites and/ or geographic areas to minimise impacts on primary industry, human health and indigenous biodiversity  <b>NOT MEASURED</b>	Ensure gorse infestation does not increase from the baseline figures captured in 2012  Reduce the trend in the coverage of eradication pest plants at known sites*  Reduce the number of Canada geese from the baseline level of 36  Reduce the number of feral goats from the baseline level of 109  *Eradication pest plants are those with limited distribution or density.  The eventual goal is eradication at known sites on the Island, although 'zero density' is more practical to achieve in some cases. This includes pests referenced in Council's pest management plan, such as Chilean rhubarb, banana passionfruit, and broom glyseria maxima	This target was not able to be measured because the helicopter used to track animal and plant pest populations was unavailable this year due to the Southern Tiare shipping vessel being in service.  This differs to last year, which noted no significant increase in gorse, goats, or Canadian geese numbers.  Plans are underway to make sure the helicopter can return to the Island soon, along with other eradication measures.

MEASURE	TARGETS	RESULT
Maintain biosecurity of internal borders between Chatham Island, Pitt Island, and mainland New Zealand  <b>ACHIEVED</b> 	Provide at least one training session to freight handlers at major ports supplying the Chatham Islands  Establish a partnership with Biosecurity NZ to develop a marine biosecurity plan as part of the internal border protection (by 30 June 2024) or formalise a working partnership	Annual freight handler training sessions have occurred with SPS Biota, and regular refresher training has been provided on an as required basis. This result is consistent with the 2021/22 financial year.
Monitor for invasive marine pests that are present in mainland New Zealand or are likely to arrive from other destinations  <b>ACHIEVED</b> 	Undertake an underwater surveillance programme on all ports on Chatham and Pitt Islands, notifying the Ministry for Primary Industries of any pest incursions	Four SPS Biota 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. This result is consistent with the 2021/22 financial year, where all four Chathams ports were dived twice by our resident dive team.  In September 2022, a recreational vessel from NZ was moored at Waitangi Port and during routine diver surveillance was found to have Mediterranean Fanworm present. Three specimens were removed and later confirmed as juvenile (not reproductive). The vessel had antifouling treatment on site before departing. On-going surveillance of the mooring area is a joint activity with MPI.






MEASURE	TARGETS	RESULT
<p>Ensure landowners, occupiers and other residents are aware of and follow pest management practices, including the requirements that recognised pest species are not to be introduced, sold, propagated or distributed</p> <p><b>ACHIEVED</b> ✓</p>	<p>Ensure communication and engagement activities relating to pest management, including marine pests, are undertaken at least quarterly</p> <p>Regular messages about pest management are circulated in our monthly Council e-newsletter, the Chatham Islands Community Focus Trust weekly newsletters, on our website, and on our Facebook page, and other promotional opportunities are utilised where available</p>	<p>The level of plant pest awareness from landowners has significantly increased over the past few years, with regular pest awareness campaigns occurring. 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.</p> <p>In the 2022/23 year, these reports have included two species of spiders, a parasitic wasp, two species of trees/bushes, a beetle and ants. All have been investigated and proven to be already present on the Island.</p> <p>This result is consistent with the 2021/22 financial year.</p>
<p>Work in partnership with others including imi, iwi and Department of Conservation to undertake pest management as an integral part of enhancing biodiversity</p> <p><b>ACHIEVED</b> ✓</p>	<p>Undertake pest management at restoration project sites in conjunction with imi, iwi and Department of Conservation</p>	<p>We have collaborated with all stakeholders, including imi, iwi and the Department of Conservation to maximise “pest free” initiatives on a site-by-site basis, particularly in relation to the Predator Free 2050 programme.</p> <p>This result is consistent with the 2021/22 financial year.</p>

## LEVEL OF SERVICE 13:

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

MEASURE	TARGETS	RESULT
<p>Sample and analyse water quality and quantity</p> <p><b>ACHIEVED</b></p> 	<p>Sample and analyse water against agreed water quality and quantity standards at the locations and frequency as listed in the monitoring plan, developed in consultation with imi and iwi</p> <p>Hold community meetings with interested parties, including imi and iwi</p>	<p>Quarterly water quality monitoring occurred at agreed sites listed in the water monitoring programme, including 13 streams, 8 lakes and the Te Whanga lagoon site. Quantity monitoring is discussed below.</p> <p>Information on programme design and results shared by our contractor Environment Canterbury are made available to imi and iwi. Council aims to hold a community workshop on our water monitoring programme and results later this year.</p> <p>A previous workshop held in 2021 received positive feedback and was considered a successful avenue to engage with the community and receive feedback. Due to budget constraints, we were not able to hold a workshop in 2022. We aim to hold these every two years.</p>
<p>Monitor river flows and Te Whanga lagoon level with data provided to imi and iwi and made publicly available</p> <p><b>ACHIEVED</b></p> 	<p>Monitor and continuously record river and lagoon water levels and rainfall data on Chatham Island at all sites listed on the monitoring plan, with all sites telemetered and data available on our website</p> <p>Record and report regular (at least quarterly) validation/calibration visits</p>	<p>Hydrometric recording sites to monitor water quantity for rivers, lake levels and climate (rainfall) were monitored at all sites listed on the monitoring plan.</p> <p>All data extracted from these recording sites were uploaded to the Council website and made publicly available.</p> <p>Validation/calibration visits occurred five times in 2022/23, which confirmed recording sites were maintained and calibrated to required quality standards (six regular visits in 2021/22).</p> <p>River flows and Te Whanga lagoon level monitoring results are consistent for both financial years.</p>

MEASURE	TARGETS	RESULT
<p>Ensure water quality and hydrology data is available to the public</p> <p><b>NOT ACHIEVED</b></p> 	<p>Publish a summary report of the state and performance of the hydrometric network (telemetered data), and the water quality network monitoring, by the end of August for the previous financial year (report provided to Council and then made available on our website)</p>	<p>A summary report covering the state and performance of the telemetered data hydrometric network and the water quality network monitoring was not published for the 2022/23 financial year by August 2023. From a data collation perspective, this deadline is not considered achievable and therefore reporting timeframes have been extended to December 2023.</p> <p>In the 2021/22 financial year, reports for 2020/21 and 2021/22 were not published, due to issues beyond our control. These outstanding reports are now complete.</p>





ENVIRONMENTAL PROTECTION, COMPLIANCE & PLANNING	Actual 2022/23 \$000	Annual Plan 2022/23 \$000	LTP 2021/22 \$000
<b>Source of operating funding</b>			
Subsidies and grants for operating purposes	1,457	1,261	1,255
Local authorities fuel tax, fines, infringement fees, and other receipts	243	110	108
<b>Total operating funding</b>	<b>1,700</b>	<b>1,371</b>	<b>1,363</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,160	997	971
Finance costs	-	-	-
Internal charges and overheads applied	396	298	281
<b>Total application of operating funding</b>	<b>1,557</b>	<b>1,295</b>	<b>1,252</b>
<b>Surplus (deficit) of operating funding</b>	<b>143</b>	<b>77</b>	<b>111</b>
<b>Application of capital funding</b>			
Capital expenditure			
-- To replace existing assets	40	-	-
Increase (decrease) in reserves	103	77	111
<b>Total applications of capital funding</b>	<b>143</b>	<b>77</b>	<b>111</b>
<b>Surplus (deficit) of capital funding</b>	<b>(143)</b>	<b>(77)</b>	<b>(111)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	6	6	8



# Council funding impact statement

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

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

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

RECONCILIATION OF OPERATING FUNDING TO STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE	Actual 2022/23 \$000	Annual Plan 2022/23 \$000	Actual 2021/22 \$000	LTP 2021/22 \$000
Surplus/(deficit) of operating funding	954	3,562	741	1,181
Subsidies and grants for capital expenditure	2,977	2,708	1,832	3,428
Less depreciation	2,385	2,707	2,889	2,857
Plus investment in associate	62	129	(4)	133
<b>Surplus/(deficit) per financial statements</b>	<b>1,608</b>	<b>3,692</b>	<b>(320)</b>	<b>1,885</b>

COUNCIL	Actual 2022/23 \$000	Annual Plan 2022/23 \$000	Actual 2021/22 \$000	LTP 2021/22 \$000
<b>Source of operating funding</b>				
General rates, uniform annual charge, rates penalties	367	347	356	318
Targeted rates	337	340	352	313
Subsidies and grants for operating purposes	7,638	11,161	7,269	5,993
Interest and dividends from investments	41	31	2	56
Local authorities fuel tax, fines, infringement fees, and other receipts	1,242	921	656	730
<b>Total operating funding</b>	<b>9,624</b>	<b>12,800</b>	<b>8,635</b>	<b>7,410</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	6,164	9,226	5,710	6,223
Financial costs	-	12	13	6
Other operating funding applications	2,507	-	2,171	-
<b>Total application of operating funding</b>	<b>8,671</b>	<b>9,238</b>	<b>7,894</b>	<b>6,229</b>
<b>Surplus/(deficit) of operating funding</b>	<b>954</b>	<b>3,562</b>	<b>741</b>	<b>1,181</b>
<b>Source of capital funding</b>				
Subsidies and grants for capital expenditure	2,977	2,708	1,832	3,428
Gross proceeds from sale of assets	-	161	1	119
Increase/(decrease) in debt	(27)	-	(31)	(67)
<b>Total source of capital funding</b>	<b>2,950</b>	<b>2,869</b>	<b>1,802</b>	<b>3,480</b>
<b>Application of capital funding</b>				
Capital expenditure				
- To improve the level of service	362	-	47	1,634
- To replace existing assets	3,094	3,077	2,656	2,261
Increase/(decrease) in reserves	448	3,483	(160)	766
<b>Total applications of capital funding</b>	<b>3,904</b>	<b>6,560</b>	<b>2,543</b>	<b>4,661</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(954)</b>	<b>(3,691)</b>	<b>(741)</b>	<b>(1,181)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Critical judgements, assumptions and policies used in the statement of service performance

The statement of service performance is formally classified from pages 7 to 35.

The relevant legislation governing the requirement of reporting of Chatham Islands Council's service performance is Part 3 of Schedule 10 of the Local Government Act 2002.

The statement of service performance of Chatham Islands Council has been prepared in accordance with PBE standards and is for the year ended 30 June 2023. The statement was authorised for issue by Chatham Islands Council on 26 October 2023.

In preparing the statement of service performance, Chatham Islands Council has made judgements on the application of reporting standards and has made estimates and assumptions concerning the measurement of certain service performance targets. The main judgements, estimates and assumptions are discussed below:

## Measure selection and level of aggregation

The service performance measures in this annual report are intended to compare the actual results of activities delivered by Chatham Islands Council against the forecast levels of service. The service performance measures were originally adopted in the 2021-2031 Long-Term Plan and continued in the 2022-2023 Annual Plan.

The service performance measures are reported on to Council through the Performance, Audit and Risk Committee annually. These results are then reported in the Annual Report for the year to 30 June.

The performance measures were selected to cover quantitative measurement of progress towards Chatham Islands Council's Long-Term Plan and Annual Plan. The final measures included in this Annual Report are broken down into the 6 groups of activities, providing a holistic set that give a rounded picture of the non-financial performance of Chatham Islands Council. Each activity has a set of metrics that were identified through the 2021-2031 LTP involving Council and management. This process ensured the selected measures best reflect Chatham Islands Council's performance and are available in a timely and accurate manner.

Included within the performance measures are the mandatory performance measures set under section 261B of the Local Government Act 2002, the Secretary for Local Government made the Non-Financial Performance Measures Rules 2013. This was to ensure the public were able to assess a reasonable comparison across all the councils.

## Surveys

In preparing the statement of service performance, the Council has also made judgements on the application of reporting standards and has made estimates and assumptions concerning the measurement of certain service performance targets.

This includes the use of survey results to gauge service performance, which is inherently at risk of low response rates, unintentionally unrepresentative sampling, or inadequate question setting. We apply the following judgements:

- Surveys used in the statement of service performance are based on questions set in the Long-Term Plan, and the responses received are used to improve Council's processes and service delivery.
- To encourage a wide response rate, a wide variety of platforms were utilised to provide a copy of the survey link. Including the Chatham Islands Council e-newsletter mailing list, emails the Council held on their Rating Information Database (RID) and other social media channels. The survey was also promoted to residents by advertising the survey on our website and social media channels, as well as having paper copies available at the Council office.

Any measure reporting on a survey result, utilises data from the residents satisfaction survey.

**Customer Service Requests** referred to in a range of measures means requests received by email, telephone or verbally by Council staff during normal working hours. All customer service requests are entered into the Council's financial management system and updated as completed.

The assumption is that all requests are managed through this process as opposed to staff receiving and responding to requests independently.

## **Changes in accounting policies - PBE FRS 48 (Service Performance Reporting):**

The financial year ended 30 June 2023 was the first in which PBE FRS 48 became effective (adoption was required for reporting periods beginning on or 1 January 2022). PBEFRS 48 establishes principles and high-level requirements for the reporting of service performance information rather than specifying detailed reporting requirements. Public Benefit Entities within the scope of this Standard need to select and present service performance information which provides users with:

- sufficient contextual information to understand why the entity exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this and
- Information about what the entity has done during the reporting period in working towards its broader aims and objectives.
- The primary impact of adoption for Council was the inclusion of the previous financial year's performance targets results in the Activity Reports and an enhanced performance commentary.

# Financial statements

## Statement of compliance and responsibility

### 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. As a defined public entity under the Public Audit Act 2001, the Council is audited by the Office of the Auditor General and is classed as a Public Sector Public Benefit Entity for financial reporting purposes.

### Compliance

The Councillors and management of Chatham Islands Council confirm that the Annual Report, which includes both the financial information and the statement of service performance has been prepared in accordance with all statutory reporting requirements, including the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements have been prepared to comply with Public Sector Public Benefit Entity Accounting Standards (PBE accounting standards) for a Tier 2<sup>1</sup> entity and were authorised for issue by the Council on 26 October 2023.

### Responsibility

Councillors and management of Chatham Islands Council accept responsibility for the preparation of the annual financial statements the statement of service performance 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 2023, 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

26 October 2023

*A Tier 2 entity is defined as having no public accountability, has total expenditure less than \$30 million and elects to be in Tier 2.*







## Financial statements

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

### Statement of Comprehensive Revenue and Expense for the year ended 30 June 2023

	Note	Actual 2022/23 \$000	Annual Plan 2022/23 \$000	Actual 2021/22 \$000
<b>Revenue</b>				
Rates	1	704	687	708
Grants & subsidies	2	10,616	13,869	9,101
Council dues		316	336	324
User pays, fees and charges		147	121	100
Interest		41	31	2
Other revenue	3	778	121	100
<b>Total revenue</b>		<b>12,602</b>	<b>15,508</b>	<b>10,467</b>
<b>Expenditure</b>				
Depreciation and amortisation	9	2,385	2,707	2,889
Personnel costs	4	1,016	1,188	921
Financial costs		-	12	13
Other expenditure	5	7,654	8,038	6,960
<b>Total expenditure</b>		<b>11,055</b>	<b>11,945</b>	<b>10,783</b>
Share of surplus of associate		62	129	(4)
<b>Total surplus/deficit</b>		<b>1,609</b>	<b>3,692</b>	<b>(320)</b>
<b>Comprehensive revenue and expense</b>				
Increase/(decrease) in revaluation reserve	12	-	10,262	13,490
<b>Total other comprehensive revenue and expense</b>		<b>-</b>	<b>10,262</b>	<b>-</b>
<b>Total comprehensive revenue and expense</b>		<b>1,609</b>	<b>13,954</b>	<b>13,170</b>

## Statement of financial position as at 30 June 2023

	Note	Actual 2022/23 \$'000	Annual Plan 2022/23 \$'000	Actual 2021/22 \$'000
<b>Current assets</b>				
Cash & cash equivalents	6	29	3,211	208
Cash funds held in trust	6	-	33	4
Cash investments		182	178	-
Receivables and other financial assets	7,8	857	1,417	671
<b>Total current assets</b>		<b>1,068</b>	<b>4,839</b>	<b>883</b>
<b>Non-current assets</b>				
Investment in associate	15	242	184	180
Property, equipment & intangible assets	9	98,858	95,242	97,785
<b>Total non-current assets</b>		<b>99,100</b>	<b>95,426</b>	<b>97,965</b>
<b>Total assets</b>		<b>100,168</b>	<b>100,265</b>	<b>98,848</b>
<b>Current liabilities</b>				
Bank overdraft	6	80	-	-
Payables and other financial liabilities	10	1,467	2,240	1,809
Borrowings	11	20	25	18
<b>Total current liabilities</b>		<b>1,567</b>	<b>2,265</b>	<b>1,827</b>
<b>Non-current liabilities</b>				
Borrowings	11	106	295	135
<b>Total non-current liabilities</b>		<b>106</b>	<b>295</b>	<b>135</b>
<b>Total liabilities</b>		<b>1,673</b>	<b>2,560</b>	<b>1,962</b>
<b>Net assets</b>		<b>98,495</b>	<b>97,705</b>	<b>96,886</b>
<b>Public equity</b>				
Accumulated funds and reserves	12	98,495	97,705	96,886
<b>Total public equity</b>		<b>98,495</b>	<b>97,705</b>	<b>96,886</b>

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, net of outstanding bank overdrafts and excludes any cash investments held by the Council.

## Statement of changes in equity for the year ended 30 June 2023

	Note	Actual 2022/23 \$'000	Annual Plan 2022/23 \$'000	Actual 2021/22 \$'000
<b>Equity at the start of the year</b>		<b>96,886</b>	<b>83,751</b>	<b>83,716</b>
Total comprehensive revenue and expense		1,609	13,954	13,170
<b>Equity at the end of the year</b>	<b>12</b>	<b>98,495</b>	<b>97,705</b>	<b>96,886</b>

## Statement of cash flows for the year ended 30 June 2023

	Note	Actual 2022/23 \$'000	Annual Plan 2022/23 \$'000	Actual 2021/22 \$'000
<b>Cash flow from operating activities</b>				
Receipts from rates revenue		737	699	702
Receipts from grants and subsidies		10,236	13,869	9,698
Receipts from Council Dues		318	341	340
Interest received		41	31	2
Receipts from other revenue		1,084	516	617
Payments made to employees		(1,004)	(1,199)	(941)
Interest paid		-	(12)	(13)
Other payments to suppliers		(7,983)	(8,038)	(7,375)
<b>Net cash flow from operating activities</b>		<b>3,428</b>	<b>6,207</b>	<b>3,030</b>
<b>Cash flow from investing activities</b>				
Purchase of fixed assets		(3,482)	(3,077)	(2,703)
Sale/(purchase) of other assets		(182)	-	178
<b>Net cash flow from investing activities</b>		<b>(3,664)</b>	<b>(3,077)</b>	<b>(2,525)</b>
<b>Cash flow from financial activities</b>				
Loans raised		-	200	-
Repayment of loans		(27)	(25)	(31)
<b>Net cash flow from financial activities</b>		<b>(27)</b>	<b>175</b>	<b>(31)</b>
<b>Increase/(decrease) in cash held</b>		<b>(263)</b>	<b>3,305</b>	<b>474</b>
Opening cash balance		212	117	(261)
<b>Closing cash balance</b>	6	<b>(51)</b>	<b>3,422</b>	<b>212</b>

# Significant notes and accounting policies

The following accounting policies are additional to the disclosures and accounting policies included within the relevant specific notes that form part of the financial statements.

## 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 16 in the financial statements for further details on our going concern assumption.

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

## 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.

## 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 this 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.

## Critical financial assumptions, judgements and estimations

The preparation of financial statements using Public Sector accounting standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy or in the relevant note.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include asset revaluations, impairments and provisions.

## Changes in accounting policies

During the year IPSAS 41 Financial Instruments and FRS 48 Service Performance Reporting became effective during the year, the impact of these changes on the Council have been noted in the relevant disclosure sections.

With the exception of changes from accounting standards and amendments that become effective during the year, there have been no other changes in accounting policies.

## Significant standards, amendments and interpretations issued but not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted at balance date, and which may be relevant to the Council are:

Amendments to PBE IPSAS 1 (Disclosure of Fees for Audit Firm's Services)

The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or



review firm. Council will be required to disclose the fees incurred for services received from its audit or review firm, and a description of each service, using the following specified categories:

- Audit or review of the financial report
- Other non-audit and non-review services:
  - Audit or Review Related Services
  - Other Assurance Services and Other Agreed-Upon Procedures Engagements
  - Taxation Services
  - Other Services

Application of these amendments is required for accounting periods beginning on or after 1 January 2024. Application is permitted for accounting periods that begin before 1 January 2024. The Council will not early adopt this amendment.

## **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.

All items in the financial statements are exclusive of GST, except for receivables and payables, which are stated as GST inclusive. The net amount of GST recoverable from or payable to Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

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.



# Financial statements

## What's changed to what we expected to spend and receive during the year?

### Revenue unfavourable variance of \$2.9 million

Timing issues related to when grants are recognised along with Council expecting to receive grants that were not forthcoming, is the primary reason for a \$4 million unfavourable variance within grant revenue. This decrease is off-set with a \$1.1 million increase in other revenue, related to Council's temporary role transporting and supplying petrol to the island. Revenue from this activity was unexpected and therefore not included within the Council's budget.

### Expenditure unfavourable variance of \$0.8 million

There are no significant areas of variance, rather minor variances across all expenditure classifications related to the asset revaluation in 2022 changing depreciation estimates, and costs increasing from Council's temporary role supplying petrol.

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

Subsequent additions are included at costs.

## NOTE 1: RATES REVENUE

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised in full as at the date when rate assessment notices are sent to the ratepayers.

Rates are a tax as they are payable under the Local Government Ratings Act 2002 and therefore meet the definition of a non-exchange transaction.

RATES REVENUE	Actual 2022/23 \$000	Actual 2021/22 \$000
General rates	351	328
Targeted rates	337	352
Penalties and other adjustments	16	28
<b>Total rates revenue</b>	<b>704</b>	<b>708</b>

The revenue from rates was billed on the following rating information held at the end of the year immediately prior to the new rating year.

	30 June 2022
The number of rating units	680
The total land value of rating units	87,892,800
The total capital value of rating units	218,205,100

## NOTE 2: GRANTS REVENUE

For the Council, the main grants and reimbursements received are from the following agencies:

- The Department of Internal Affairs provides an annual contribution to meet the Council's statutory obligations. The Crown's annual contribution in 2022/23 was \$4.4 million. This level of financial support is committed for the foreseeable future. The Crown's contribution is enough to cover our operating requirements but does not cover depreciation of infrastructure assets; which means we are unable to effectively plan for or invest in infrastructural development. Council made an application for additional support for an investment programme and funding required for identified areas of financial shortfall.
- The Waka Kotahi New Zealand Transport Agency reimburses part of the Council's costs for maintaining the local roading infrastructure. The reimbursement from Waka Kotahi is for costs already incurred, with no unfulfilled conditions or other contingencies relating to the reimbursements. The current level of support provided by Waka Kotahi is at 88% of actual costs incurred. Council currently fund any Waka Kotahi shortfall from cash reserves; which further draws on Council's liquidity.
- The Ministry of Culture & Heritage in the 2021/22 financial year provided further funding to complete construction of the museum portion of a commercial property, to be owned by the Chatham Islands Museum & Cultural Heritage Charitable Trust (in addition to previous funding provided by the New Zealand Lotteries Commission). The Chatham Islands Council acted as an agent for the project by receiving these grants and facilitating progress payment on the building's construction, due to administrative limitations at the Trust. Council expects to repay or seek recovery of any unpaid or outstanding balances from the Ministry of Culture & Heritage upon agreeing final costs. Chatham Islands Council received no fees or other commission for providing this service.

Grants are recognised when any conditions relating to expenditure or other eligibility criteria have been fulfilled or when control over the asset is obtained. Grants are a non-exchange transaction.

Our significant grants and subsidies are provided from the following entities:

GRANTS AND SUBSIDIES	Actual 2022/23 \$000	Actual 2021/22 \$000
Department of Internal Affairs	5,197	4,355
Waka Kotahi roading subsidy	3,911	3,233
Tourism Infrastructure Fund	543	-
National Emergency Management Agency	538	-
Ministry of Culture & Heritage	-	309
Department of Conservation	100	311
Ministry of Business, Innovation & Employment	-	210
Ministry of Health	-	60
Other	326	623
<b>Total grants &amp; subsidies</b>	<b>10,616</b>	<b>9,101</b>

### NOTE 3: OTHER SIGNIFICANT REVENUE ITEMS

Other revenue from operating activities are generally measured at the fair value of consideration received or receivable. The Council undertakes various activities as part of its normal operations which generates revenue. Other revenue items are a non-exchange transaction.

In the 2023 financial year, the Council agreed to temporarily take responsibility for transporting and supplying petrol to the Chatham Islands. The previous supplier elected to cease operations, due to the cost of operations becoming financially untenable. The Chatham Islands Council is currently responsible for purchasing, storing and transporting petrol to the island. Based on these attributable costs, the Council has applied a mark up to provide this service to the community on a cost recovery basis. The Council is looking to find another supplier on the island to take responsibility for this activity. Revenue recognised in the Annual Report related to the supply of petrol amounts to \$331,000, which is matched with the cost to supply petrol, including administrative time and costs.

### NOTE 4: GOVERNANCE AND EMPLOYMENT EXPENDITURE

Governance costs relate to the remuneration made to all elected members, comprising the Mayor and Councillors. Employment costs relate to the remuneration paid directly to staff including other employee benefits such as KiwiSaver contributions. Governance and employment related expenditure comprises any money, consideration or benefit received or receivable or otherwise made available, directly or indirectly, during the reporting period but does not include reimbursement of authorised work expenses or the provision of work-related equipment such as cell phones and laptops. During the year, no payments were made outside of normal contractual terms to members of Council or staff (in the 2021/22 financial year, the Council made severance payments to two employees totaling \$10,880 in addition to payments made on normal contractual terms).

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.

Key management personnel of the Council include the Mayor, Councillors and the Chief Executive. The assessed total full time equivalent of our key management personnel is assessed as 11 for the year ended 30 June 2023 (as of 30 June 2022, 11). Due to the difficulty in determining the full time equivalent figure for the Mayor and Councillors, the figure is based on head count.

#### Remuneration of our key management personnel is disclosed as follows:

Name	Position	Actual 2022/23	Actual 2021/22
Monique Croon	Mayor	57,356	55,350
Gregory Horler	Deputy Mayor*	21,235	25,154
Keri Day	Deputy Mayor**	24,867	18,917
Celine Gregory-Hunt	Councillor	18,908	18,917
Graeme Hoare	Councillor	18,908	18,917
Richard Joyce	Councillor	18,908	18,917
Judith Kamo	Councillor	11,911	-
Oscar Nilsson	Councillor*	-	8,828
Nigel Ryan	Councillor	18,908	9,674
Amanda Seymour	Councillor	18,908	18,917
Jason Seymour	Councillor	6,996	18,917
<b>Total Honoraria</b>		<b>216,905</b>	<b>199,663</b>
Chief executive remuneration		219,382	207,071
<b>Total Key management personnel remuneration</b>		<b>436,287</b>	<b>419,580</b>

\* Until October 2022

\*\* From November 2022



### Employee numbers and remuneration bands:

As at 30 June 2023, the Council employed eight full time and three full time equivalent employees (as at 30 June 2022, eight full time and three full time equivalent staff members were employed).

The Local Government Act 2002 requires Council to disclose the number of employees receiving total annual remuneration of less than \$60,000 and the number of employees receiving over \$60,000, expressed in bands of \$20,000. To prevent employees and the remuneration level being personally identified, the Act allows for two or more bands to be combined, where there is five or less staff in a band.

BAND	Actual 2022/23	Actual 2021/22
< \$59,999	6	6
\$60,000 - \$119,999	6	6
\$120,000 - \$219,999	1	1
<b>Total</b>	<b>13</b>	<b>13</b>

### NOTE 5: OTHER SIGNIFICANT EXPENDITURE

Expenses are recognised in the period to which they relate. With the following notable items of expenditure recognised:

OTHER EXPENSES	Actual 2022/23 \$000	Actual 2021/22 \$000
Audit fees - financial statement	98	88
Audit fees - other	-	-
Donations	211	446
Lease expense	400	43

Depreciation expenditure is further disclosed at an activity level in the Funding Impact Statements, within the activity sections of the Annual Report.

## What's changed to what we expected to own and owe during the year?

### Current assets unfavourable variance of \$3.8 million

Timing issues associated with the recognition of grant income have had a major impact on the cash position of Council, compared with what was expected, with an unfavourable variance of \$3.1 million. The remaining variance in current assets relates to the estimates for receivables and other financial assets being more conservative, driven in part by an expectation of higher grant receipts for the 2023 financial year.

### Non-current assets favourable variance of \$3.7 million

Council's infrastructural assets were revalued as at 30 June 2022. These revaluation adjustments were not available to be included within the budget. The valuation recognised an increase in cost of materials and transporting goods to the island, which would have a direct impact on the cost to replace these infrastructural assets.

### Current and non-current liabilities unfavourable variance of \$0.9 million

The budget for 2023 used a conservative approach in estimating expected payables for the 2023 financial year, with actual payables and other financial liabilities being \$0.8 million less than budget.

## NOTE 6: CASH AND CASH EQUIVALENTS

Our 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. Bank overdrafts are disclosed in the current liabilities section in the statement of financial position. Our cash and cash equivalents balances are subject to expected credit losses, however no loss allowance has been recognised because the estimated amount is trivial.

Cash investments with maturities exceeding three months are recognised as cash investments. They are initially measured at the amount invested, adjusted for interest received.

In the 2023 financial year, the Council changed their accounting policy to reflect the new financial instrument categories under PBE IPSAS 41. Except for terminology changes, there have been no notable impacts on the recognition, estimation techniques or significant assumptions. Therefore, comparative figures are consistently stated, with no further adjustments required.

CASH AND CASH EQUIVALENTS	Actual 2022/23 \$000	Actual 2021/22 \$000
Cash at bank and on hand	29	208
Funds held in trust	-	4
Bank overdraft	(80)	-
<b>Total cash and cash equivalents</b>	<b>(51)</b>	<b>212</b>

The Council holds short-term deposits with ANZ bank, the only banking facility available on the island. Short term deposits are held as part of Council's overall investment and liquidity risk management programme to ensure a banking facility remains active on the island. Bank balances that are interest bearing earn interest based on current floating bank deposit rates.

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

The 2022/23 Annual Plan forecast a closing cash balance (including investments and funds held in trust) of \$3,422,000. The Council's deteriorating cash position is primarily a result of an overly optimistic budget and actual expenditure being higher than expected due to increased transportation costs to the island and high inflation. The Council has

an overdraft arrangement in place with its banking facility to cover any overdrafts, which includes the ability to provide adequate security against any required short-term borrowing or increased overdraft limit. Council remains reliant on external funding to meet operating requirements and any asset upgrades.

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

## NOTE 7: RECEIVABLES AND OTHER FINANCIAL ASSETS

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses. The Council apply the simplified expected credit losses model of recognising lifetime expected credit losses for short-term receivables.

In measuring expected credit losses, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are “written-off” where rates cannot be reasonable recovered and when remitted in accordance with the Council’s rates remission policy.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

Council has recognised no expected credit losses for the 2022/23 or 2021/22 financial years.

Other financial assets are initially recognised at fair value.

All Council transactions are considered non-exchange transactions. Non-exchange receivables arise when the Council is owed value from another party without giving approximately equal value directly in exchange for the value received. Most of the goods or services that the Council provides are funded from our general funds and therefore the exchange is unequal. Examples of non-exchange transactions include rates, grants, infringements and fees and charges. Non-exchange transactions are comprised of either taxes or transfers. Transfers also include grants that do not have specific conditions attached which require return of the grant for non-performance.

Exchange receivables arise when the Council is owed by another entity or individual for goods or services provided directly by the Council and will receive approximately equal value in a willing arm’s length transaction (primarily in the form of cash in exchange). Examples of exchange transactions include amounts for commercial sales fees and charges that have not been subsidies by our general funds.

In the 2023 financial year, the Council changed their accounting policy to reflect the new financial instrument categories under PBE IPSAS 41. Except for terminology changes, there have been no notable impacts on the recognition, estimation techniques or significant assumptions. Therefore, comparative figures are consistently stated, with no further adjustments required.

RECEIVABLES AND OTHER FINANCIAL ASSETS	Actual 2022/23 \$000	Actual 2021/22 \$000
Rates	95	128
Other debtors	762	543
<b>Total current trade and other receivables</b>	<b>857</b>	<b>671</b>
<b>Consisting of:</b>		
Receivables from non-exchange transactions	857	671

## NOTE 8: INVENTORY

Included within the receivables and other financial assets figure is petrol stock on hand of \$91,000. Petrol inventory is recognised based on cost.

## NOTE 9: PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

Expenditure is recognised as a property, equipment and intangible asset when it creates a new asset or increases the economic benefits of an existing asset. Costs that do not meet the criteria for capitalisation 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 at the date of transfer. Work in progress is recognised at cost less impairment and is not depreciated.

Our property, equipment and intangible assets consists of operational assets, infrastructure assets and intangible assets.

Operational assets include land, buildings and non-revalued equipment items. Our 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 include the roading network, drainage, reticulation systems for potable water and wastewater and waste management assets. The most recent infrastructural assets revaluation was independently completed by Stantec NZ as at 30 June 2022, using the depreciated replacement cost method. Subsequent additions are included at costs.

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

After initial recognition, certain asset classes are revalued to fair value. Where there is no active market for an asset, fair value is determined by optimised depreciated replacement cost. Optimised depreciated replacement cost is a valuation methodology where the value of an asset is based on the cost of replacement. The remaining life of the asset is estimated and straight-line depreciation applied to bring the replacement cost to a fair value. Our infrastructure 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.

There are several estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method.

### These include:

- Unit costs are sourced from engineering staff, previous valuations and contract rates. Where applicable Chatham Island specific rates are not available, mainland NZ rates are used as a proxy with an additional mark-up to account for the remote nature of the islands and the logistical challenges for completing works, these are confirmed as suitable by engineering staff.
- Remaining useful lives have been determined by calculating the difference between the respective asset's expected Total Useful Life (TUL) and the age of the asset. Note that where an asset's age is unknown, both engineering judgement and local knowledge have been used to assign a suitable remaining life.

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

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.

Depreciation and amortisation 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:



PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS	
Asset	Years
<b>Operational assets</b>	
Buildings	10-50 years
Office equipment	1-15 years
Vehicles	5-10 years
Parks and Reserves	20-25 years
<b>Infrastructure assets</b>	
<b>Roading network</b>	
Sealed pavement surface	5-10 years
Sealed pavement layers (first coat seals, basecourse, subbase)	45-50 years or not depreciated
Unsealed pavement layers (wearing course, subbase)	5 years, or not depreciated for subbase
Drainage	45-50 years
Footpaths	20-25 years
Minor structures (including signs, railings and streetlights)	2-35 years
Retaining walls	25-30 years
Bridges, bridge culverts and wharves	30-35 years
<b>Drainage, reticulation systems for potable water and wastewater</b>	
Treatment plant and pump stations	1-26 years
reservoirs	25-35 years
Pumps, valve, hydrants and other reticulation assets	15-55 years

Asset	Years
<b>Waste management</b>	
Landfill, transfer stations and other assets	5-45 years
<b>Intangible assets</b>	
Computer software	5 years

## Insurance of Assets

Due to cost constraints, Council only insures operational assets with Council electing to self-insure infrastructure assets. In the event of a natural disaster, it is assumed that Waka Kotahi New Zealand Transport Agency will contribute to any remedial work required on our roading assets. Council further assumes that Central Government will fully contribute towards the rebuild or repair of our other infrastructure assets (drainage, reticulation systems for potable water and wastewater and waste management assets). Council does have cash set aside to cover any initial outlays required in an emergency event, and has an ability to utilise an overdraft facility. Any cash outlays related to an emergency event would expect to be recovered from Central Government.

INSURANCE OF ASSETS	Actual 2022/23 \$000	Actual 2021/22 \$000
Total value of assets covered by insurance contracts	2,220	3,795
The maximum amount to which assets are insured under Council insurance policies	10,363	10,415

The Council is not covered by any financial risk sharing arrangements in relation to its assets. No property, equipment and intangible assets are pledged as security for liabilities. There are no restrictions over the title of these assets.

Included within the infrastructure assets above are the following core Council assets:

Actual 2022/23	Opening cost/ revaluation \$000	Accumulated depreciation \$000	Carrying value at the start of the year \$000	Additions/ transfers \$000	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	1,710	(881)	829	205	-	(44)	-	(925)	990
Plant and office equipment	506	(333)	155	154	-	(17)	-	(368)	292
Vehicles	314	(205)	109	44	-	(21)	-	(226)	132
Parks and Reserves	99	(86)	13	-	-	(3)	-	(89)	10
<b>Total operational assets</b>	<b>2,907</b>	<b>(1,523)</b>	<b>1,384</b>	<b>404</b>	<b>-</b>	<b>(86)</b>	<b>-</b>	<b>(1,609)</b>	<b>1,702</b>
<b>Infrastructural assets</b>									
Transportation - Roading & Coastal networks	90,179	-	90,179	2,690	-	(1,970)	-	(1,970)	90,899
Waste management	2,435	-	2,435	362	-	(167)	-	(167)	2,630
Waste Water	1,505	-	1,505	-	-	(84)	-	(84)	1,421
Potable Water	2,283	-	2,283	-	-	(78)	-	(78)	2,205
<b>Total infrastructural assets</b>	<b>96,401</b>	<b>-</b>	<b>96,401</b>	<b>3,053</b>	<b>-</b>	<b>(2,299)</b>	<b>-</b>	<b>(2,299)</b>	<b>97,156</b>
<b>Property, Plant and Equipment</b>	<b>99,308</b>	<b>(1,523)</b>	<b>97,785</b>	<b>3,456</b>	<b>-</b>	<b>(2,385)</b>	<b>-</b>	<b>(3,908)</b>	<b>98,858</b>

### Core assets 2022/23

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

Actual 2022/23	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
<b>Water</b>				
Treatment Plants and Facilities	762	-	-	1,163
Other Assets	1,521	-	-	2,125
<b>Sewerage</b>				
Treatment Plants and Facilities	958	-	-	1,690
Other Assets	547	-	-	1,197

Actual 2022/23	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
<b>Stormwater</b>				
Storm Drainage	3	-	-	-
<b>Roads and Footpaths</b>				
Roads and Footpaths	89,141	2,690	-	111,228
<b>TOTAL</b>	<b>92,932</b>	<b>2,690</b>	<b>-</b>	<b>117,403</b>

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

### Core assets 2021/22

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

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

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



## NOTE 10: PAYABLES AND OTHER FINANCIAL LIABILITIES

Short-term creditors and other payables are measured at the amount payable. The carrying value of payables approximates their fair value.

Payables under exchange transactions, transfers and taxes payable are non-interest bearing and are normally settled on 30-day terms. All Council's payables are recognised as exchange transactions as they are directly with another party on an arm's length basis and are of approximately equal value. Non-exchange payables are classified as either transfers payable (for example, Council grants) or taxes (for example, PAYE).

A provision for employee benefit liabilities (holiday leave and outstanding remuneration) is recognised as a liability when benefits are earned but not paid. This has been calculated on an actual entitlement basis. Council does not provide any retirement or long service leave benefits to staff. Council does not recognise a liability for sick leave.

Other provisions are recognised for future liabilities of uncertain timing or amount when there is a present obligation as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are measured at the expenditure expected to be required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value. A provision in the 2021/22 financial year was made for the estimated refund of three years of outstanding 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. The Pitt Island Barge Society has paused operations, awaiting repairs to its vessel, outstanding balances remained unpaid during the year.

PAYABLES AND OTHER FINANCIAL LIABILITIES	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Payables under exchange transactions</b>		
Payables and accrued expenses under exchange transactions	1,303	1,657
Employee leave and other accrued benefits	104	92
Provision for repayment of Council Dues	60	60
<b>Total payables and other financial liabilities</b>	<b>1,467</b>	<b>1,809</b>



## NOTE 11: BORROWINGS

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless the Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

The Council maintains a prudent borrowings position in relation to our equity and annual revenue. Council will only enter into borrowing arrangements where there is sufficient assurance that additional funding assistance can be obtained to repay borrowings. Borrowings are primarily used to fund the purchase of new assets or upgrades to existing assets. Interest costs associated with the Council's borrowings is disclosed in the Statement of Comprehensive Revenue and Expense.

The Council has 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: 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 classified into a number of separate components.

### The components of equity are:

- **Retained earnings:**  
General Funds – Revenue appropriation account to fund future development.
- **Restricted reserves:**  
These are reserves that are subject to specific conditions of use, whether under statute or accepted as binding by the Council. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met.  
Our restricted reserves are restricted by Council decision rather than being legally binding. Therefore, Council may alter these reserves without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council and include:
  - 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.

### Capital management

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

EQUITY	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>General funds</b>		
Opening balance	18,082	18,402
Plus net surplus for the year	1,609	(320)
<b>Closing Balance</b>	<b>19,691</b>	<b>18,082</b>
<b>Emergency services reserve</b>		
Opening balance	250	250
<b>Closing balance</b>	<b>250</b>	<b>250</b>
<b>Mayoral relief reserve</b>		
Opening balance	25	25
<b>Closing balance</b>	<b>25</b>	<b>25</b>
<b>Assets revaluation reserve</b>		
Opening balance	78,529	65,039
Revaluation/(impairments)	-	13,490
<b>Closing balance</b>	<b>78,529</b>	<b>78,529</b>
<b>Total equity at end of year</b>	<b>98,495</b>	<b>96,886</b>

## NOTE 13: COMMITMENTS

The Council has no contractual capital commitments for the acquisition of property, plant and equipment as at 30 June 2023 (as at 30 June 2022, nil). The Council has in place maintenance 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.

The Council has two non-cancellable operational lease arrangements in place at the end of the reporting period, one related to a land lease of a landfill site and one for an office building space. The lease terms are less than 30 years and are renewable at the end of the lease period at market rates.

CONTRACT COMMITMENTS	Actual 2022/23 \$000	Actual 2021/22 \$000
Not later than 1 year	400	384
Between 1 and 5 years	1,768	1,690
More than 5 years	16,918	16,320
	<b>19,086</b>	<b>18,394</b>

## NOTE 14: CONTINGENCIES

Contingent assets and liabilities are disclosed at the point at which the contingency is evident. Contingent assets are disclosed if it is probable the benefits will be realised. Contingent liabilities are disclosed if the possibility they will crystallise is not remote. Council is not aware of any other contingent assets or liabilities as at 30 June 2023, for Council or any associates (nil as at 30 June 2022).

## **NOTE 15: RELATED PARTY DISCLOSURE**

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include all Council Controlled Entities and associates of the Council and key management personnel. Key management personnel include the Mayor and Councillors as elected members of the Council 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. The Council also provides accommodation to one staff member, at a market based rental rate, as approved by Council.

### **Council's interest in an associate**

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

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

The purpose of the housing trust is to relieve hardship caused through isolation and reduced access to housing. The reporting date of the housing trust is 31 March. There are no significant restrictions on the ability of the associate group to transfer funds to the Council in the form of cash dividend or similar distributions, or to repay loans or advances. As at 31 June 2023, the housing trust has \$2 million for the construction of five houses. The Council's share of an associate's profits or losses is recognised in the surplus or deficit.

### **Council's interest in Council Controlled Organisations**

The Council has one Council Controlled Organisation, the Chatham Islands Mayoral Disaster Relief Fund Trust. Its purpose is as a body to receive grants to respond to emergency events on the Chatham Islands. For the year ended 30 June 2023, 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. Council has made two payments totaling \$2,000 on the organisation's behalf for the purchase of grocery vouchers after a house fire on the island.

The Council has exempted this organisation from reporting under Section 7 of the Local Government Act 2002.

## **NOTE 16: GOING CONCERN**

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

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

While the Council has not achieved a positive cash movement for the year, they have recognised an operational surplus. The 2023/24 Annual Plan similarly assumes an operational surplus will be achieved, but expects to recognise a net cash loss. There are currently overdraft facilities in place with the Island bank to cover expected deteriorating cash movements for the 2023/24 financial year, Council also expects to receive additional unbudgeted grant funding support. The accounts have therefore been prepared on a going concern basis, Council will continue to work with central government agencies to negotiate additional financial support and improve our cash position.

The going concern assumption has been considered in preparing the financial statements for the year ended 30 June 2023 and is assessed as appropriate. The financial statements have therefore been prepared using the going concern assumption.

## **NOTE 17: EVENTS AFTER THE END OF THE REPORTING PERIOD**

There are no events after the end of the reporting period that require adjustment to the financial statements or the notes to the financial statements.







# Financial prudence graphs

Annual Report disclosure statement for the year ended 30 June 2023

## 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

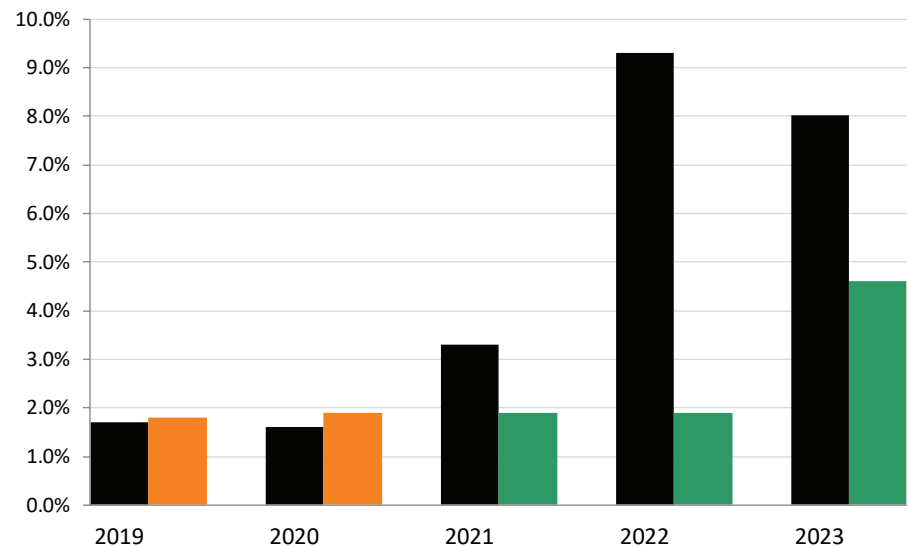
The Council meets the rates affordability benchmark if: its actual rates income equals or is less than each quantified limit on rates and its actual rates increases equal or are less than each quantified limit on rates increases.

## Rates (income) affordability

The graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's Long-Term Plan. Most of Council's income is by way of funding from the Government, and therefore a movement in rate receipts is considered to have a minimal impact and will not significantly influence project costs. Therefore no rate limit has been applied and no graph created.

## Rates (increases) affordability

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

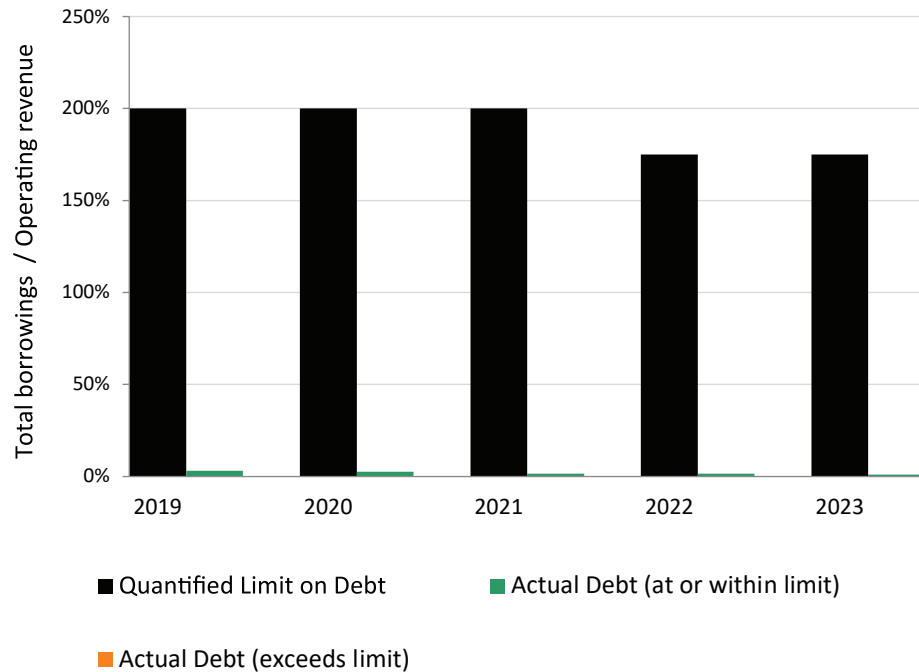


- Actual rates increase (exceeds limit)
- Actual rates increase (at or within limit)
- Quantified Limit on rates increase

### Debt affordability benchmark

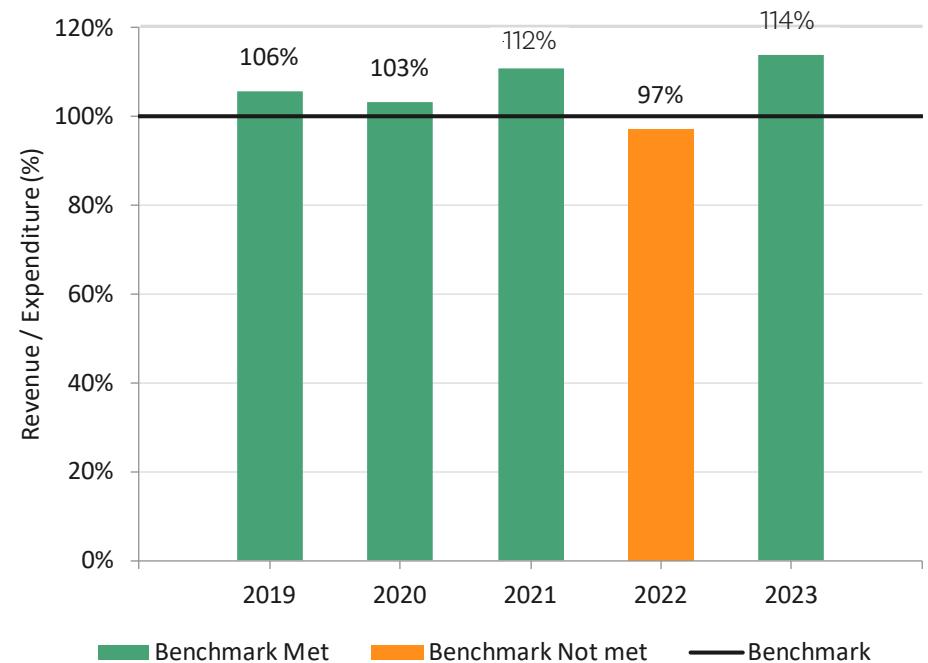
The Council meets its debt affordability benchmark if its actual borrowing is within 175% of total revenue (omitting earmarked capital grants).

The following graph compares the councils actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Long-Term Plan.



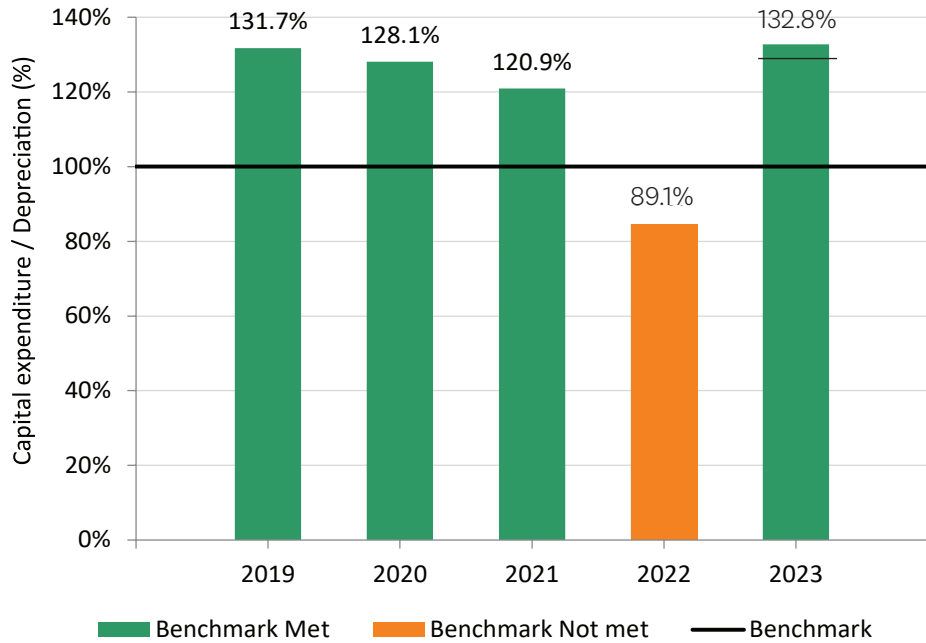
### Balanced budget benchmark

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.



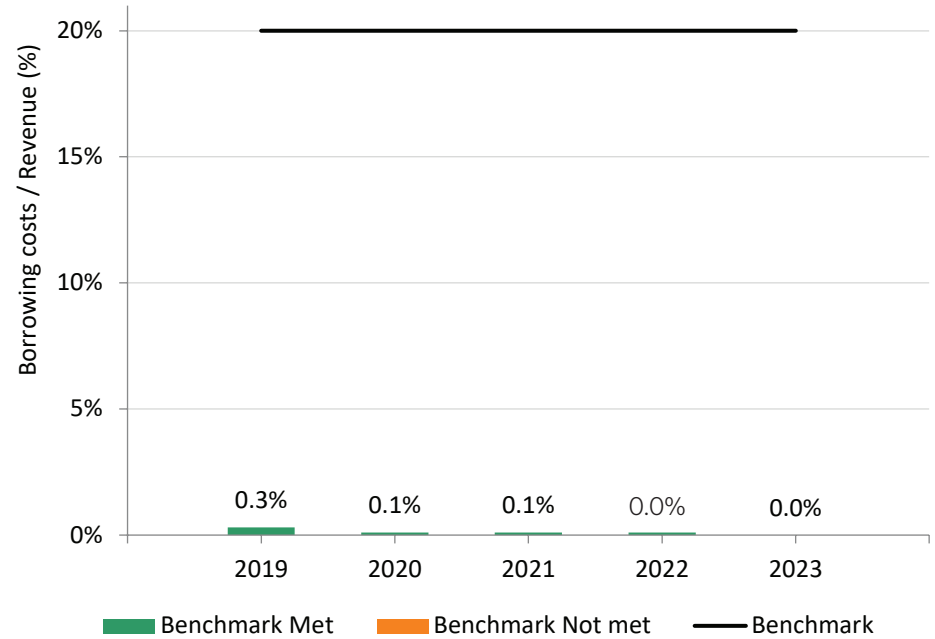
### Essential services benchmark

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



### Debt servicing benchmark

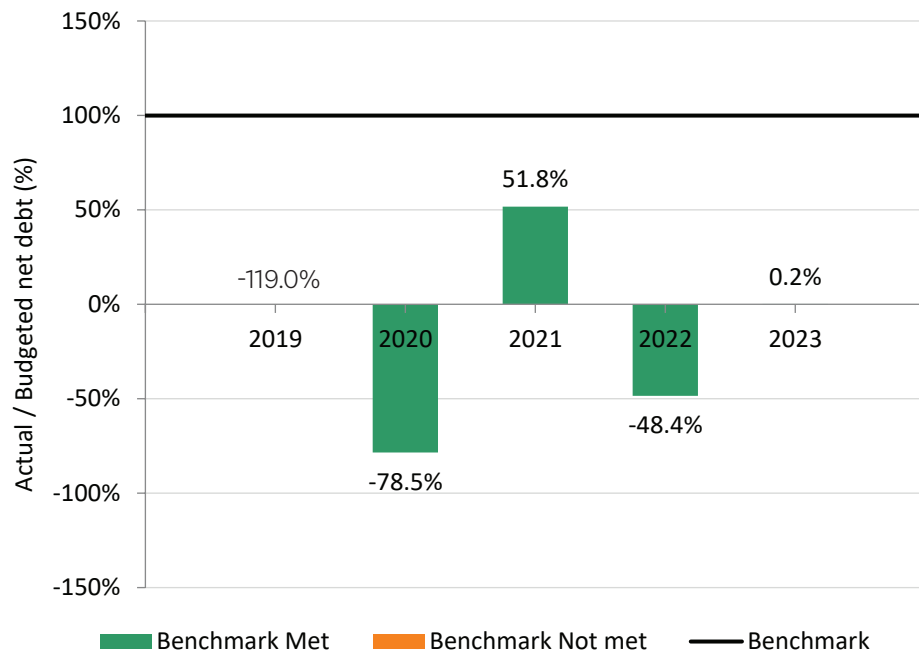
The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment). A local authority meets the debt servicing benchmark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





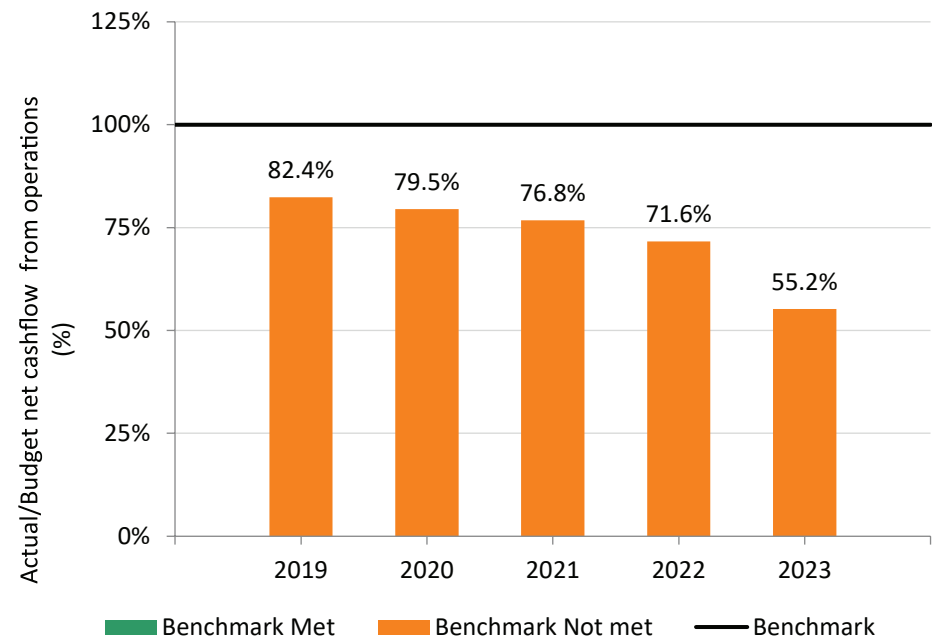
## Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



## Operations control benchmark

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



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

# Independent Auditor's report

## To the readers of Chatham Islands Council's annual report for the year ended 30 June 2023

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

We are also required to report on:

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

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

### Our audit was completed late

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

### Opinion on the audited information

In our opinion:

- the financial statements on pages 13 to 30:
  - > present fairly, in all material respects:
    - » the Council's financial position as at 30 June 2023; and
    - » the results of its operations and cash flows for the year ended on that date; and
  - > comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime.
- the funding impact statement on page 51, presents fairly, in all material respects,

the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's long-term plan and annual plan;

- the service performance summaries by activity on pages 35 to 50:
  - > presents fairly, in all material respects, the Council's levels of service for each group of activities for the year ended 30 June 2023, including:
    - » the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
    - » the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - > complies with generally accepted accounting practice in New Zealand.
- the statement about capital expenditure for each group of activities on pages 53 to 57, presents fairly, in all material respects, the actual capital expenditure as compared to the budgeted capital expenditure included in the Council's long-term plan; and
- the funding impact statement for each group of activities on pages 53 to 57, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's long-term plan.

### Report on the disclosure requirements

We report that the Council has:

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

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

### **Basis for our opinion on the audited information**

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

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

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

### **Responsibilities of the Council for the audited information**

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

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

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

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

### **Responsibilities of the auditor for the audited information**

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

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

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

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

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

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

## Independent Auditor's report

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

### Other information

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

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

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

### Independence

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

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



### Julian Tan

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





# The organisation

## Council

### Mayor

Monique Croon

### Deputy Mayor

Keri Lea Day

### Councillors

Celine Gregory-Hunt

Graeme Hoare

Greg Horler

Richard Joyce

Judy Kamo

Nigel Ryan

Amanda Seymour

## Council Staff

Chief Executive

Owen Pickles

owen@cic.govt.nz

Operations Manager

Colette Peni

operations@cic.govt.nz

## Engineers

Stantec Ltd (Christchurch)

Nigel Lister, Rebecca Tinga

Bryan Peters – Roads and bridges

Kristen Norquay, Andrew Wong –

Water and wastewater

Phil Landmark –

Waste management and minimisation

## Contractors

Environment Canterbury

Fulton Hogan Ltd

## Resource management

Beca Ltd

## Solicitors

Wynn Williams

## Bankers

ANZ (Waitangi – Chatham Islands)

## Auditors

Audit New Zealand

(on behalf of the Auditor-General)







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