



chatham islands council

Chatham Islands Council

AGENDA

Notice of Meeting:

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

Date: Thursday 29 June 2023

Time: 1.30pm

Venue: Council Chambers, Tuku Road, Chatham Islands

Membership

Chairperson: Mayor Monique Croon

Deputy Mayor: Councillor Keri Day

Members:

- Councillor Greg Horler
- Councillor Steve Joyce
- Councillor Nigel Ryan
- Councillor Graeme Hoare
- Councillor Celine Gregory-Hunt
- Councillor Amanda Horler
- Councillor Judy Kamo

Owen Pickles
Chief Executive

Jo Guise
Executive Assistant
secretary@cic.govt.nz
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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3. FINANCE

Council Meeting

1.0 Annual Plan 2023/24

Date of meeting	29 June 2023
Agenda item number	1.0
Author/s	Tanya Clifford, ECan

Purpose

Having regard to the decision-making provisions within the Local Government Act 2002, for the Council to adopt the 2023/24 Annual Plan.

Recommendations

That the Council:

1. **Receives and approves the 2023/24 Annual Plan.**
2. **In adopting the 2023/24 Annual Plan, Council has considered and ratifies the following factors:**
 - **The assumptions underlying the budget information,**
 - **The proposed capital expenditure for 2023/24, including funding availability,**
 - **The financial information forming the 2023/24 Annual Plan budget.**
3. **Recognises a financial surplus is expected and therefore confirms the balanced budget assumption is met, in accordance with section 100 (2) of the Local Government Act 2002.**
4. **Approves the publication of the 2023/24 Annual Plan (both in print and online).**
5. **Delegates authority to the Chief Executive to approve and action minor editorial corrections to the approved 2023/24 Annual Plan.**

Background information

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

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

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

Information communicated previously

Council initially received and reviewed the draft budget for the 2023/24 Annual Plan in February 2023 and were asked to consider whether the changes to the draft 2023/24 budget were significantly or materially different to that estimated in the 2021-31 Long-Term Plan for that year – thereby requiring further community consultation. Formal community consultation was considered unnecessary.

It was noted that the level of support from the Department of Internal Affairs' annual appropriation would not be confirmed until May 2023, presenting a challenge to accurately estimate grant revenue and therefore expenditure. In May 2023, the budget was updated to provide to reflect the confirmed annual crown contribution, which was lower than anticipated, resulting in a less favourable financial surplus and cash position.

In the May Council meeting, Council reviewed and approved:

- Setting the annual rates increase at 3% of the 2022/23 level, this was to reduce the impacts of financial hardship on the community, given the current economic climate.
- The underlying assumptions applied to the 2023/24 Annual Plan as appropriate,
- The proposed capital expenditure (noting further capital expenditure may occur if grant funding is secured) and
- The draft 2023/24 budget

The 2023/24 Annual Plan has incorporated all feedback previously provided from Council. In addition, the Local Government Act 2002, Local Government (Rating) Act 2002 and financial reporting standards have been reviewed to confirm the 2023/24 Annual Plan complies with these requirements.

Balanced budget

In accordance with Section 100(1) of the Local Government Act (LGA) 2002, Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses.

However, Section 100(2) of the LGA allows Council to resolve that it is financially prudent to set projected operating revenues at levels less than what would be required to meet projected operating costs, having regard to the following:

- a. The estimated expenses of achieving and maintaining the predicted levels of service provision set out in this LTP, including the estimated expenses of maintaining the service capacity and integrity of assets throughout their useful life;
- b. The projected revenue available to fund those expenses;
- c. The equitable allocation of responsibility for funding the provision of and maintenance of assets throughout their useful life; and
- d. The funding and financial policies adopted under Section 102 of the LGA.

For the 2023/24 Annual Plan, Council expects to achieve a surplus of \$1.3 million (revenue less expenditure) and therefore considers the balanced budget assumption to be met.

However, it is noted in preparing the budget, the less favourable annual appropriation from the Department of Internal Affairs has resulted in less favourable results, including a lower than expected cash balance for the year of \$203 thousand (meaning we are expected to spend more cash than what we will receive) and a movement in reserves changing from a positive contribution to a negative contribution of \$588 thousand (meaning when capital expenditure/assets are considered with operational transactions related to the surplus, Council will have to 'fund' the difference from historical cash balances and not be in a position to increase cash savings at the end of the 2023/24 financial year).

Such an approach, whilst affordable in the short term, is not a sustainable funding option going forward. Therefore, Council will need to work with central government agencies to ensure sufficient funding is secured to cover all operational (and legislative) requirements, including capital works required for the community's health and safety – particularly given the three water reforms on the horizon. This will help to ensure intergenerational equity for the community.

Chatham Islands Council

Draft Annual Plan 2023/24

[inside cover – include map]

Contents

Welcome from the Mayor and Chief Executive

Kioranga, kia ora, hello,

It is our pleasure to present our Annual Plan for the 2023/24 year.

This document provides our plan and budget for the upcoming financial year including key projects, finance, and rating information.

The Council relies heavily on receiving an annual Crown appropriation which currently sits at just over \$4M. We do the best with what we have, but this budget does mean we often struggle to meet new legislative requirements and reforms and what would be considered “best practice” in New Zealand.

Interestingly, in November 2021, McGredy Winder was engaged to review the Council’s ability to meet its statutory obligations. It was pleasing to see that an increase to near \$8M/year was recommended. However, Central Government has yet to agree to this increase and there is general uncertainty of our budget going forward as an increase was not included in this year’s budget. This means environmental standards and compliance work, among others, will be deferred to future years.

Waste management will continue to be a focus in the coming year. In the past year we have done much in this space thanks to project funding from the Ministry for the Environment including further storage and the establishment of a new weigh bridge to facilitate better reporting. New signage at the transfer stations has also been organised, as well as other resources and education material for locals. Council is continuing to work with waste receivers in Timaru with the view to exporting recyclable waste off the Island. We are also working with Chatham Islands Shipping to find an affordable means of making this happen.

Three Waters reforms, now known as Affordable Water, continues to demand a lot of staff resource. At this stage, the proposed Affordable Water reforms will result in the Chatham Islands being a standalone entity supported by Crown funding using the existing Crown appropriation.

Reforms has enabled significant upgrades to occur to our water and wastewater facilities both at Waitangi and Kaingaroa through the stimulus funding from Three Waters and a Ministry of Health grant. However, the Waitangi supply is still vulnerable during dry times when we apply restrictions to make sure demand meets supply.

Better Off funding has also been awarded to the Council which is to be spent on projects in consultation with imi and iwi. You can find further details of this on page [XX](#).

We continue to work closely with Hokotehi Moriori Trust, Ngati Mutunga O Wharekauri Iwi Trust and Chatham Islands Enterprise Trust. As the four main entities on the Island, we meet monthly to discuss what each of us are doing and we come together to provide a collective view on Island issues. A wider stakeholder group also meet twice a year to update the various Government departments on what's happening on the Island.

The current financial climate has had a magnified effect on the Chatham Islands with the cost of living reaching unsustainable levels. For low and fixed-income earners there is little relief, with relief offered by the Government not being fit for purpose on the Island. The biggest driver has been the cost of diesel which drives most of the Island, including the power grid which resulted in electricity being as high as \$1.37 per unit.

As part of the review of the Island's Investment Strategy, Council continues to work with the entities, including CIET's application for renewable energy sources on the Island.

As we prepare this Annual Plan 2023/24, Council have agreed to a 3% rate increase. Our usual approach to rating increases is to do this in line with inflation, although this is increased slightly to reflect the cost of transporting goods to the Island. Inflation is currently sitting at 6.7% (March 2023). We know that with the current cost of living crisis, household budgets are being squeezed from every direction and a rates increase of this nature would make things even more difficult for you, which is why Council has agreed on 3%.

We finally want to acknowledge the many hard-working people who support the Council's efforts. Their work is greatly appreciated.

Me rongo, ngā mihi, warm regards,

Monique Croon, Mayor

Owen Pickles, Chief Executive

Highlighting our key projects

The Council aspires to deliver the following projects to the community:

Roading infrastructure

Roading infrastructure works are undertaken regularly to enhance the efficiency, reliability, and safety of the Chatham Islands road network. The cost of maintaining the roading networks and establishing capital projects is high in proportion to the population and Waka Kotahi commits an 88% subsidy rate to the funding of the Islands' roading network.

The key project for 2023/24 is the design works for a barge loading facility at Owenga, and pre-design works for the Maipito Bridge replacement.

Water and wastewater schemes

Safe, reliable and sustainable water and wastewater services for Chatham Island remain at the forefront of our key projects. Council is driven to ensure we meet drinking water standards and address issues that have a direct impact on the health, safety and wellbeing of our community.

The proposed Affordable Water reforms will mean the **Chatham Islands will be** a standalone entity supported by Crown funding using the existing Crown appropriation. Until this is confirmed, and more detail is made available, the schemes and network remain vulnerable. Currently, only limited day-to-day maintenance and repairs can be undertaken using the annual appropriation.

Critical investments identified in the Long-Term Plan but not currently funded are the Waitangi water supply upgrade with extension to Te One (\$4M), Waitangi wastewater upgrade (\$4M), Kaingaroa reticulation renewal (\$0.6M), and the water tank loan scheme (\$0.5M). The high-level costs were estimated in early 2021; costs will have escalated considerably since then for various reasons, including impacts of the global COVID-19 pandemic on supply costs, availability and logistics.

Three waters funding in 2022 and 2023 allowed for critical repairs to water and wastewater assets. Better off funding will be reallocated to other key projects (including housing) with capex on water and wastewater projects deferred.

Key changes from our 2021-31 Long-Term Plan

There have not been any significant changes made between year three of the Long-Term Plan 2021-31 and the 2023/24 budget, except where a grant is provided to fund a work variance (e.g. three waters).

The Crown appropriation for the 2023/24 year will be \$4.20M, which should enable the Council to continue business as usual.

As mentioned above, the proposed Affordable Water reforms will mean the Chatham Islands being a standalone entity supported by Crown funding using the existing Crown appropriation. There is still much to be decided and worked through in this space.

Also, through Three Waters, Council was allocated \$2.2M as part of the 'better off' fund in September 2022. The Council worked with imi and iwi in prioritising the use of these funds, but broadly, it has been allocated to:

Completed:

- With thanks also to the Ministry for the Environment for funding, waste management initiatives have included the new weighbridge facility and the establishment of a waste recovery building
- The Kaingaroa Wharf safety repairs
- The Owenga Wharf upgrades

In progress:

- Upgrading three social/community housing units
- Maintenance and works on existing housing facilities for council staff

Waiting for funding:

- The NKMRC initiative to provide seed funding to build a roof over the netball courts
- Building a hostel-like accommodation facility
- Building new houses for visitor and contractor accommodation.

Financial Information

Responsibility for Financial Statements

Council is responsible for the prospective financial statements presented in this Annual Plan. The Council considers that appropriate assumptions have been used to produce these prospective financial statements and that all disclosure requirements have been met. The forecast Financial Statements of this Annual Plan provide information on the budgets for all of Council and are comprised of:

- **Our significant forecasting assumptions**

Our key assumptions made in compiling our financial information are included in our significant forecasting assumptions. Price level adjusters and assumptions with high financial risk are detailed, along with analysis on the impact of assumptions used where applicable.

The prospective financial information contained in this document are estimates. Actual results are likely to vary from the information presented and these variations may be material.

- **Accounting Policies**

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

- **Reserve funds**

Reserve Funds detail the funds Council holds for specific purposes and how the balance of the funds are expected to move over the course of the year of the Annual Plan.

- **Our prospective Financial Statements**

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

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

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

- **Annual Plan disclosure statement**

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

The 2021-2031 Long Term Plan financial strategy limits general rate increases to the movement in the Consumer Price Index for the period plus 2%, and limits total borrowing to 175% of total revenue (omitting earmarked capital grants).

All estimates within the 2023/24 Annual Plan comply with these financial limits.

Statement concerning balancing the budget

Council expects to recognise an after-tax surplus for the year. Council notes the forecast places reliance on the detailed forecasting assumptions, where actual results may differ to that estimated. Council considers the balanced budget assumption to be met.

Significant forecasting assumptions

In creating our budget, the following significant assumptions have been made:

Annual Crown Contribution:

The Council receives an annual appropriation of \$4.2 million as a contribution to the cost of Council's statutory responsibilities.

A Deed of Funding agreeing to provide ongoing support with the Crown exists, however the level of support is not determined until May each year, as part of the appropriation process, so a significant level of uncertainty related to funding exists. Funding for the 2023/24 financial year is anticipated to be \$4.2 million, which is consistent with prior period funding and excludes inflationary adjustments, increased funding to meet new legislative compliance requirements and asset replacement works. The result of such a funding approach is service levels may drop or Council may be non-compliant with legislation until sufficient funding is received to improve the service level offered to our community.

Waka Kotahi NZ Transport Agency subsidy rates:

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

Capital and operational expenditure for the period is expected to match the approved Waka Kotahi programme of work for the three-year period ending 2024, noting there may be work deferred or other variations between the three-year period which may require Council to review and amend its roading programme. Any work not completed at the end of the year, will be incorporated into a new funding bid.

Growth and other price changes:

It has been assumed that the population base will remain stable for the foreseeable future. It has been further assumed that the number of rateable properties will not change significantly over the period. Council assumes any ratepayer financial hardships will be managed through the rates remission and postponement policy.

Future price level adjustments, including inflation and interest adjustments are based on those recommended to local Government by BERL.

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

Legislative change:

Government legislation, regulations and Council documents such as the Resource Management Document shape the Council's operational and capital expenditure. Council's approach to providing services on-island is to maintain existing levels of service. No provision has been made for the impact of legislative or other changes in the Annual Plan.

Council does not have the ability to fund higher levels of expenditure driven by legislative change, unless additional funding support is provided from Central Government. If such funding is not provided, the Council will be unable to comply with the legislation.

Climate change:

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

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

- *Flooding – More heavy rainfall will increase the risk of flooding on the islands. For instance, higher water levels in Te Whanga lagoon after heavy rainfall could increase the risk of surface flooding of nearby roads.*
- *Coastal hazards – Coastal roads and infrastructure may face increased risk from coastal erosion and inundation, increased storminess and sea-level rise.*
- *Biosecurity – Warmer, wetter conditions could increase the spread of pests and weeds. As a group of islands, we are increasingly vulnerable to the impacts of climate change. Any*

change to the land or water level pose a threat to our way of life for current and future generations.

Council is committed to taking a collaborative approach to addressing any identified local causes and impacts of climate change, which includes strategically varying our core Council infrastructure and internal policies to reduce or mitigate any greenhouse gas emissions. We are also working to protect and enhance our natural environment to ensure we meet our obligations. We take these steps to enable our community to remain buoyant in response to any climate changes. Such costs of meeting our climate change obligations are expected to be absorbed into our current financial projections.

Resilience of infrastructure related to natural hazards:

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

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

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

promoted through our community development and emergency response activities.

Key infrastructural assets may be potentially damaged from such events where the infrastructure is located on the coast such as wharves, bridges, seawalls, roads, pipelines, and pump stations. If infrastructure is damaged, roading repair work will fall under the Waka Kotahi NZ Transport Agency programme, and water and wastewater repairs will fall under the operations and maintenance contract, with any additional repair cost being funded through the Chatham Islands Mayoral Relief Fund. If necessary, an application will be made for Crown assistance. Privately owned assets, such as wharves, will be repaired at the owner's expense.

The Three Waters reform:

The Water Services Entities Act 2022, establishes four publicly owned water services entities to take over responsibilities for three waters service delivery and infrastructure from local authorities from 1 July 2024, with later legislation proposed to enable the transfer of three waters related assets and liabilities to these water services entities.

In April 2023, the Government announced further proposed amendments changing the number of water entities and date of transfer to the new water service entities. There remains a significant amount of uncertainty related to how this will impact the Chatham Islands Council.

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

The Local Government Review

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

Accounting policies

Reporting entity

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

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

The prospective financial statements of Chatham Islands Council are for the period 1 July 2023 to 30 June 2024. They were authorised for issue by Chatham Islands Council on 29 June 2023. The prospective financial information will next be reviewed as part of the 2024 Long-Term Plan process. The accounting policies have been applied consistently in these prospective financial statements.

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

Basis of preparation

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

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

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

Changes in accounting policies

Council has identified no substantive differences between new standards and those currently applied by Council. However, new standards may become effective during the year ending 30 June 2024, which may have a minor impact to information reported in the current Annual Plan and prior Annual Reports.

Measurement base

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

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

Critical financial assumptions, judgements and estimations

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

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

accounting estimates are recognised in the period in which the estimate is revised and, if applicable, future periods if the revision affects both current and future periods.

The prospective financial statements have been prepared in accordance with Council's accounting policies. Details on Council's specific accounting policies can be found in the Long-Term Plan or the Annual Report.

Reserve fund disclosure

Public equity and 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 our other 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.

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

- Retained earnings
- Restricted reserves
- Asset revaluation reserves.

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

Reserve	Opening balance 1 July 2023	Movements	Closing balance 30 June 2024
General Funds			
Income appropriation account to fund future development	20,311	1,339	21,650
Emergency Services Reserve			
Funds are set aside for emergency events such as natural disasters	250	0	250
Mayoral Relief Reserve			
Funds are set aside for emergency relief	25	0	25
Asset Revaluation Reserve			
Reserves generated by revaluations in property, plant and equipment and other assets	78,529	0	78,529
Total Equity	99,115	1,339	100,454

Financial statements

Statement of Comprehensive Revenue and Expense

	Annual Plan 2022/23 \$000	Annual Plan 2023/24 \$000
Revenue		
General Rates	347	358
Targeted Rates	342	400
Grants & Subsidies	13,869	9,834
Council Dues	336	281
User Pays, Fees & Charges and Other Income	585	330
Interest	31	16
Total Revenue	15,637	11,219
Expenditure		
Depreciation and Amortisation	2,707	2,484
Employment Benefits	1,188	990
Financial Costs	12	3
Other Expenditure	5,875	6,553
Total Expenditure	9,782	10,030
Share of surplus of associate	129	150
Total Surplus/Deficit	5,855	1,339
Comprehensive Income		
Increase/decrease in Revaluation Reserve	10,262	-
Total Other Comprehensive Income	10,262	-
Total Comprehensive Income	16,117	1,339

Statement of Changes in Net Assets/Equity

	Annual Plan 2022/23	Annual Plan 2023/24
	\$000	\$000
Equity at the start of the year	80,538	99,115
Total comprehensive income	16,117	1,339
Equity at the end of the year	96,655	100,454

Statement of Financial Position

	Annual Plan 2022/23	Annual Plan 2023/24
	\$000	\$000
Current Assets		
Cash & Cash Equivalents	2,501	189
Current Trade And Other Receivables	1,417	719
Total Current Assets	3,918	909
Non-Current Assets		
Investment in associate	184	500
Loan receivable	-	-
Property, Plant & Equipment	95,113	100,627
Total Non-Current Assets	95,297	101,327
Total Assets	99,215	102,235

Current Liabilities		
Bank Overdraft	-	-
Trade & Other Payables	2,092	1,541
Employee Entitlements	112	99
Provisions	25	25
Current Term Liabilities	36	21
Total Current Liabilities	2,265	1,686
Non-Current Liabilities		
Term Liabilities	295	95
Total Non-Current Liabilities	295	95
Total Liabilities	2,560	1,781
Net Assets		
	96,655	100,454
Public Equity		
Accumulated Funds & Reserves	96,655	100,454
Total Public Equity	96,655	100,454

Statement of Cash Flows

	Annual Plan 2022/23 \$000	Annual Plan 2023/24 \$000
Cash Flow from Operating Activities		
Receipts from rates revenue	690	811
Receipts from grants and subsidies	13,869	10,295
Receipts from Council Dues	336	301
Interest received	31	16
Receipts from other revenue	523	431
Cash provided from Operating Activities	15,449	11,854
Payments made to employees	(1,188)	(982)
Interest paid	(12)	(3)
Other payments to suppliers	(5,875)	(6,806)
Cash required for operating activities	(7,075)	(7,793)
Net Cash Flow from Operating Activities	8,374	4,061
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(3,077)	(4,242)
Sale (Purchase) of Other Assets	-	-
Net Cash Flow from Investing Activities	(3,077)	(4,242)
Cash Flow from Financial Activities		
Loans Raised	200	-
Repayment of Loans	(25)	(22)
Net Cash Flow from Financial Activities	175	(22)
Increase/(Decrease) in Cash Held	5,472	(203)
Opening Cash Balance	(2,971)	392
Closing Cash Balance	2,501	189

Council funding impact statement

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

The timing of the recognition of income and expenditure in the funding impact statements is consistent with the forecast financial statements. However, transactions with no funding impact, such as depreciation, have been removed.

Details on how activities are funded and the rationale for each funding source selected are provided in the revenue and financing policy of our 2021-31 Long-Term Plan. Examples of the impact of the rating proposals on the rates assessed on different categories of rateable land are also included from [page xx](#).

CIC FUNDING IMPACT STATEMENT	LTP	LTP	Annual Plan
	2022/23	2023/24	2023/24
	\$000	\$000	\$000
Source of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	326	334	358
Targeted Rates	321	329	400
Subsidies and Grants for Operating Purposes	6,084	5,906	6,520
Fees and Charges	104	107	43
Interest and Dividends from Investments	57	58	16
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	486	487	568
Total Operating Funding	7,378	7,221	7,905
Applications of Operating Funding			
Payments To Staff And Suppliers	6,545	6,755	7,543
Finance Costs	4	3	3
Other Operating Funding Applications	-	-	-
Total Application of Operating Funding	6,549	6,758	7,546
Surplus (Deficit) of Operating Funding	829	463	359

Source of Capital Funding			
Subsidies and Grants for Capital Expenditure	2,479	2,182	3,314
Increase (Decrease) in Debt	(21)	(19)	(19)
Gross proceeds from sale of assets	-	-	-
Total Source of Capital Funding	2,458	2,163	3,295
Application of Capital Funding			
Capital Expenditure			
-- to improve the level of service	492	257	1,420
-- to replace existing assets	2,445	2,222	2,822
Increase (Decrease) in reserves	350	147	(588)
Increase (Decrease) of investments	-	-	-
Total Applications of Capital Funding	3,287	2,626	3,654
Surplus (Deficit) of Capital Funding	(829)	(463)	(359)
Funding Balance	-	-	-
Reconciliation of Operating Funding to Statement of Comprehensive Revenue and Expense			
Surplus (Deficit) of Operating Funding	829	463	359
Subsidies and Grants for Capital Expenditure	2,479	2,182	3,314
Depreciation	(3,081)	(2,057)	(2,484)
Share of surplus of associate	150	150	150
Movement in revaluation	10,262	-	-
Surplus/(deficit) before taxation per Statement of Comprehensive Revenue and Expense	10,639	738	1,339

Annual Plan disclosure statement

Annual Plan disclosure statement for the year ending 30 June 2024

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned 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 Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark	Benchmark	Planned	Met
Rates affordability benchmark			
- Income	NA	NA	NA
- Increase	6.2%	3.0%	Yes
Debt affordability benchmark	16,829	116	Yes
Balanced budget benchmark	100.0%	111.9%	Yes
Essential services benchmark	100.0%	170.8%	Yes
Debt servicing benchmark	10%	0.0%	Yes

Rates (income) affordability

For this benchmark, a comparison is made between the council's planned rates income for the year and a quantified limit/quantified limits on rates contained in the financial strategy included in the council's long-term plan.

The Council meets this benchmark if its planned rates income for the year equals or is less than each quantified limit on rates.

As the majority of Council's income is by way of funding from the Government, movement in rate receipts is considered to have a minimal impact and will not significantly influence project costs therefore no rate limit has been applied.

Rates (increases) affordability

For this benchmark, a comparison is made between the council's planned rates increases for the year are compared with a quantified limit/quantified limits on rates increases for the year contained in the financial strategy included in the council's long-term plan.

The Council meets this benchmark if its planned rates increases for the year equal or are less than each quantified limit on rates increases.

The quantified limit on general rates increases that it must not exceeded actual movement with the consumer price index (CPI) for the year, plus 2%.

Debt affordability benchmark

For this benchmark, the council's planned borrowing is compared with a quantified limit/quantified limits on borrowing contained in the financial strategy included in the council's long-term plan.

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

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

The quantified limit to total borrowings is not to exceed 150% of total revenue.

Balanced budget benchmark

For this benchmark, the council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

Essential services benchmark

For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.

The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

Debt servicing benchmark

For this benchmark, the council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects that the council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

Council funding impact statement and rating information

The funding impact statement consists of two parts:

- Rating information for 2023/24,
- Rating samples for 2023/24

The funding impact statement should be read in conjunction with our revenue and financing policy, rating policy and rates remission and postponement policies all detailed in our 2021-31 Long-Term Plan.

Rating information for 2023/24

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

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

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

General rates

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

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

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

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

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

Differential categories	Percentage of total general rates	Rate in the dollar of capital value (including GST)	Rates revenue (including GST \$)
Infrastructure	5.0%	0.00326520	\$20,564
Industrial	14.5%	0.00675000	\$59,636
Commercial	11.0%	0.00275374	\$45,241
Rural Residential	69.5%	0.00183960	\$285,843
Total revenue sought			\$411,284

For the purposes of classification, the differential categories are defined in our rating policy of our 2021-31 Long-Term Plan. Council does not require a uniform annual general charge (UAGC) to be set on any property, due to the minimal number of rateable units in the area and therefore no revenue is sought from this funding category.

Targeted rates

Targeted rates are applied to the properties which use the service provided. Council applies the waste management targeted rate on a differential basis, separating between rural and residential

ratepayers and other ratepayers. With this exception, no other targeted rates are set on a differential basis.

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

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

Activity for setting a targeted rate	Category for setting targeted rate	Calculation factor	Factor used		Revenue sought (including GST) 2023/24
Roading	The provision of a roading service.	A per rating unit charge for roading activities.	267.22	Fixed amount per unit	142,965
Potable water supply	The provision of a public water supply service.	The number of connections for water supply activities – for both Kaingaroa and Waitangi connections.	867.23	Fixed amount per connection	92,793
Wastewater	The provision of a wastewater service.	A per pan rate for sewage disposal activities.	901.45	Fixed amount per pan	117,188
Waste management	The provision of a waste management service.	A per rating unit charge for waste management activities.	279.14	Fixed amount per rural or residential unit	87,929
			351.43	Fixed amount per Infrastructure, Industrial or Commercial unit	18,626
					459,501

Rates instalment and penalty dates

The following instalment and penalty dates apply for the 2023/24 set rates:

Instalment	Due date	Penalty date
1	14 September 2023	15 September 2023
2	14 November 2023	15 November 2023
3	14 February 2024	15 February 2024
4	14 May 2024	15 May 2024

A penalty of 10% is added to each instalment or part thereof that is unpaid after the last date for payment. Previous year's rates that remain unpaid will have a further 10% penalty added on 7 July.

Inspection of the rating information database

In accordance with the Local Government (Rating) Act 2002, the District Valuation Roll and Rates Records are available for public inspection at the Council Offices, 11 Tuku Road, Waitangi, Chatham Islands, between the hours of 8:30am and 4:30pm on all business days of the week.

Rating base

For the 2022/23 financial year, Council has 690 rating units, with a total capital value for all rating units within the region of \$250,530,550 and total land value estimated at \$99,282,250. Council has assumed minimal growth and expects the number and value of these rating units to remain stable for the period of the Annual Plan.

Sample property	District Capital Value of Property (\$)	2023/24 general rate (\$)	2023/24 targeted rate (\$)	2023/24 total rate (\$)	Movement in total rates from 2022/23 compared with 2023/24 (\$)
Infrastructure	1,470,000	4,799.84	267.22	5,067.06	707
Industrial	220,000	1,485.00	1,485.88	2,970.88	294
Commercial	140,000	385.52	618.65	1,004.17	(75)
Rural Residential	385,000	708.25	2,315.04	3,023.28	505

		2022/23 general rate (\$)	2022/23 targeted rate (\$)	2022/23 total rate (\$)	
Infrastructure	1,470,000	4,175.20	184.60	4,359.80	
Industrial	220,000	1,318.78	1,358.43	2,677.21	
Commercial	140,000	547.02	532.35	1,079.37	
Rural Residential	385,000	610.56	1,907.79	2,518.35	

Why are the rating samples not increasing at 3%?

Council decided as part of the 2021 Long-Term Plan that it was appropriate to raise the roading targeted rate – doubling it over three years based on an exercise evaluating contributions between comparative rural and small mainland Councils. This is the third year of this increase meaning the increase in the roading targeted rate exceeds the inflationary movement.

In addition, Council has recently completed a revaluation on all capital values of property on the island. A capital value assessment considers the market value of land, plus the improvements as per the valuation roll of all properties on the island. The new values have been incorporated into the proposed rates calculation for 2023/24. This means that while the ‘total’ general rate revenue levied by the Council will increase by the rates driver, the actual increases experienced by individual ratepayers between 2022/23 and 2023/24 fiscal years may vary.

The apportionment of general rates between the various differential categories is set within the Council's rating policy (e.g. infrastructure 5%, industrial 14.5%, commercial 11% and rural & residential 69.5%). Where there has been a significant increase in the overall capital value of a differential category, this will result in the group paying a lower overall portion (and vice versa).

Statement of fees and charges 2023/24

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

Fees and charges for Council's services are based on a cost recovery basis and are subject to change. These may be updated at any time during the year to meet changing market conditions.

Fees and charges will predominantly increase by the rate of inflation. However, some fees will change due to a legislative or bylaw change or a revision in the rates provided by our contractors.

Activity	Fee Type	Description		
Building Consents	Building Consents Fees		External service provider, a deposit is required based on the estimated Building Consent application charges, further fees may be required based on actual inspection costs incurred. Costs outlined on https://wellington.govt.nz/property-rates-and-building/building-and-resource-co	
Resource Consents*	Land Information Memorandums (LIM's)		\$255	\$265
	Urgent LIM's		\$366	\$381
	Project Information Memorandum (PIM's)	Single residential	\$437	\$455
		All other buildings	\$525	\$546
Land Use Consents*	Notified Consent		\$2,000 deposit	
	Charge out rates	Recovery of actual planner costs charged to Council	An administration charged at cost	
	Non Notified Consents		\$523	\$544
	Controlled Activity Consents		\$785	\$817
Subdivision Consents*	Non Notified - Boundary Adjustments		\$699	\$699
	Non Notified - 2 lots or less		\$757	\$788
	Non Notified - 3 to 5 lots		\$1,745	\$1,816
	§ 223 Certificate		\$349	\$363
	§ 224 Certificate		\$349	\$363
	§ 226 Certificate		\$465	\$484
	§ 139 Certificate of Compliance		\$552	\$574
* Further costs may be charged in recovery of actual consultancy costs incurred.				
Vehicle hire	Waste management truck	1 hour hire minimum, hourly rate (excluding mileage)	\$160	\$166
Liquor Licensing	Club Licence	To comply with the Sale and Supply of Alcohol Act 2012 https://www.justice.govt.nz/justice-sector-policy/key-initiatives/sale-and-supply-of-alcohol/licensing/		
	On Licence			
	Off Licence			
	Managers Certificate			
	Annual Fees			
	Special Licence			
Food licensing fees	New Registration	https://wellington.govt.nz/services/consents-and-licences/selling-food/food-safety-fees	\$166	\$173
	Inspection Fee		\$303	\$315
	Food control plan registration fee (annually)		\$77.50	\$77.50
	National programme registration fee (biennial)		\$77.50	\$77.50

Animal Control	Dog registration		\$69	\$72
	Dog registration - Early		\$44	\$46
	Replacement dog tag	To replace lost dog tag or as an administration fee for dog transfer from other Councils	\$5	\$5
	Fines under Dog Control Act 1996	Vary per offence, (Per Sch. 1 of the Dog Control Act)	From \$100 up to \$750	
	Impounding Fees		\$117	\$122
Cemetery	Sale of Caskets		At cost plus 10%	
	Sexton Fees		At cost plus 10%	
	Burial plot purchase		\$619	\$644
	Cremation plot purchase		\$935	\$949
Community Housing	Rentals - 3 Bedroom	Per week (effective from 1 January)	\$144	\$150
	Rentals - 2 Bedroom	Per week (effective from 1 January)	\$115	\$120
Staff Housing	Rental - 3 bedrooms	Per week (effective from 1 January)	\$181	\$186
Coasts, Harbours & Navigation	Swing Mooring Fees - Registration and Transfer	Per year	\$86	\$89
	Waitangi	per rural or residential unit, which will collect	\$3,489	\$3,630
	Owenga	per Infrastructure, Industrial or Commercial unit, which will collect	\$2,907	\$3,025
	Kaingaroa	Per year	\$2,324	\$2,418
	Port Hutt	Per year	\$2,324	\$2,418
	Flower Pot	Per year	\$583	\$607
	Permission of Harbourmaster - Oil Tanker		\$117	\$122
	Application for Exemption		\$70	\$73
	Application for Suspension		\$291	\$303
	Application for Reservation		\$291	\$303
	Cruise ship fee	Per visit	\$42 per passenger	\$44 per passenger
Facilities	Room hire	Per hour		\$17
Administration Requests	Information Requests	Staff time	\$42 per half hour or part thereof	\$44 per half hour or part thereof
	Printed Council agenda		\$5 per copy	
	Photocopying	With own paper	10 cents per copy	
		With CIO paper	20 cents per copy	
		With CIO coloured paper	50 cents per copy	
		With CIO card	50 cents per copy	
		Colour printing (with CIO paper)	From \$2.50 per copy	
		Double sided photocopies	30 cents per copy	
	Laminating	Per page	\$3	\$3
	Stationery	A4 paper per ream (white)	\$17	\$18
		A4 paper per ream (coloured)	\$20	\$21
		Envelopes - plain	65 cents per envelope	
		Envelopes - plain with postage	\$1.40 per envelope	
		Large envelopes	\$1.70 per envelope	
Library	Book rentals	Per book	Free	

Council dues

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

Carriage by sea	Quantity	2023/24 Fee GST Exclusive
Rock Lobster, Paua, Scallops and Oysters	Tonne	\$200
Other fish meat and fish bait	Tonne	\$18
Cooler goods (fruit, vege, etc.)	m ³	\$5
General Cargo	m ³ /Tonne*	\$18
Diesel, Oil in bulk	1,000 litres	\$24
Petrol/Avgas in bulk tanks	1,000 litres	\$25
Petrol/Avgas in 200 litre drums	Drum	\$5
Hazardous Goods	m ³ /Tonne*	\$18
Small vehicles (including small trailers, motorbikes, etc.)	m ³	\$5
Large vehicles (including cars, boats, trailers, etc.)	m ³	\$50
Timber	m ³	\$12
Dry Bulk (cement, fertiliser, coal, animal feed)	m ³ /Tonne*	\$12
Wool and Moss	Bale	\$12
Animals, large (cattle/horses)	Each	\$5
Animals, small (sheep, pigs, dogs, fowls, goats)	Each	\$1
Minimum freight		\$24.30

*m3/Tonne - whichever is the greatest

Carriage by air	Quantity	2023/24 Fee GST Exclusive
Rock Lobster, Paua, Scallops and Oysters	Tonne	\$200
Other fish meat and fish bait	Tonne	\$18
General Cargo	kg	3.04
Minimum Freight		\$17.50

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)

Back page

Council Meeting

2.0 Setting of the 2023/24 Rates

Date of meeting	29 June 2023
Agenda item number	2.0.
Author/s	Tanya Clifford, E.Can

Purpose

To enable Chatham Islands Council to set the rates for the 2023/24 financial year, following the adoption of the 2023/24 Annual Plan. The Council will formally adopt the rates resolution setting the rates for the period 1 July 2023 to 30 June 2024.

Recommendations

That the Council:

1. **Delegates authority pursuant to the Local Government (Rating) Act 2002 to the Chief Executive to:**
 - i. **apply penalties (stated under resolution d) on unpaid rates in accordance with Sections 57 and 58, and**
 - ii. **approve applications for rates postponement and rates remissions in accordance with Council's policy, and**
 - iii. **carry out all other functions permissible under the Act that are not required to be a Council responsibility.**
2. **Resolves the setting of the rates for the 2023/24 financial year and sets the following rates (including GST), pursuant to the Local Government (Rating) Act 2002 and**
3. **states due dates for payment in accordance with Section 24, and**
4. **applies penalties on unpaid rates in accordance with Sections 57 and 58, on rating units for the financial year commencing on 1 July 2023 and ending on 30 June 2024.**

These rates are set in accordance with Chatham Islands Council's Long-Term Plan 2021-2031 and the Funding Impact Statement which forms part of the Long-Term Plan 2021-2031 as follows:

General rates

Council will set a general rate based on the capital value of all rateable land on the islands. The general rate will be set on a differential basis based on land use. The categories and apportionment are included in the table below.

This will result in the following rates based on the assessed per \$1 capital value of each rating unit:

Differential categories	Percentage of total general rates	Rate in the dollar of capital value (including GST)	Rates revenue (including GST \$)
Infrastructure	5.0%	0.00326520	20,564
Industrial	14.5%	0.00675000	59,636
Commercial	11.0%	0.00275374	45,241
Rural Residential	69.5%	0.00183960	285,843
Total revenue sought			411,284

Targeted rates

Targeted rates are applied to the properties which benefit from the service provided. Targeted rates cannot be applied to purposes other than for which they were raised.

Council uses the number of connections for funding potable water supply activities, a per pan rate for funding wastewater activities, and a rating unit basis for funding waste management activities and roading activities.

Council will set targeted rates based on a variety of rating bases as follows:

Activity for setting a targeted rate	Category for setting targeted rate	Calculation factor	Factor used		Revenue sought (including GST) 2023/24
Roading	The provision or availability of a roading service.	A per rating unit charge for roading activities.	267.22	Fixed amount per unit	142,965
Potable water supply	The provision or availability of a public water supply service.	The number of connections for water supply activities – for both Kaingaroa and Waitangi connections.	867.23	Fixed amount per connection	92,793

Wastewater	The provision or availability of a sewage disposal service.	A per pan rate for sewage disposal activities.	901.45	Fixed amount per pan	117,188
Waste management	The provision or availability of a waste management service.	A per rating unit charge for waste management activities.	279.14	Fixed amount per rural or residential unit	87,929
			351.43	Fixed amount per Infrastructure, Industrial or Commercial unit	18,626
Total revenue sought					459,501

The rating basis for each rate type has been defined and approved through the Revenue and Financing Policy adopted as part of Chatham Islands Council's Long-Term Plan 2021-31.

Rates by instalments

Council proposes to collect the rates in four instalments, issued on: 14 September 2023, 14 November 2023, 14 February 2024 and 14 May 2024.

Penalties

A penalty of 10% is added to each instalment or part thereof that is unpaid after the last date for payment. The penalty dates are 15 September 2023, 15 November 2023, 15 February 2024 and 15 May 2024. Previous year's rates that remain unpaid will have a further 10% penalty added on 7 July 2024.

These rates and penalties to be set on rating units in the region for the financial year which commences on 1 July 2023 and ends on the 30th day of June 2024.

This information is extracted from the Chatham Islands Council's 2023/24 Annual Plan and complies with the revenue and financing policy.

Council Meeting

3.0 Annual Report 2021 & 2022

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

Purpose

To present Council with the Annual Reports for the year ended 30 June 2021 and 30 June 2022, including summary reports, with a recommendation that they all be adopted.

Recommendations

That the Council for the 2020/21 Annual report and summary:

1. Receives the draft Annual Report and Annual Report summary for 2020/21
2. Receives the Audit New Zealand Audit opinions for the 2020/21 financial year full and summary documents.
3. Adopts the Audited Annual Report and Annual Report summary for 2020/21
4. Approve the publication of the Annual Report and Annual Report summary for 2020/21 (both in print and online).
5. Delegate to the Chief Executive to approve minor editorial changes.

That the Council for the 2021/22 Annual report and summary:

1. Receives the draft Annual Report and Annual Report summary for 2021/22
2. Receives the Audit New Zealand Audit opinions for the 2021/22 financial year full and summary documents.
3. Adopts the Audited Annual Report and Annual Report summary for 2021/22
4. Approve the publication of the Annual Report and Annual Report summary for 2021/22 (both in print and online).
5. Delegate to the Chief Executive to approve minor editorial changes.

Background information

The Council is required by the Local Government Act 2002 to prepare and adopt an Annual Report. This report must include a number of mandatory disclosures (including compliance with the financial reporting standards) and be adopted usually by 31 October in that year – for the 2021 and 2022 financial years, this was extended to 31 December due to COVID-19 disruptions.

Unfortunately, due to shortages in auditor availability affecting the capacity of Audit New Zealand to complete a review, the Annual Reports were unable to be audited within these reporting deadlines. An impact of not meeting the reporting deadline, is this non-compliance needs to be disclosed in the Annual Reports and it may be reported as part of the Office of the Auditor-General non-compliant councils.

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 years ended 30 June 2021 and 2022 (and summaries), both proposed for adoption are 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 Reports have 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 and late adoption of the Annual Reports. 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.

Attachments

1. 2020/21 Chatham Islands Council Annual Report
2. 2020/21 Chatham Islands Council Annual Report - summary
3. 2021/22 Chatham Islands Council Annual Report
4. 2021/22 Chatham Islands Council Annual Report - summary



Chatham Islands Council

Annual Report

2020/21



chatham islands council

Our people, our Islands, our future

Profile of the Chatham Islands

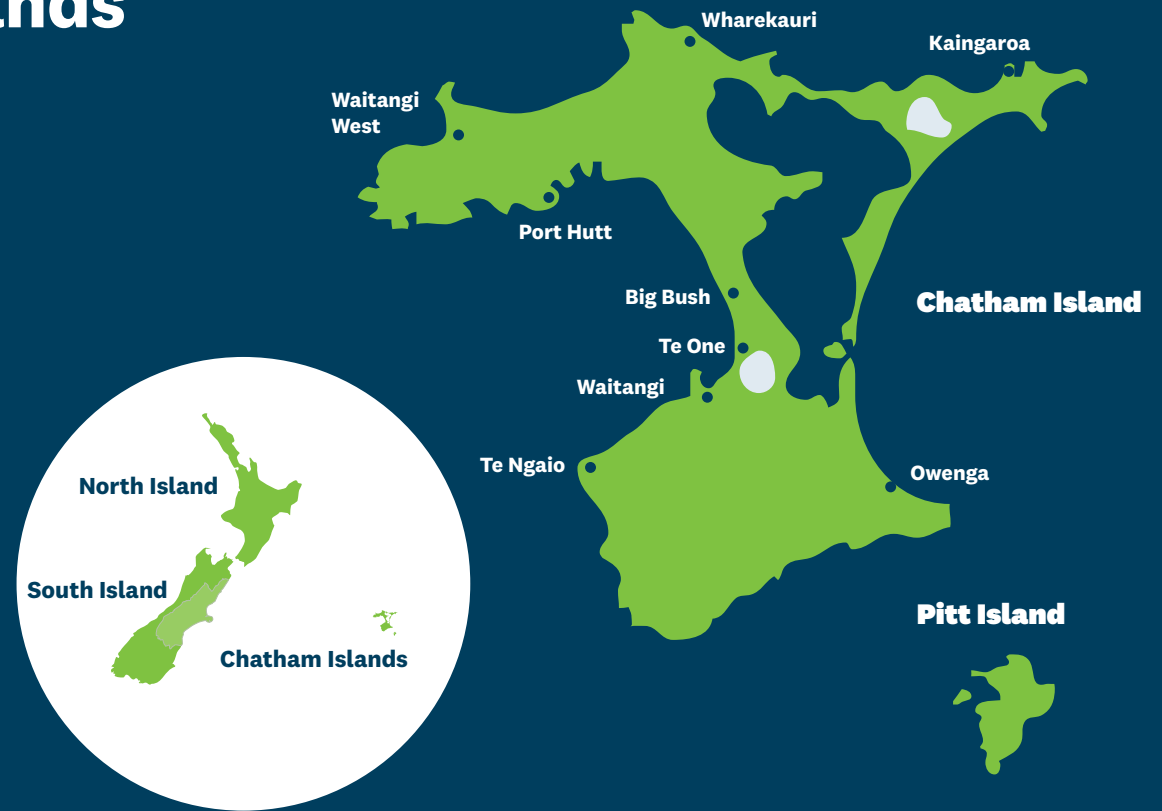
The Chatham Islands and its people are a unique community, isolated by 800 kilometres of ocean from mainland New Zealand.

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

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

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

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



The Islands at a glance

Usually 660 people live in the Chatham Islands.

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

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

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

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

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

Source: Statistics New Zealand 2018 Census Data

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The Council's vision

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

These are the Council's priorities for ensuring that:

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

Mayor and Chief Executive's report

Kioranga, kia ora, greetings,

It is with pleasure that we present the 2020/21 Annual Report for the Chatham Islands Council, thank you for taking the time to read it. The audit of this Annual Report was initially delayed because of an auditor shortage in New Zealand. The audit has now been completed. Your interest in the position of the Chatham Islands means a lot to us.

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

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

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

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

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

Additionally, we're pleased that the results of our annual residents and ratepayers survey shows our residents feel confident in their preparedness in case of an emergency. Having robust plans and procedures in place to deal with disaster is important to us, and we're glad that is reflected in how the residents feel.

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

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

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

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

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

Monique Croon
Mayor

Owen Pickles MNZM JP
Chief Executive

Introduction

Our 2020/21 Annual Report is an account of Chatham Islands Council's financial and service performance in the year from 1 July 2020 to 30 June 2021. The Annual Report outlines what we committed to achieving in the 2018-28 Long-Term Plan for the year and describes how we delivered it.

The report can be divided into four sections:

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

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

The Long-Term Plan and Annual Plan

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

Annual Report

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

Moriori and Māori engagement

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

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

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

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

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

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



2020/21 in review

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

Sustainable water and wastewater

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

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

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

Waste management strategy and progress

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

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

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

Roading programme of works

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

Council office

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

Predator free 2050

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

Community programmes

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

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



Statutory documents

Progress by Council on our key documents:

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

Other Island infrastructure

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

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

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

Resilience and climate change

As a group of islands, we are increasingly vulnerable to the impacts of climate change. Any changes to the land or water level pose a threat to our way of life for current and future generations. Council is committed to taking a collaborative approach to addressing any identified local causes and impacts of climate change, which includes strategically varying our core Council infrastructure and internal policies to reduce or mitigate any greenhouse gas emissions. We are also working to protect and enhance our natural environment to ensure we meet our obligations. We take these steps to enable our community to remain buoyant in response to any climate changes.

Looking forward

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

Key projects include:

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

Overview of our financial performance

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

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

Our financial performance

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

Our focus during the year has been on managing our finances prudently and operating within the confines of our financial assistance packages provided by the Crown and rates received from our community. This is also known as achieving a balanced budget. With a recognised net surplus of \$1.3 million, Council has achieved that balanced budget for the year.

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

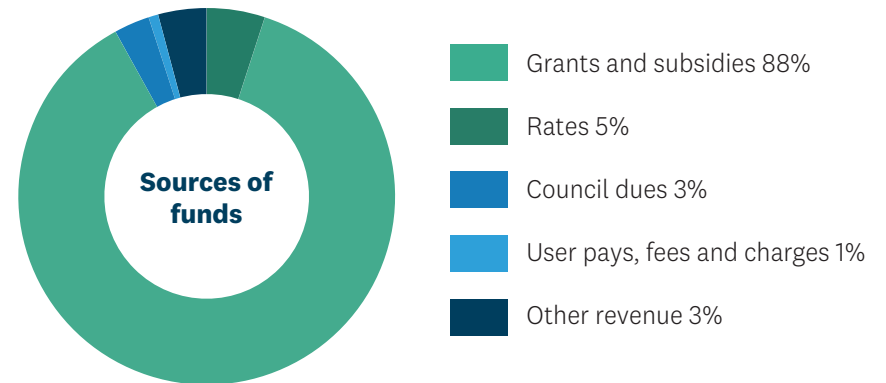
Our Council rates remain in line with inflationary movements and council due charges remain unchanged for the year. Council remains committed to ensuring rates paid by our community remain affordable and comparable with other similar Councils.

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

Our sources of funds

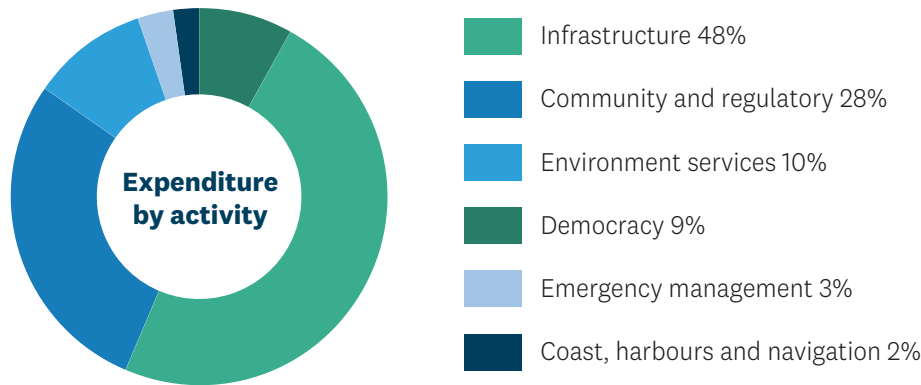
Council receives income from a range of sources but is primarily reliant on central government grants to remain operational. The budget assumed funding would be provided during the year to support on-Island projects, including infrastructural development integral to improving facilities for our community.

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



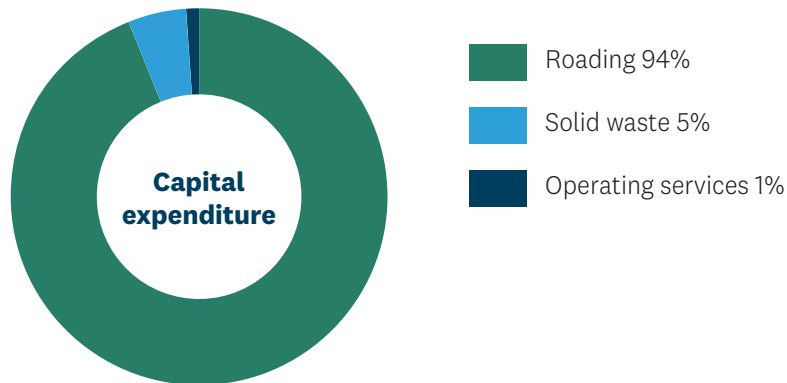
Our allocation of funds

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



Our capital expenditure

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



Our assets and capital works programme

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

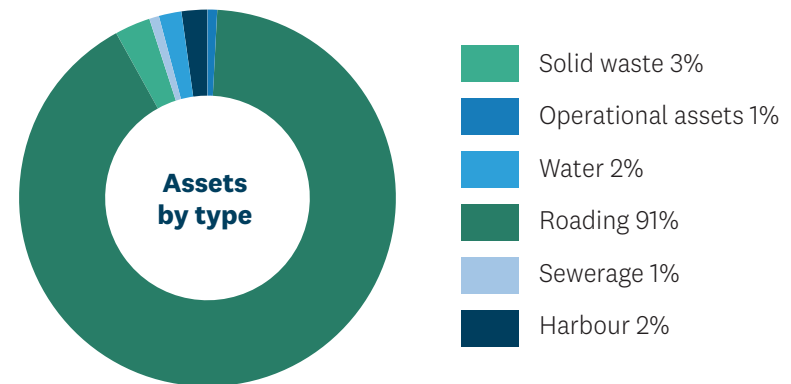
wastewater infrastructure is often delayed, with levels of service experienced by our community being below expectation.

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

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

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

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



Independent Auditor's report



Independent Auditor's report

Financial statements

Statement of compliance and responsibility

Compliance

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

- Under section 98(7) of the Local Government Act 2002, Council is required to complete and adopt its Annual Report prior to 31 December 2021. The accounts were unable to be audited prior to this date due to COVID-19 restrictions causing an auditor shortage

Responsibility

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

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



Monique Croon
Mayor



Owen Pickles MNZM JP
Chief Executive

29 June 2023

Financial statements

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

	Note	Actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000
Revenue				
Rates	2	625	577	592
Grants & subsidies	2,18	10,626	7,412	7,133
Council dues		307	265	268
User pays, fees and charges		114	143	110
Interest		28	60	55
Other revenue		431	229	116
Total revenue	1	12,131	8,686	8,274
Expenditure				
Depreciation and amortisation	8	2,587	2,292	2,353
Personnel costs	3	1,037	1,054	973
Financial costs		11	24	7
Other expenditure	4	7,296	4,799	4,738
Total expenditure	1	10,931	8,169	8,071
Share of surplus of associate		118	-	67
Total surplus/deficit		1,318	517	270
Comprehensive revenue and expense				
Increase/(decrease) in revaluation reserve	8, 13	-	-	-
Total other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		1,318	517	270

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

	Note	Actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000
Equity at the start of the year		82,398	84,683	82,128
Total comprehensive revenue and expense		1,318	517	270
Equity at the end of the year	13	83,716	85,200	82,398

Statement of financial position as at 30 June 2021

	Note	Actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000
Current assets				
Cash & cash equivalents	5	27	-	32
Cash funds held in trust	5	4	36	19
Cash investments	6	178	284	1,472
Current trade and other receivables	7, 18	1,563	745	967
Total current assets		1,772	1,065	2,490
Non-current assets				
Non-current trade and other receivables	7	-	-	-
Investment in associate		184	-	67
Property, plant and equipment	8, 18	84,482	86,926	83,991
Total non-current assets		84,666	86,926	84,058
Total assets		86,437	87,991	86,548

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



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

	Note	Actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000
Current liabilities				
Bank overdraft	5	292	575	442
Trade and other payables	9, 18	2,108	1,843	3,331
Personnel cost liabilities	10	112	88	111
Current portion of provisions	12	25	25	45
Current portion of borrowings	11	28	260	39
Total current liabilities		2,565	2,791	3,968
Non-current liabilities				
Non-current portion of borrowings	11	156	-	182
Total non-current liabilities		156	-	182
Total liabilities		2,721	2,791	4,150
Net assets		83,716	85,200	82,398
Public equity				
Accumulated funds and reserves	13	83,716	85,200	82,398
Total public equity		83,716	85,200	82,398

Statement of cash flows for the year ended 30 June 2021

	Note	Actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000
Cash flow from operating activities				
Receipts from rates revenue		585	568	626
Receipts from grants and subsidies		10,730	7,393	6,826
Receipts from Council dues		292	263	322
Interest received		28	64	55
Receipts from other revenue		(100)	365	277
Payments made to employees		(1,035)	(1,016)	(950)
Interest paid		(11)	(24)	(7)
Other payments to suppliers		(8,334)	(4,805)	(4,515)
Net cash flow from operating activities		2,155	2,807	2,634
Cash flow from investing activities				
Purchase of fixed assets		(3,282)	(2,538)	(2,806)
Sale/(purchase) of other assets		1,294	-	(33)
Net cash flow from investing activities		(1,988)	(2,538)	(2,839)
Cash flow from financial activities				
Loans raised		-	-	-
Repayment of loans		-37	(62)	(39)
Net cash flow from financial activities		-37	(62)	(39)
Increase/(decrease) in cash held		130	207	(244)
Opening cash balance		(391)	(462)	(147)
Closing cash balance	5	-261	(255)	(391)

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

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

Financial statements

Statement of accounting policies

For the year ended 30 June 2021

Reporting entity

Chatham Islands Council is a Unitary Local Authority under the Chatham Islands Council Act 1995 and the Local Government Act 2002 and is domiciled and operates in New Zealand. Chatham Islands Council has designated itself as a public benefit entity for financial reporting purposes. The primary objective of the Council is to provide goods and services for community or social benefit rather than to make a financial return. The financial statements of Chatham Islands Council are for the year ended 30 June 2021. The financial statements were authorised by Council for issue on [29 June 2023](#).

Basis of preparation

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

The Local Government Act 2002 also requires Council to complete and adopt its Annual Report prior to 31 December 2021. Council was unable to comply with this requirement for the year ended 30 June 2021 due to COVID-19 restrictions causing an auditor shortage. Chatham Islands Council has elected to prepare the financial statements in accordance with Tier 2 PBE accounting standards as it is not publicly accountable or large and therefore reduced disclosure requirements will apply.

Changes in accounting policies

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

Critical financial assumptions, judgements and estimations

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

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

Budget figures

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

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

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

Revenue recognition

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

- Rates revenue is recognised when it is levied. General rates and targeted rates are non-exchange transactions.
- The Waka Kotahi NZ Transport Agency roading subsidies are recognised when the conditions pertaining to eligible expenditure have been fulfilled. These subsidies and grants are non-exchange transactions.

- Government assistance and grants are recognised when eligibility is established. Grants are non-exchange transactions.
- Other grants and bequests are recognised when control over the asset is obtained. Grants are non-exchange transactions.

Borrowing costs

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

Leases

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

Chatham Islands Council does not have any finance leases.

Taxation

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

Goods and services tax

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

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

Commitments and contingencies are disclosed exclusive of GST.

Cash and cash equivalents

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

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



Trade and other receivables

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

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

Other financial assets

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

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

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

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

Investment in an associate

Associates are entities over which the Council has significant influence but not control. Investments in associates are accounted for using the equity method. The Council has 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.

Financial statements

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

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

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

Property, plant and equipment

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

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

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

The Council has the following classes of assets:

Operational assets

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

Infrastructure assets

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

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

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

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

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

Depreciation

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

Asset	Years
Operational assets	
Vehicles	5-10 years
Furniture/fittings	5-10 years
Buildings	5-50 years
Office equipment	5 years
Parks and reserves	25 years
Asset	
Years	
Infrastructure assets	
Roding	
Top surface (seal)	10 years
Pavement (base course) Sealed Unsealed	60 years Not depreciated
Pavement Unsealed (wearing course)	8 years
Sub-base and formation	Not depreciated
Culverts	70-75 years



Asset	Years
Footpaths and kerbs	35 years
Signs	8 years
Retaining walls	60-120 years
Bridges	60-75 years
Water reticulation	
Pipes, valves, hydrants	30-70 years
Pump stations	5-35 years
Tanks	33-50 years
Sewerage reticulation	
Pipes and other reticulation assets	25-80 years
Solid waste	
Landfill, transfer stations and other assets	5-35 years
Storm water system	
Pipes	40-60 years
Harbour	
Owenga wharf	50 years

Intangible assets

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

Amortisation

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

Asset	Years
Computer software	5 years

Impairment of property, plant and equipment and intangible assets

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

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

Trade and other payables

Short-term payables are recorded at their face value.

Personnel cost liabilities

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

Provisions

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

Borrowings

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

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Public equity

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

The components of equity are:

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

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

Council Controlled Organisations

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

Notes to the financial statements

Note 1: Summary of revenue and expenditure by activity

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

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

	Actual 2020/21 \$000	Actual 2019/20 \$000
Revenue by activity		
Democracy	1,482	1,224
Infrastructure	4,997	4,369
Community and regulatory	4,455	1,729
Environment	445	273
Emergency services	331	344
Coast, harbours and navigation	421	335
Total revenue	12,131	8,274
Expenditure by activity		
Democracy	925	862
Infrastructure	5,290	4,650
Community and regulatory	3,086	921
Environment	1,051	960
Emergency services	311	452
Coast, harbours and navigation	268	227
Total expenditure	10,931	8,072



Note 2: Revenue

Rates is further broken down in the table below:

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

Rating base information

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

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

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

Grants and subsidies	Actual 2020/21 \$000	Actual 2019/20 \$000
Department of Internal Affairs	4,096	3,206
Waka Kotahi NZ Transport Agency roading subsidy	3,853	3,829
Ministry of Culture & Heritage	969	-
New Zealand Lotteries Commission	1,000	-
Department of Conservation	98	-

Ministry of Business, Innovation & Employment	187	-
Ministry of Health	156	-
Other	266	97
Total grants & subsidies	10,626	7,132

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

- The Department of Internal Affairs provides an annual contribution to meet the Council's statutory obligations. The Crown's annual contribution is for \$3.2 million per annum, this level of financial support is committed for the foreseeable future. The Crown's contribution is enough to cover our operating requirements but does not cover depreciation of infrastructure assets; which means we are unable to effectively plan for or invest in infrastructural development. Council made an application for additional support for an investment programme and funding required for identified areas of financial shortfall. An additional \$570,000 was received to assist with financial viability in 2020/21.
- The Waka Kotahi NZ Transport Agency reimburses part of the Council's costs for maintaining the local roading infrastructure. The reimbursement from Waka Kotahi is for costs already incurred, with no unfulfilled conditions or other contingencies relating to the reimbursements. The current level of support provided by Waka Kotahi is at 88% of actual costs incurred. There is a shortfall of approximately \$500,000 per annum related to roading works and the Waka Kotahi subsidy received. Council currently fund the Waka Kotahi shortfall from reserves; which further draws on Council's cash liquidity.
- The Ministry of Culture & Heritage and the New Zealand Lotteries Commission provided one-off grants to fund construction of the museum portion of a commercial property. The grant was received by the Council when the museum was recognised as a Council Controlled Organisation - as the Council assisted in the establishment of the Trust along with drafting the objects and purposes, of the Trust deed, which included the power to appoint trustees. The Council historically exempted the museum from reporting as a Council Controlled Organisation as it was small and therefore no consolidated accounts were prepared. In August 2019, the museum's Trust deed was updated to remove voting rights and the ability to appoint Trustees and therefore

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it was considered the museum no longer met the definition of a Council Controlled Organisation. There remains a special ongoing relationship between the Council and the museum in the form of an ongoing annual support payment from the Council to provide the museum funding to support a portion of its ongoing costs, in addition to administering the grant received for the construction of the new museum facility. The Chatham Islands Council has acted as an agent for the Chatham Islands Museum & Cultural Heritage Charitable Trust by receiving these grants and facilitating progress payment on the building's construction, due to administrative limitations at the Trust. This building project was a part of a larger Civic Building development, in which another company managed the construction projection (acting as principal). As of 30 June 2021, the Council had spent \$1,968,780 related to the construction of the building along with other associated costs. The future commitments related to the construction of the museum facility are incurred on an actual cost basis, with these costs estimated at \$400,000. Council expects to repay or seek recovery of any unpaid or outstanding balances from the Ministry of Culture & Heritage upon completion of the building and final costs settled. Chatham Islands Council received no fees or other commission for providing this service. The success of the grant application was primarily driven by the initial efforts of Hon. Christopher Findlayson (as the Minister of Culture & Heritage), for which the Islands are extremely grateful for his support.

Note 3: Expenditure – personnel costs

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

Mayoral and Councillor remuneration

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

Name	Position	Actual 2020/21	Actual 2019/20
Monique Croon	Mayor	54,675	41,309
Alfred Preece	Mayor - until October	-	17,067
Gregory Horler	Deputy Mayor	23,236	15,041
Jeffery Clark	Deputy Mayor - until October	-	7,141

Keri Day	Councillor	17,393	16,276
Celine Gregory-Hunt	Councillor	17,393	10,919
Graeme Hoare	Councillor	17,393	10,919
Richard Joyce	Councillor	17,393	16,382
Oscar Nilsson	Councillor	17,393	10,919
Amanda Seymour	Councillor	17,393	10,919
Jason Seymour	Councillor	17,393	16,285
Eoin Chisholm	Councillor - until October	-	-
Nigel Ryan	Councillor - until October	-	5,460
Eva Tuck	Councillor - until October	-	5,463
Total Honoraria		199,663	184,101

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

Chief Executive remuneration

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

Severance payments

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

Other employee numbers and remuneration bands:

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



Band	Actual 2020/21	Band	Actual 2019/20
< \$59,999	6	< \$59,999	5
60,000-99,999	7	60,000-199,999	5
\$100,00 - \$219,999	2	Total	10
Total	15		

Note 4: Expenditure – other significant items

Included within expenditure are the following notable items:

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

Note 5: Cash and cash equivalents

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

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

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

The Council's 2020/21 Annual Plan forecasted a net closing cash overdraft (including investments and funds held in trust) of \$255,000. The Council's deteriorating cash position is primarily a result of Council electing to fund the difference between roading works and the Waka Kotahi NZ Transport Agency's 88% subsidy from cash reserves.

The Council has an overdraft arrangement in place with its on-Island banking facility to cover the forecast overdraft, which includes the ability to provide adequate security against any required short-term borrowing or increased overdraft limit.

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

Note 6: Other financial assets

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

Note 7: Trade and other receivables

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

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

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

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

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Note 8: Property, plant and equipment

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

Actual 2020/21	Opening cost/ revaluation \$000	Accumulated depreciation \$000	Carrying value at the start of the year \$000	Additions/ transfers \$000	Impairment/ disposals at cost \$000	Depreciation \$000	Revaluation \$000	Closing accumulated depreciation \$000	Carrying value at the end of year \$000
Operational assets									
Land	278	-	278	-	-	-	-	-	278
Buildings	1,451	(815)	636	36	-	-31	-	-846	641
Furniture and fittings	129	(118)	11	-	-	-2	-	-120	9
Plant and office equipment	268	(195)	73	8	-	-18	-	-213	63
Vehicles	314	(158)	156	-	-	-24	-	-182	132
Parks and reserves	99	(81)	18	-	-	-4	-	-85	14
Total operational assets	2,538	(1,367)	1,172	44	-	-79	-	-1,446	1,137
Infrastructural assets									
Roading	80,214	(3,841)	76,373	2,891	-	(2,219)	-	(6,060)	77,045
Solid waste	2,672	(239)	2,434	142	-	(141)	-	(380)	2,434
Stormwater	14	(11)	3	-	-	-	-	(11)	3
Sewerage	1,089	(121)	968	-	-	(58)	-	(179)	910
Water	1,723	(99)	1,624	-	-	(41)	-	(140)	1,583
Harbour	1,491	(73)	1,418	-	-	(48)	-	(121)	1,370
Total infrastructural assets	87,203	(4,384)	82,820	3,033	-	(2,508)	0	(6,891)	83,345
Work in progress	-	-	-	-	-	-	0	-	-
Property, plant and equipment	89,742	(5,750)	83,991	3,077	-	(2,587)	0	(8,337)	84,481

Core assets 2020/21

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

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

Actual 2020/21	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
Stormwater				
Storm drainage	3	-	-	13
Roads and footpaths				
Roads and footpaths	77,046	2,891	-	100,963
TOTAL	79,541	2,891	-	105,443



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

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

Core assets 2019/20

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

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

Actual 2019/20	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
Storm water				
Storm drainage	3	-	-	13
Roads and footpaths				
Roads and footpaths	76,373	2,885	-	100,963
TOTAL	78,968	2,885	-	105,443

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Note 8: Property, plant and equipment (continued)

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

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

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

Asset investment

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

Note 9: Trade and other payables

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

	Actual 2020/21 \$000	Actual 2019/20 \$000
Payables under exchange transactions		
General creditors	1,814	2,206
Payables under non-exchange transactions		
Revenue in advance	294	1,126
Total payables	2,108	3,332

The Council received a grant from the Ministry of Culture and Heritage of \$1 million dollars to assist in funding construction of the museum area within the new Council office and community complex, held as revenue in advance until required. The grant will be applied to fund the museum part of the proposed complex.



Note 10: Personnel cost liabilities

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

	Actual 2020/21 \$000	Actual 2019/20 \$000
Annual leave	82	66
Accruals for personnel costs	30	45
Total personnel cost liabilities	112	111

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

Note 11: Borrowings

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

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

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

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

Note 12: Provisions

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

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

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

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

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Note 13: Equity

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

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

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

Chatham Islands Council has the following reserve funds:

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

Equity reserves include the following notable funds:

	Actual 2020/21 \$000	Actual 2019/20 \$000
General funds		
Opening balance	17,084	16,814
Plus net surplus for the year	1,318	270
Adjust for transfer (to)/from other reserves	-	-
Closing balance	18,402	17,084
Emergency services reserve		
Opening balance	250	250
Adjust for transfer (to)/from other reserves	-	-
Closing balance	250	250
Mayoral relief reserve		
Opening balance	25	25
Adjust for transfer (to)/from other reserves	-	-
Closing balance	25	25
Assets revaluation reserve		
Opening balance	65,039	65,039
Revaluation/(impairments)	-	-
Closing balance	65,039	65,039
Total equity at end of year	83,614	82,398



Note 14: Statement of commitments

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

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

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

Note 15: Statement of contingencies

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

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

Note 16: Related party transactions

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

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

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

Financial statements

Note 17: Going concern

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

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

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

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

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

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

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

Note 18: Explanation of major variances against budget

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

Statement of comprehensive revenue and expense

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

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

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

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

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

Statement of financial position

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

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

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

Uncertainty over the water services reform programme

The Water Services Entities Act 2022, establishes four publicly owned water services entities to take over responsibilities for three waters service delivery and infrastructure from local authorities from 1 July 2024, with later legislation proposed to enable the transfer of three waters related assets and liabilities to these water services entities.

In April 2023, the Government announced further proposed amendments changing the number of water entities and date of transfer to the new water service entities. There remains a significant amount of uncertainty related to how this will impact the Chatham Islands Council.

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

Note 20: Non-compliance with Local Government Act

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



Financial statements

Financial prudence graphs

Annual Report disclosure statement for the year ended 30 June 2021

What is the purpose of this statement?

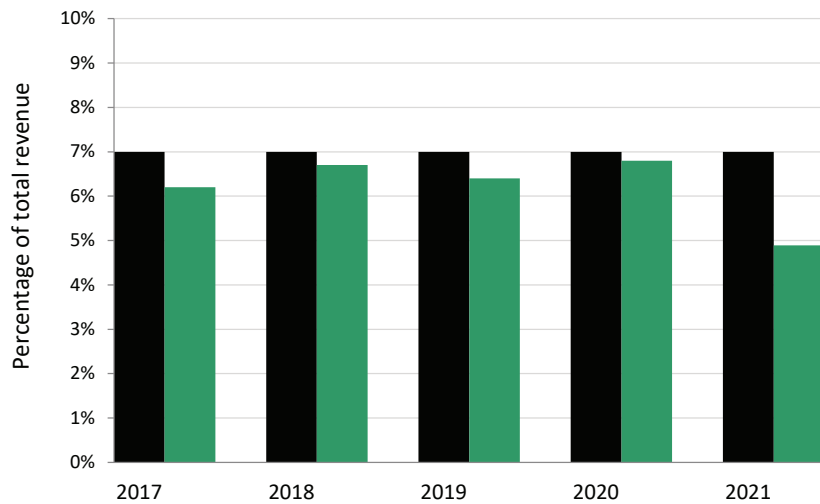
The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings. The Council is required to include this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

Rates affordability benchmark

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

Rates (income) affordability

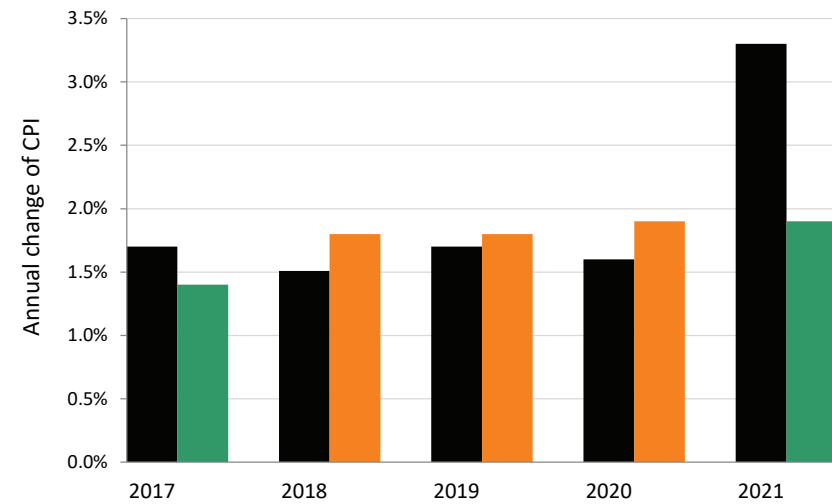
The following graph compares the Council's planned rates income with a quantified limit on rates contained in the financial strategy included in the 2018-28 Long-Term Plan. The quantified limit is 7% of total revenue.



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

Rates (increases) affordability

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



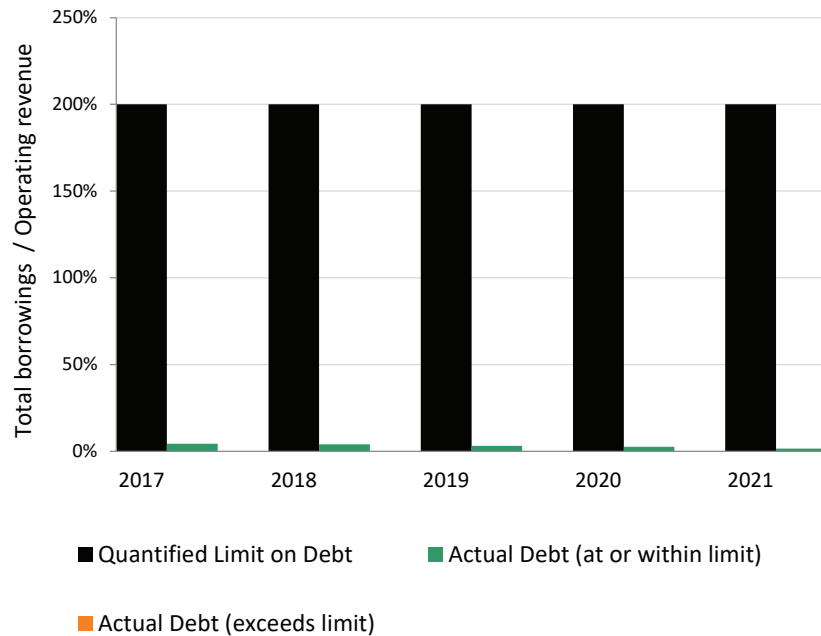
- Actual rates increase (exceeds limit)
- Actual rates increase (at or within limit)
- Quantified Limit on rates increase



Debt affordability benchmark

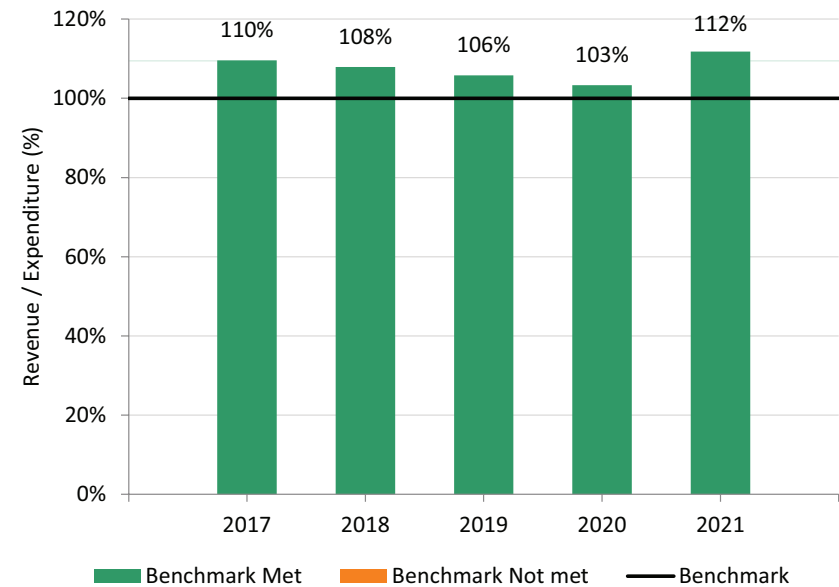
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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



Balanced budget benchmark

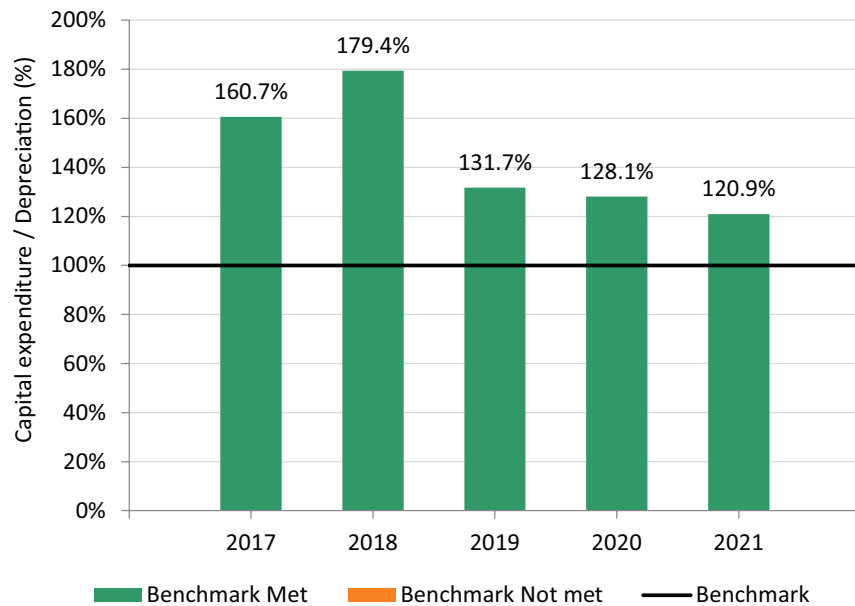
The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial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



Financial statements

Essential services benchmark

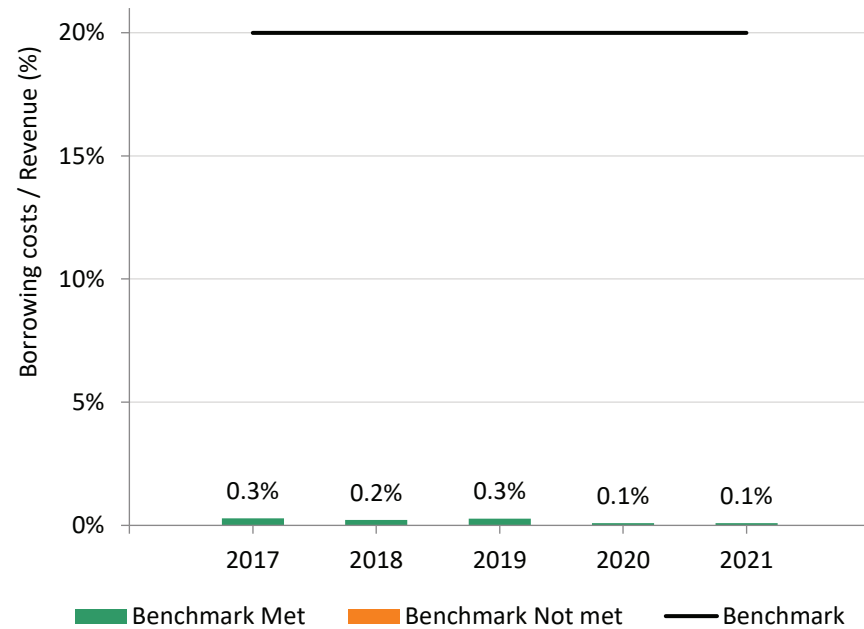
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

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

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

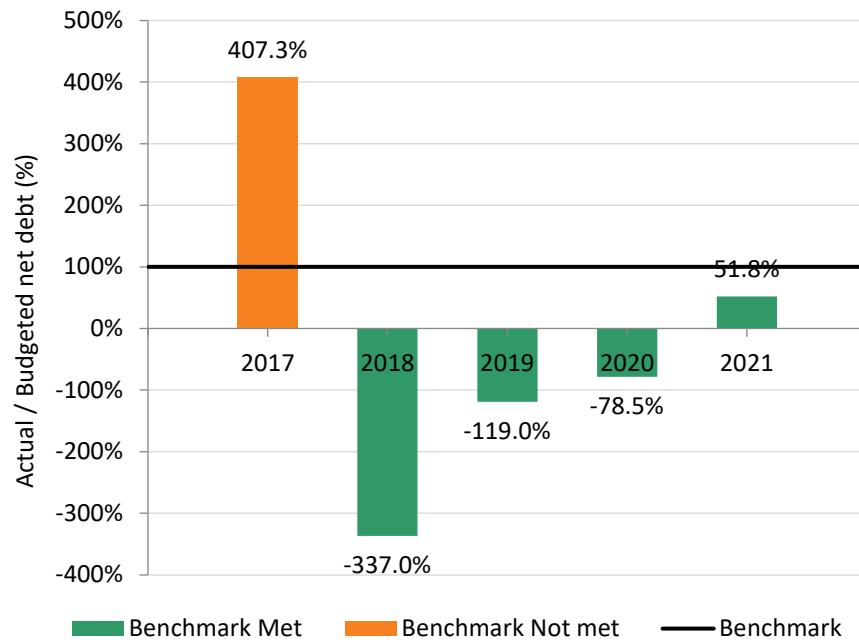




Debt control benchmark

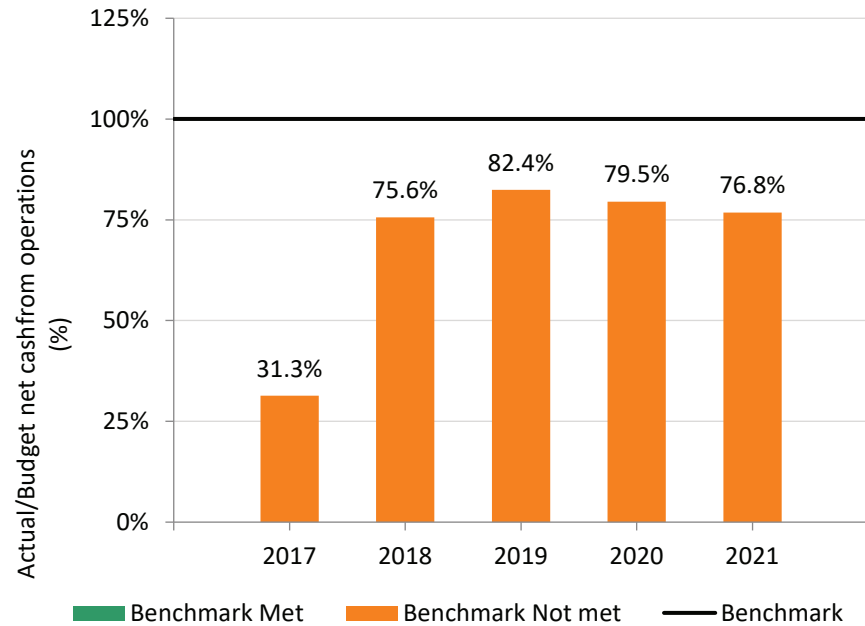
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables).

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



Operations control benchmark

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



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

Service performance summaries

Democracy services

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

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

Key activities for democracy services

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

Community outcomes

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

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

Effects that our democracy services activity has had on our wellbeings

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

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

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

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

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

During this year, the Council adopted the Long-Term Plan 2021-31. The Long-Term Plan 2021-2031 represents a three-yearly review of our Council activities. It's been developed in response to your community views, legislative changes from central government, and work required to achieve our environmental, social, economic and cultural wellbeings. We remain reliant on external support from central government. Operating within these funding constraints, impacts on our ability to delivery expected services to our community. Furthermore, we have no certainty of future support, limiting our ability to invest in our infrastructural assets. Our plan is to advocate the government for additional funding, which would allow us to invest in our core infrastructure for the

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

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

The challenges we face delivering our democratic functions

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

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



Service performance summaries

Performance assessment

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

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

Democracy services

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

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

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

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

Looking ahead – key projects

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



Infrastructure services

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

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

Key activities of infrastructure services

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

Community outcomes

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

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

Effects that our infrastructure services activity has had on our wellbeings

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

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

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

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

The challenges we face delivering our infrastructure service functions

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




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




Service performance summaries

Performance assessment

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

Roading

Targets	Measure	Result for 2020/21
Residents are satisfied with the standard of chip-sealed road network. NOT ACHIEVED 	75% of residents are satisfied or very satisfied* with chip-sealed road network.	The Annual satisfaction survey for 2020/21 showed 73% of respondents were either satisfied or very satisfied with the chip-sealed roads. This result is up from the 2019/20 percentage of 55%. Council also monitors satisfaction with our roads by: <ul style="list-style-type: none"> Maintaining a complaints and enquiries register. Receiving monthly reports from its roading contractor and roading engineers. Any updates or important information regarding our roading network is communicated through social media and newsletters.
Residents are satisfied with the standard of the unsealed road network. NOT ACHIEVED 	75% of residents are satisfied or very satisfied* with the unsealed road network.	The annual satisfaction survey for 2020/21 year had 33% of respondents expressing satisfaction or were very satisfied with the unsealed road network. This is down from the 2019/20 result of 46%. Council will continue to work on increasing the level by working closely with our roading contractor and roading engineers to monitor the road condition, addressing concerns within a timely manner.
Roads are safe. ACHIEVED 	Less than two fatalities or serious injury crashes on the road network per year.	No fatal or serious injury crashes were reported to the police during 2020/21. This is consistent with the past two years which have had no motor vehicle incidents causing death or serious injury.

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

*measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied
¹ National Association of Australia State Road Authorities



Solid waste management and minimisation

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

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

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

Water supply

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

Service performance summaries

Water supply continued

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

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



Storm water

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

Sewerage

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

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

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

Service performance summaries

Sewerage continued

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

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

Looking ahead - key projects

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

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

Community and regulatory services

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

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

Key activities of community and regulatory services

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

Community outcomes

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



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

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

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

Service performance summaries

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

The challenges we face delivering our community and regulatory services functions





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

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

Performance assessment

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

Community and regulatory services

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

Community and regulatory services continued

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

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

Looking ahead – key projects

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



Service performance summaries

Environmental services

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

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

Key activities of environmental services

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

Community outcomes

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

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

acknowledges and values the importance of t'chakat henu/tangata whenua as an integral part of our community and values its miheke/taonga.

Effects that our environmental services activity has had on our wellbeings

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

The challenges we face delivering our environmental services functions

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




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



Performance assessment

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



Environmental services

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

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

Environmental services continued



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



Service performance summaries

Environmental services continued

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

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

Looking ahead – key projects

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



Emergency management

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

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

Key activities of emergency management

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

Community outcomes

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

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

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

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

Economic – promoting economic development and enriching the environment for future generations:

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

Cultural – a community that acknowledges and values the importance of t’chakat henu and tangata whenua as an integral part of our community:

The Council continues to ensure emergency management is proactive in understanding and protecting community values and the natural environment, taking a collective approach to our emergency management response on the Island.

The challenges we face delivering our emergency management functions

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



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



Service performance summaries

Performance assessment

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

Emergency management

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

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

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

Looking ahead – key projects

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



Coasts, harbours and navigation

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

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

Key activities of coasts, harbours and navigation

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

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

Community outcomes

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

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

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

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

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

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

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

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

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



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

Service performance summaries

Performance assessment

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

Coasts, harbours and navigation

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

Looking ahead – key projects

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



Council funding impact statement

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

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

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

Reconciliation of operating funding to statement of comprehensive revenue and expense	Actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000	Annual plan 2019/20 \$000
Surplus/(deficit) of operating funding	1,242	570	17	-40
Subsidies and grants for capital expenditure	2,545	2,239	2,539	3,403
Less depreciation	2,587	2,292	2,353	2,074
Plus investment in associate	118	-	69	-
Statement of total comprehensive and income	1,318	517	272	1,289

COUNCIL	Actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000	Annual plan 2019/20 \$000
Source of operating funding				
General rates, uniform annual charge, rates penalties	343	311	331	305
Targeted rates	208	266	192	261
Subsidies and grants for operating purposes	5,673	5,173	4,594	4,556
Fees and charges	74	71	69	70
Local authorities fuel tax, fines, infringement fees, and other receipts	3,287	626	549	414
Total operating funding	9,585	6,447	5,735	5,606
Applications of operating funding				
Payments to staff and suppliers	6,579	4,090	4,135	4,629
Financial costs	11	24	7	19
Other operating funding applications	1,752	1,763	1,576	998
Total application of operating funding	8,343	5,877	5,718	5,646
Surplus/(deficit) of operating funding	1,242	570	17	(40)
Source of capital funding				
Subsidies and grants for capital expenditure	2,545	2,239	2,539	3,403
Increase/(decrease) in debt	(39)	138	(39)	138
Total source of capital funding	2,506	2,377	2,500	3,541
Application of capital funding				
Capital expenditure				
- to improve the level of service	145	-	23	-
- to replace existing assets	2,933	2,544	2,892	3,970
Increase/(decrease) in reserves	670	403	(398)	(469)
Total applications of capital funding	3,748	2,947	2,517	3,501
Surplus/(deficit) of capital funding	(1,242)	(570)	(17)	40
Funding balance	-	-	-	-

Appendix 1 – Funding impact statements

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

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

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

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

Appendix 1 – Funding impact statements

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

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

COMMUNITY AND REGULATORY SERVICES	Actual 2020/21 \$000	Long- Term Plan 2020/21 \$000	Long- Term Plan 2019/20 \$000
Source of operating funding			
General rates, uniform annual charge, rates penalties	343	301	297
Targeted rates	-	-	-
Subsidies and grants for operating purposes	1,315	1,256	1,233
Local authorities fuel tax, fines, infringement fees, and other receipts	2,796	301	296
Total operating funding	4,455	1,858	1,826
Applications of operating funding			
Payments to staff and suppliers	2,428	506	491
Financial costs	11	16	19
Internal charges and overheads applied	594	618	536
Total application of operating funding	3,033	1,140	1,046
Surplus (deficit) of operating funding	1,422	718	780
Source of capital funding			
Subsidies and grants for operating purposes for capital expenditure	-	-	-
Increase (decrease) in debt	(39)	(62)	(84)
Total Source of capital funding	(39)	(62)	(84)
Application of capital funding			
Capital expenditure			
- to improve the level of service	-	-	-
- to replace existing assets	19	-	-
Increase (decrease) in reserves	1,364	655	696
Total applications of capital funding	1,383	655	696
Surplus (deficit) of capital funding	(1,422)	(717)	(780)
Funding balance	-	-	-
<i>Excludes depreciation</i>	53	46	45

ENVIRONMENTAL SERVICES	Actual 2020/21 \$000	Long- Term Plan 2020/21 \$000	Long- Term Plan 2019/20 \$000
Source of operating funding			
General rates, uniform annual charge, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	367	229	226
Local authorities fuel tax, fines, infringement fees, and other receipts	78	25	24
Total operating funding	445	254	250
Applications of operating funding			
Payments to staff and suppliers	913	900	973
Financial costs	-	-	-
Internal charges and overheads applied	135	141	122
Total application of operating funding	1,048	1,041	1,095
Surplus (deficit) of operating funding	(603)	(787)	(845)
Source of capital funding			
Subsidies and grants for operating purposes for capital expenditure	-	-	-
Increase (decrease) in debt	-	-	-
Total Source of capital funding	-	-	-
Application of capital funding			
Capital expenditure			
- to improve the level of service	-	-	-
- to replace existing assets	3	-	-
Increase (decrease) in reserves	(606)	(787)	(845)
Total applications of capital funding	(603)	(787)	(845)
Surplus (deficit) of capital funding	603	787	845
Funding balance	-	-	-
<i>Excludes depreciation</i>	3	1	1

Appendix 1 – Funding impact statements

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

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



Appendix 2 – Glossary of terms

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

Activity

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

Annual Plan

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

Annual Report

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

Asset

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

Asset management plan

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

Capital costs

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

Capital value

Value of land including improvements.

Community outcomes

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

Current assets

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

Current liabilities

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

Depreciation and amortisation

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

Group of activities

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

Imi/Iwi

People or tribe.

Infrastructure assets

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

Land value

Value of land excluding improvements.

Local Government Act 2002

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

Long-Term Plan (LTP)

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

Operating expenditure

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

Operating revenue

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

Operating surplus/(deficit)

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

Performance measures

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

Property, plant, equipment and intangible assets

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

Public equity

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

Regulatory role

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

Resources

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

Service provider

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

Significance

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



Significance policy

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

Statement of cash flows

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

Statement of comprehensive revenue and expense

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

Statement of financial position

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

Sustainable development

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

Wellbeing

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

The organisation

Council

Mayor

Monique Croon

Deputy Mayor

Greg Horler

Councillors

Keri Lea Day

Celine Gregory-Hunt

Graeme Hoare

Amanda Seymour

Steve Joyce

Oscar Nilsson

Jason Seymour

Council Staff

Chief Executive

Owen Pickles

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Operations Manager

Colette Peni

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Emergency Manager/Controller

Rana Solomon

rana@cic.govt.nz

Engineers

Stantec Ltd (Christchurch)

Nigel Lister, Shaun Boshier, Ali Siddiqui

Bryan Peters – Roads and bridges

Richard Bennett, Kristen Norquay –

Water and wastewater

Phil Landmark –

Waste management and minimisation

Contractors

Environment Canterbury

Fulton Hogan Ltd

Resource management

Beca Ltd

Solicitors

Wynn Williams

Bankers

ANZ (Waitangi – Chatham Islands)

Auditors

Audit New Zealand

(on behalf of the Auditor-General)





chatham islands council

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Chatham Islands Council

Summary Annual Report

2020/21



chatham islands council

Our people, our Islands, our future

Profile of the Chatham Islands

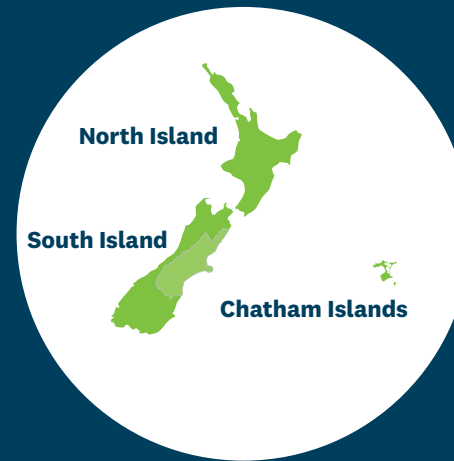
The Chatham Islands and its people are a unique community, isolated by 800 kilometres of ocean from mainland New Zealand.

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

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

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

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



The Islands at a glance

Usually 660 people live in the Chatham Islands.

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

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

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

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

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

Source: Statistics New Zealand 2018 Census Data

Mayor and Chief Executive's report

Kioranga, kia ora, greetings,

It is with pleasure that we present the 2020/21 Annual Report for the Chatham Islands Council, thank you for taking the time to read it. The Council was required under section 98 (7) of the Local Government Act 2002 to complete its audited financial statements and service performance information by 31 December 2022. This timeframe was not met as Audit New Zealand was unable to complete the audit within the timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

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

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

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

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

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

Additionally, we're pleased that the results of our annual residents and ratepayers survey shows our residents feel confident in their preparedness in case of an emergency. Having robust plans and procedures in place to deal with disaster is important to us, and we're glad that is reflected in how the residents feel.

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

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

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

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

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

Monique Croon
Mayor

Owen Pickles MNZM JP
Chief Executive

2020/21 in review

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

Sustainable water and wastewater

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

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

There are uncertainties related to the water services reform programme. The Water Services Entities Act 2022, established four publicly owned water services entities to take over responsibilities for three waters service delivery and infrastructure from local authorities from 1 July 2024, with later legislation proposed to enable the transfer of three waters related assets and liabilities to these water services entities.

In April 2023, the Government announced further proposed amendments changing the number of water entities and date of transfer to the new water service entities. There remains a significant amount of uncertainty related to how this will impact the Chatham Islands Council.

Waste management strategy and progress

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

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

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

Roading programme of works

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

Council office

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

Predator free 2050

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

Community programmes

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

- The Provincial Growth Fund supported the refurbishment of the Town Hall frontage and the Squash Court building on the Norman Kirk Memorial Reserve.
- Mayor's Task Force for Jobs provided funding to employ a coordinator, and to support a project which enabled Chatham Islanders to travel to New Zealand to take driver's licence testing.

- Funding from Ministry of Business, Innovation and Employment as part of a tourism infrastructure grant fund, has allowed for the purchase and installation of green waste toilets on the Island.
- Increased funding in the 2020/21 budget for Heartlands project has been particularly welcome given the COVID-19 response resulted in a large community demand for this service.

Statutory documents

Progress by Council on our key documents:

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

Other Island infrastructure

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

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

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



Resilience and climate change

As a group of islands, we are increasingly vulnerable to the impacts of climate change. Any changes to the land or water level pose a threat to our way of life for current and future generations. Council is committed to taking a collaborative approach to addressing any identified local causes and impacts of climate change, which includes strategically varying our core Council infrastructure and internal policies to reduce or mitigate any greenhouse gas emissions. We are also working to protect and enhance our natural environment to ensure we meet our obligations. We take these steps to enable our community to remain buoyant in response to any climate changes.

Looking forward

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

Key projects include:

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

Overview of our financial performance

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

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

Our financial performance

This overview provides a summary of our results for the 2020/21 financial year.

Our focus during the year has been on managing our finances prudently and operating within the confines of our financial assistance packages provided by the Crown and rates received from our community. This is also known as achieving a balanced budget. With a recognised net surplus of \$1.3 million, Council has achieved that balanced budget for the year.

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

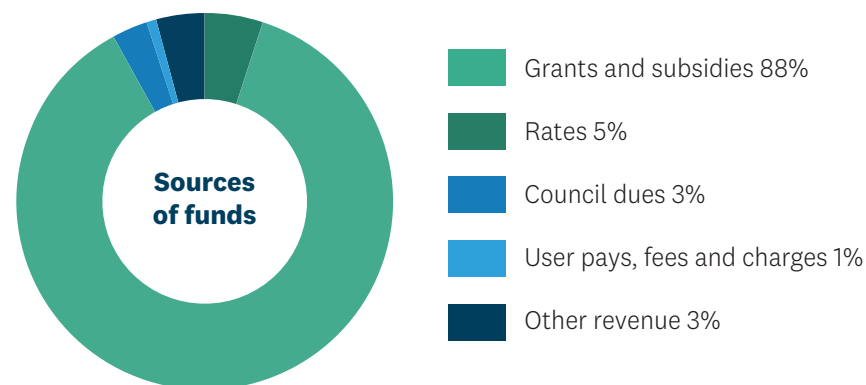
Our Council rates remain in line with inflationary movements and council due charges remain unchanged for the year. Council remains committed to ensuring rates paid by our community remain affordable and comparable with other similar Councils.

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

Our sources of funds

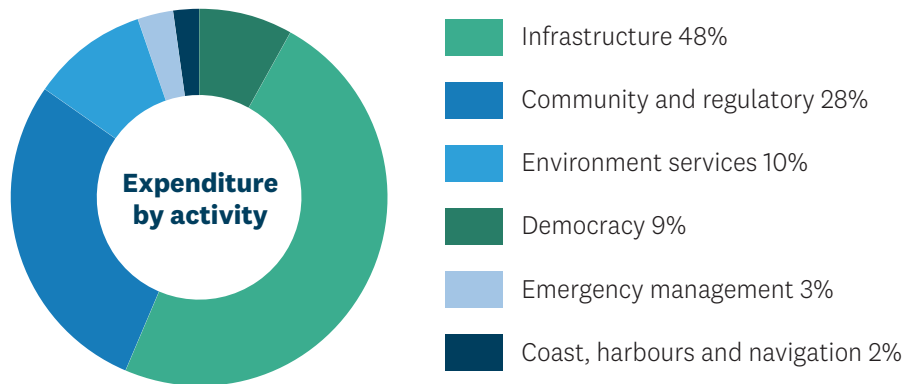
Council receives income from a range of sources but is primarily reliant on central government grants to remain operational. The budget assumed funding would be provided during the year to support on-Island projects, including infrastructural development integral to improving facilities for our community.

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



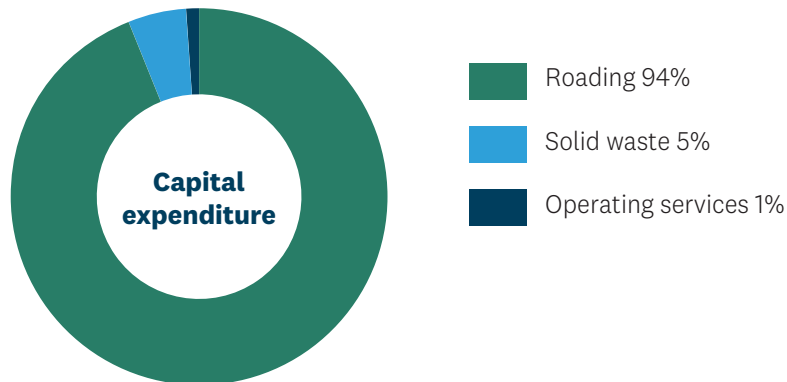
Our allocation of funds

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



Our capital expenditure

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



Our assets and capital works programme

Council holds long-term assets of \$84.6 million, including operational and infrastructure assets. When investing in infrastructure, we consider affordability to the Council and ratepayers, electing to defer capital works until funding can be secured. This means our financial position remains healthy and debt low. However, the cost to the community

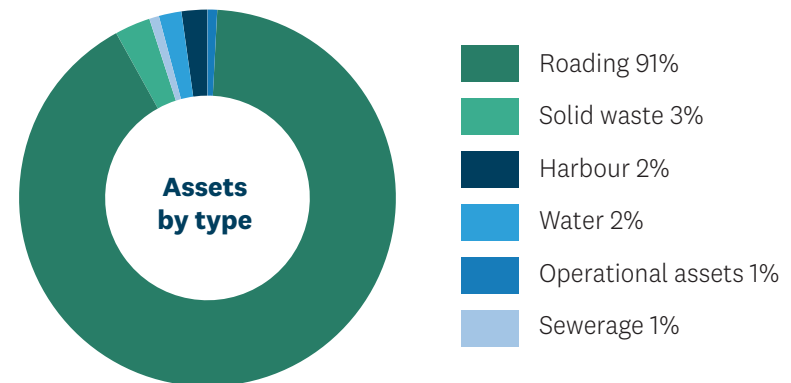
is that critical work where funding cannot be secured, such as with our water and wastewater infrastructure is often delayed, with levels of service experienced by our community being below expectation.

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

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

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

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



Council performance during 2020/21

The Council has six groups of activities, over which we set our desired performance targets to the community. The summary of our level of service performance against these targets, is included below:

Democracy services

0 of 2 targets met

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

- All annual planning, reporting and Council meeting responsibilities were met.
- Our 2020/21 survey highlighted that better communication, through meetings and hui along with an increase in transparency is desired by our residents. Based on this feedback, next year we will look to hold community consultation afternoons and other engagement opportunities.

Community and regulatory services

3 of 5 targets met

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

- We are processing liquor licences within statutory timeframes and are monitoring and enforcing compliance with liquor licence conditions. There were no issues of non-compliance identified with our food premises for the year.
- Our 2020/21 survey highlighted residents appreciation of the work provided by the dog and stock control officer and the library service provided in conjunction with Wellington City Library. Council will continue to work on improving these services with the funding it has.

Infrastructure services

18 of 27 targets met

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

- All roading and footpath projects were maintained in accordance with the Council's roading and maintenance specifications as set out in the three year roading strategy.
- The condition of our roads is assessed as "good".
- Our waste management strategy has been completed. However, the landfill commissioning in Owenga has been delayed until Christmas 2021.
- Water supplies were not fully compliant with the drinking water standards for the 2020/21 year. Council are considering sustainable solutions to mitigate or resolve the issues associated with water shortages. This year Council received Ministry of Health funding to address urgent issues with both water schemes in Waitangi and Kaingaroa and to improve the reliability of its drinking water supply in terms of quantity and quality. Given Council's financial position, Council is unable to guarantee continuity of water supply.
- The level of service experienced by our residents is also unlikely to improve. The trend of increasing summer tourist numbers puts further pressure on the water supply.
- Council is participating in the Three Waters Reform Programme, receiving funding for projects due for completion in 2021/22. Funding from the Ministry of Health has also been received during the year. Wastewater projects are aimed at improving, or designing improvements to, the wastewater system.

Environmental services

7 of 12 targets met

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

- We are effectively monitoring the water quality and hydrology of Chatham Islands waterways, with results displayed on our website:
- Our Chatham Islands Resource Management Document is fully operative and was updated during the year for new requirements set by the National Environmental Standards. Looking forward, the Resource Management Document will need further updates by 2024 to give effect to the Essential Freshwater Package. Based on the indicated future funding assistance package, there is currently insufficient funding to complete this expected work by 2024. Negotiations between the Council and the Department of Internal Affairs to support this project are ongoing. Effective Freshwater policies are a priority for the Council and an area of special interest for imi and iwi. Council plan to work in co-operation with interested parties to ensure mutually beneficial outcomes are achieved.
- We have proactively managed on-Island and marine pest threats, focusing on quarterly site visits to at risk sites on land and twice annual surveys of island ports to maintain an internal border between Chatham Island, Pitt Island and mainland New Zealand. Public education and regular training of SPS Biosecurity staff has also minimised the threat of pest outbreak.

Emergency management

4 of 4 targets met

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

- All emergency management plans are up to date and were completed within statutory timeframes.
- Our 2020/21 survey highlighted 80% of the residents who completed the annual satisfaction survey felt they were prepared or well prepared for an emergency. The Council remains focused on prioritising emergency management preparedness due to the importance of the Island being ready for any emergency, given the Island's level of isolation.

Coasts, harbours and navigation

2 of 2 targets met

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

- Our navigational safety documents remain up to date and in line with leading practice, they reflect the appropriate needs of the Islands and have been reviewed within cyclical timeframes.
- Owenga Wharf, which provides lifeline access to Pitt Island from Chatham Island, remained open with no safety or inefficiency complaints received.

Financial overview



The full 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), and comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS). The 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. The summary financial statements are for the year ended 30 June 2021 and are presented in New Zealand dollars with all values rounded to the nearest thousand (\$000). The summary financial statements comply with PBE FRS-43. The financial statements were authorised for issue by Council on 29 June 2023.

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2021

	Actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000
Rates	625	577	592
Grants & subsidies	10,626	7,412	7,133
Other revenue	880	697	549
Total revenue	12,131	8,686	8,274
Financial costs	11	24	7
Other expenditure	10,920	8,145	8,064
Total expenditure	10,931	8,169	8,071
Share of surplus of associate	118	-	67
Increase/(decrease) in revaluation reserve	-	-	-
Total comprehensive revenue and expense	1,318	517	270

Statement of Changes in Equity for the year ended 30 June 2021

	Actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000
Equity at the start of the year	82,398	84,683	82,128
Total comprehensive revenue and expense	1,318	517	270
Equity at the end of the year	83,716	85,200	82,398

Statement of Financial Position as at 30 June 2021

	Actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000
Current assets	1,772	1,065	2,490
Non-current assets	84,665	86,926	84,058
Total assets	86,437	87,991	86,548
Current liabilities	2,565	2,791	3,968
Non-current liabilities	156	-	182
Total liabilities	2,721	2,791	4,150
Net assets	83,716	85,200	82,398
Total public equity	83,716	85,200	82,398

Statement of Cash Flows for the year ended 30 June 2021

	Actual 2020/21 \$000	Annual plan 2020/21 \$000	Actual 2019/20 \$000
Net cash flow from operating activities	2,155	2,807	2,634
Net cash flow from investing activities	(1,988)	(2,538)	(2,839)
Net cash flow from financing activities	(37)	(62)	(39)
Increase/(decrease) in cash held	130	207	(244)
Opening cash balance	(391)	(462)	(147)
Closing cash balance	(261)	(255)	(391)

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements. A copy of the full 2020/21 Annual Report can be found on our website or at our office.

Independent Auditor's report

The organisation

Council

Mayor

Monique Croon

Deputy Mayor

Greg Horler

Councillors

Keri Lea Day

Celine Gregory-Hunt

Graeme Hoare

Amanda Seymour

Steve Joyce

Oscar Nilsson

Jason Seymour

Council Staff

Chief Executive

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R21/8



Chatham Islands Council

Annual Report

2021/22



chatham islands council

Our people, our Islands, our future

Profile of the Chatham Islands

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

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

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

Source: Statistics New Zealand 2018 Census Data

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The Council's vision

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

These are the Council's priorities for ensuring that:

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

Mayor and Chief Executive's report

Kioranga, kia ora, greetings,

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

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

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

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

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

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

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

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

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

Monique Croon
Mayor

Owen Pickles MNZM JP
Chief Executive

Introduction

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

The report can be divided into four sections:

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

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

The Long-Term Plan and Annual Plan

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

Annual Report

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

Moriori and Māori engagement

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

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

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

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

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



2021/22 in review

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

Sustainable water and wastewater

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

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

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

Waste management strategy and progress

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

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

Roading programme of works

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

Council office

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

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

Communications upgrade

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

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

Climate change

As a group of islands, we are increasingly vulnerable to the impacts of climate change. Any changes to the land or water level poses a threat to our way of life for current and future generations. Council is committed to taking a collaborative approach to addressing and identifying local causes and impacts of climate change, which includes strategically varying our core Council infrastructure and internal policies to reduce or mitigate any greenhouse gas emissions. We are working to protect and enhance our natural environment to ensure we meet our obligations. We take these steps to enable our community to remain buoyant in response to any climate changes.

Looking forward

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

Key projects include:

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



Overview of our financial performance

Overview of our financial performance

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

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

Our financial performance

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

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

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

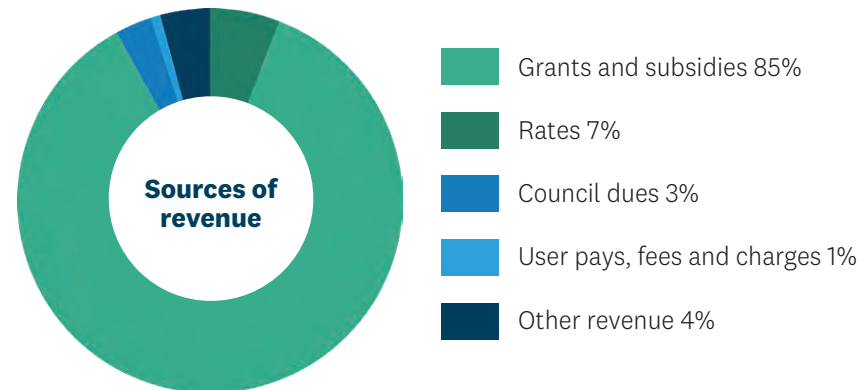
Our Council rates remain in line with inflationary movements and council due charges remain unchanged for the year. Council remains committed to ensuring rates paid by our community remain affordable and comparable with other similar Councils.

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

Our sources of funds

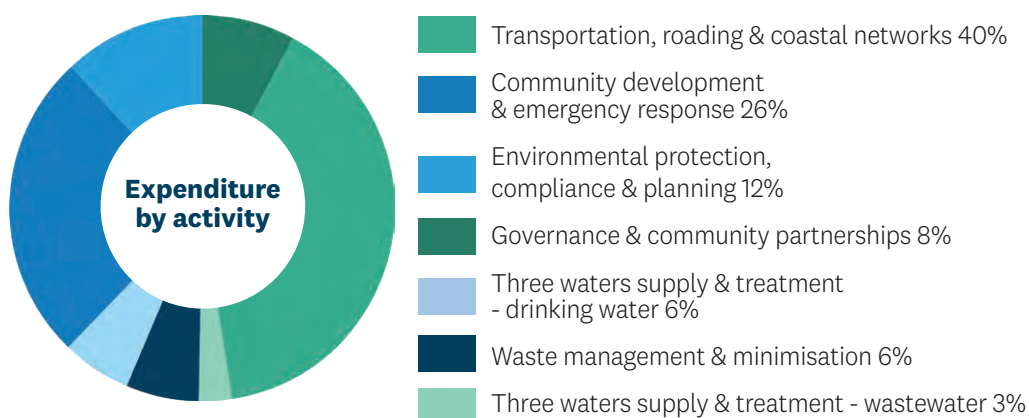
Council receives income from a range of sources but is primarily reliant on central government grants to remain operational. The budget assumed funding would be provided during the year to support on-Island projects, including infrastructural development integral to improving facilities for our community.

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



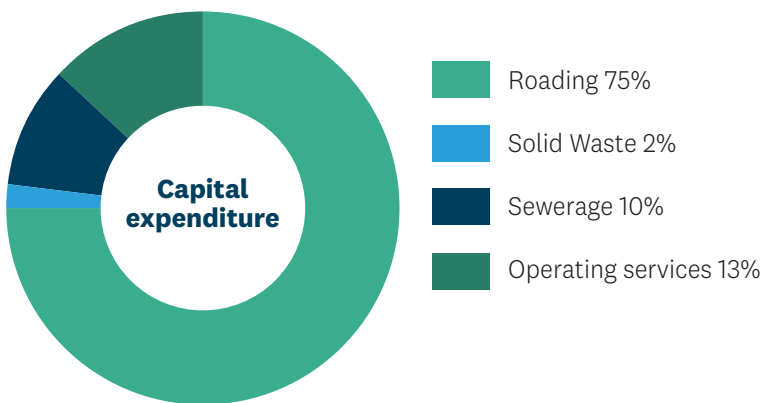
Our allocation of funds

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



Our capital expenditure

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

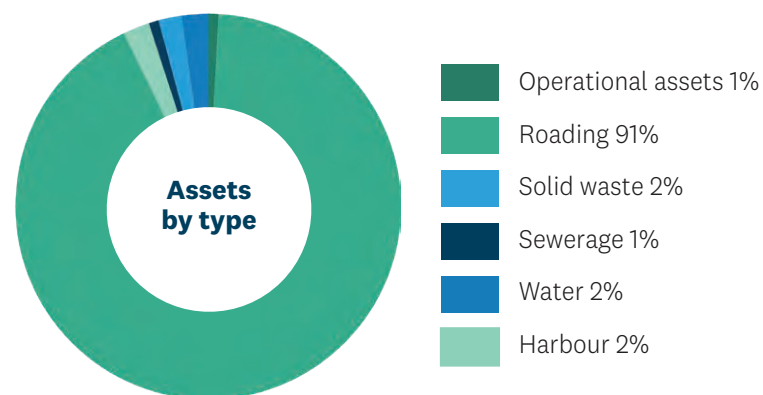


Our assets and capital works programme

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

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

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



Financial statements

Statement of compliance and responsibility

Compliance

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

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

Responsibility

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

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



Monique Croon
Mayor



Owen Pickles MNZM JP
Chief Executive

29 June 2023



Financial statements

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

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

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

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

Statement of financial position as at 30 June 2022

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

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



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

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

Statement of cash flows for the year ended 30 June 2022

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

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

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

Financial statements

Statement of accounting policies

For the year ended 30 June 2022

Reporting entity

Chatham Islands Council is a Unitary Local Authority under the Chatham Islands Council Act 1995 and the Local Government Act 2002 and is domiciled and operates in New Zealand. Chatham Islands Council has designated itself as a public benefit entity for financial reporting purposes. The primary objective of the Council is to provide goods and services for community or social benefit rather than to make a financial return. The financial statements of Chatham Islands Council were originally unaudited for the year ended 30 June 2022. The audited financial statements were authorised by Council for issue on [29 June 2023](#).

Basis of preparation

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

The Local Government Act 2002 also requires Council to complete and adopt its Annual Report prior to 31 December 2022. Council was unable to comply with this requirement for the year ended 30 June 2022 due to an auditor shortage at Audit NZ. Chatham Islands Council has elected to prepare the financial statements in accordance with Tier 2 PBE accounting standards as it is not publicly accountable or large and therefore reduced disclosure requirement will apply.

Changes in accounting policies

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

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

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

Measurement base

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

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

Critical financial assumptions, judgements and estimations

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

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

Budget figures

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

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

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



Revenue recognition

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

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

Borrowing costs

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

Leases

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

Chatham Islands Council does not have any finance leases.

Taxation

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

Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Cash and cash equivalents

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

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

Trade and other receivables

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

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

Other financial assets

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

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

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

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

Financial statements

Investment in an associate

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

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

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

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

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

Property, plant and equipment

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

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

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

The Council has the following classes of assets:

Operational assets

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

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

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

These include:

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

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

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

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

Subsequent additions are included at costs.



Depreciation

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

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

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

Intangible assets

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

Amortisation

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

Asset	Years
Computer software	5 years

Financial statements

Impairment of property, plant and equipment and intangible assets

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

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

Trade and other payables

Short-term payables are recorded at their face value.

Personnel cost liabilities

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

Provisions

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

Borrowings

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

Public equity

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

The components of equity are:

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

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

Council Controlled Organisations

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



Notes to the financial statements

Note 1: Summary of revenue and expenditure by activity

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

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

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

Note 2: Revenue

Rates are further broken down in the table below:

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

Rating base information

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

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

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

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

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

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

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



Note 3: Expenditure – personnel costs

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

Mayoral and Councillor remuneration

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

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

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

Employee numbers and remuneration bands:

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

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

Severance payments

For the year ended 30 June 2022, the Council made severance payments to two employees totaling \$10,880 in addition to payments made on normal contractual terms (for the year ended 30 June 2021, no payments were made outside normal contractual terms).

Note 4: Expenditure – other significant items

Included within expenditure are the following notable items:

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

Depreciation expenditure separately disclosed as part of activity statements.

Financial statements

Note 5: Cash and cash equivalents

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

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

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

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

Note 6: Other financial assets

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

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

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

Note 7: Trade and other receivables

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

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

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

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

Note 8: Property, plant and equipment

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

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

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

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

Core assets 2021/22

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

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

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

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

Core assets 2020/21

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

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

Actual 2020/21	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
Stormwater				
Storm Drainage	3	-	-	13
Roads and Footpaths				
Roads and Footpaths	77,045	2,891	-	100,963
TOTAL	79,540	2,892	-	105,443



Note 8: Property, plant and equipment (continued)

Insurance of Assets

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

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

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

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

Note 9: Trade and other payables

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

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

Note 10: Employment Entitlement Liabilities

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

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

See also note 3 for payroll rate information.

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

Financial statements

Note 11: Borrowings

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

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

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

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

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

Note 12: Provisions

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

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

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

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

Note 13: Equity

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

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

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

Chatham Islands Council has the following reserve funds:

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

Equity reserves include the following notable funds:

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



Financial statements

Note 14: Statement of commitments

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

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

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

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

Note 15: Statement of Contingencies

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

Note 16: Related party transactions

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

Council has entered into transactions with related entities during the year. These

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

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

Note 17: Going concern

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

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

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



agencies to negotiate additional financial support and improve our cash position.

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

Note 18: Explanation of major variances against budget

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

Statement of comprehensive revenue and expense

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

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

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

Statement of financial position

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

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

Uncertainty over the water services reform programme

The Water Services Entities Act 2022, establishes four publicly owned water services entities to take over responsibilities for three waters service delivery and infrastructure from local authorities from 1 July 2024, with later legislation proposed to enable the transfer of three waters related assets and liabilities to these water services entities. In April 2023, the Government announced further proposed amendments changing the number of water entities and date of transfer to the new water service entities. There remains a significant amount of uncertainty related to how this will impact the Chatham Islands Council. With this exception, there are no other events after the end of the reporting period that require adjustment to the financial statements or the notes to the financial statements.

Note 20: Non-compliance with Local Government Act

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

Financial statements

Financial prudence graphs

Annual Report disclosure statement for the year ended 30 June 2022

What is the purpose of this statement?

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

Rates affordability benchmark

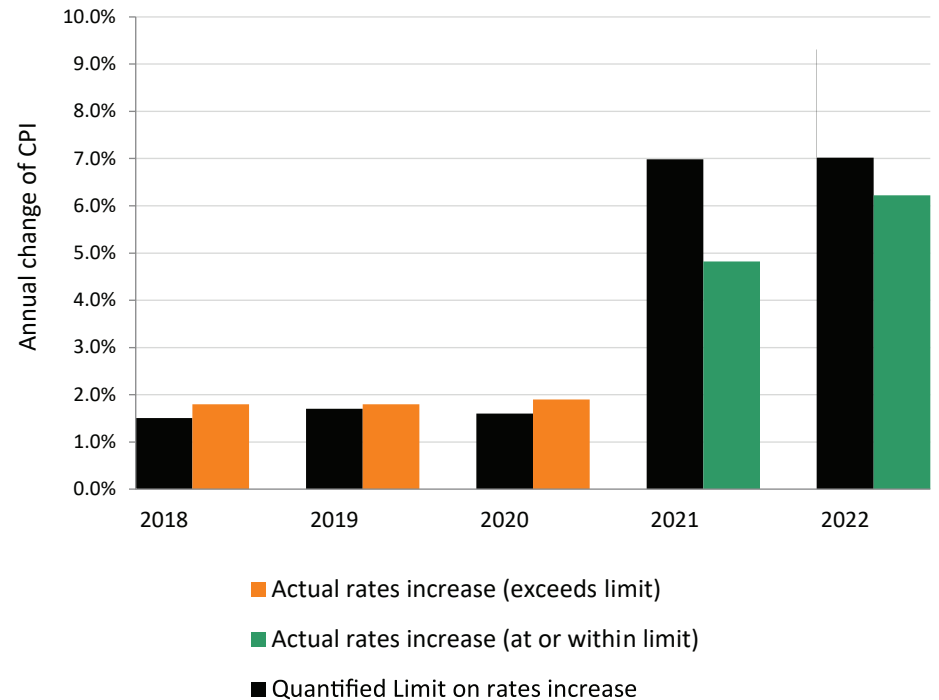
The Council meets the rates affordability benchmark if: its actual rates income equals or is less than each quantified limit on rates and its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following 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. As the majority of Council's income is by way of funding from the Government, movement in rate receipts is considered to have a minimal impact and will not significantly influence project costs therefore no rate limit has been applied.

Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit on rates increases is CPI plus 2%.

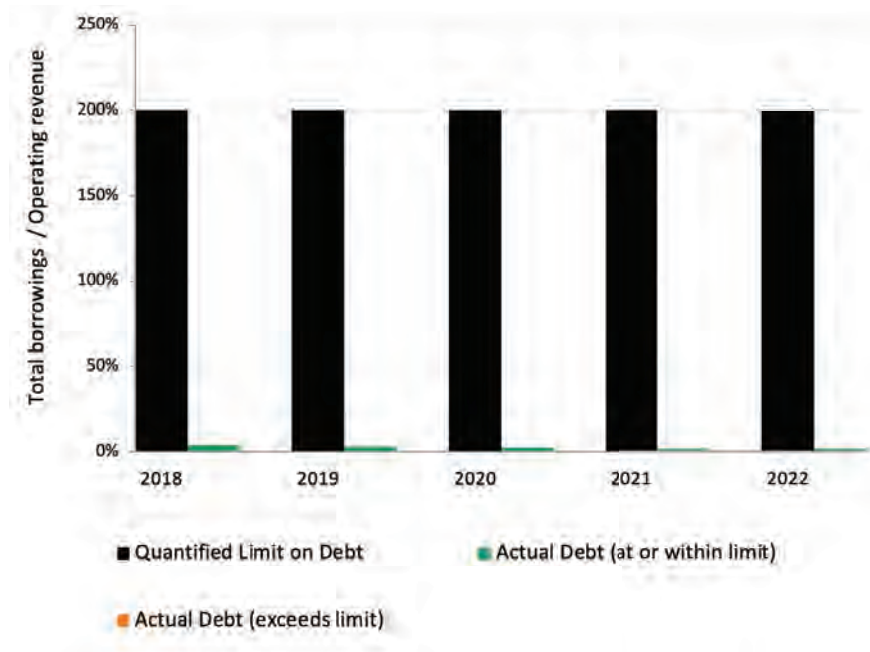




Debt affordability benchmark

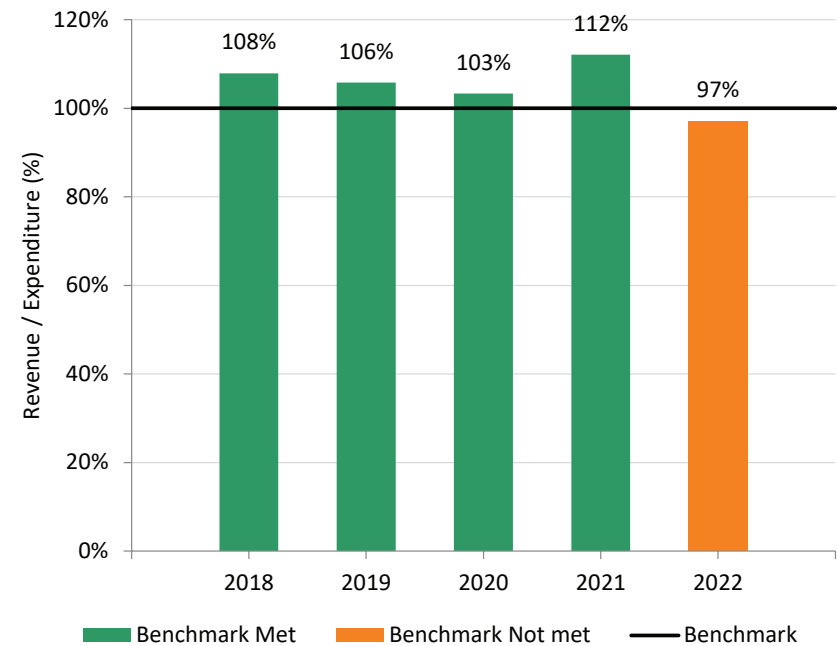
The council meets its debt affordability benchmark if its actual borrowing is within 175% of total revenue (omitting earmarked capital grants).

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

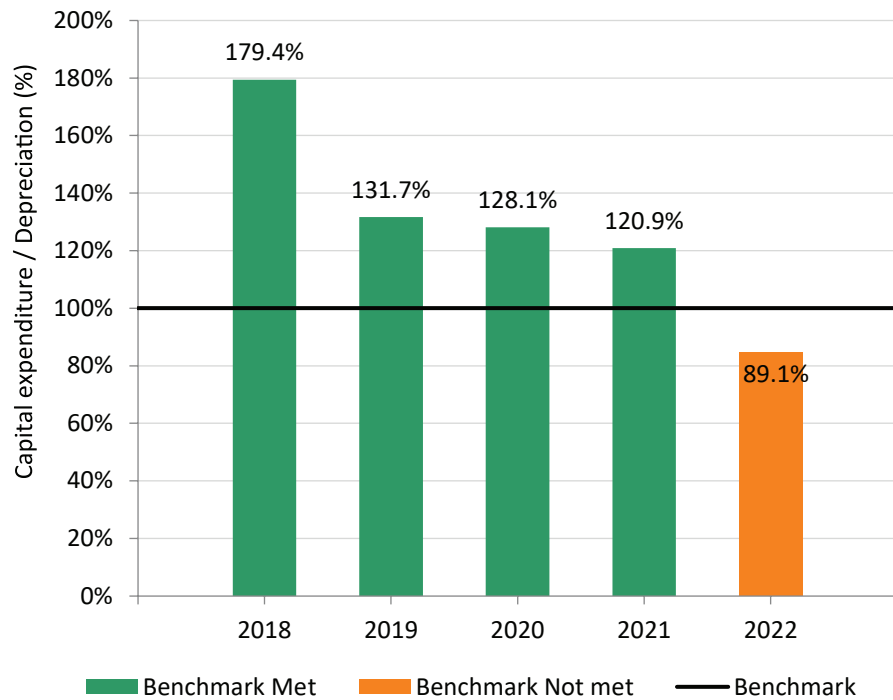
The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial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



Financial statements

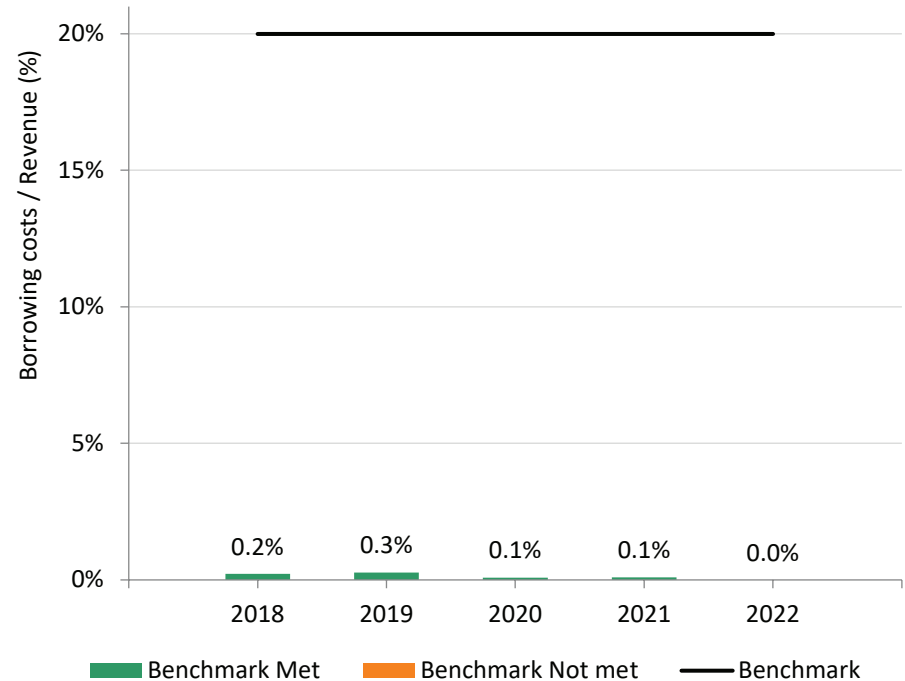
Essential services benchmark

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



Debt servicing benchmark

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

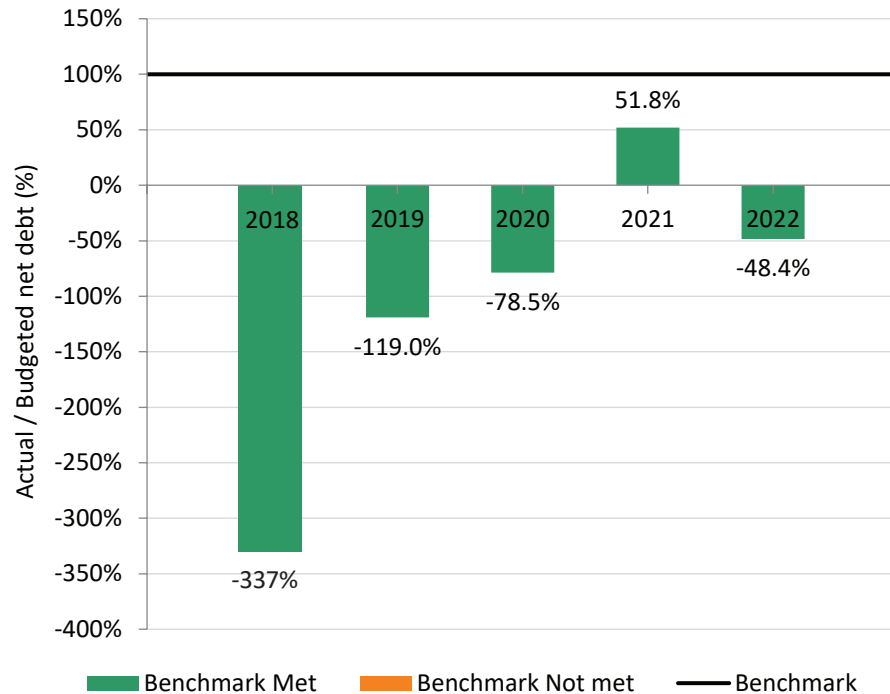




Debt control benchmark

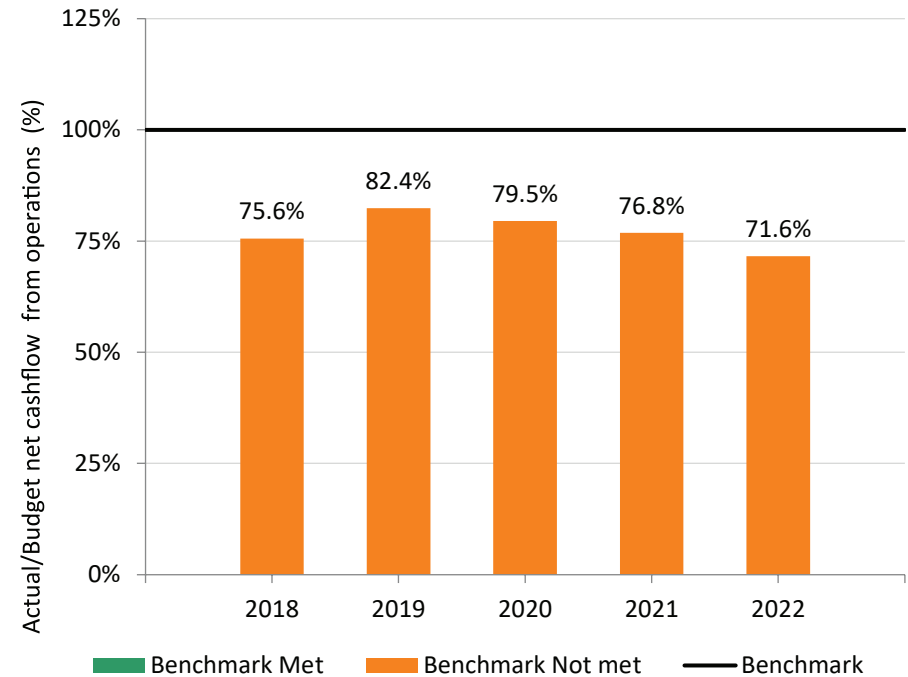
The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables).

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



Operations control benchmark

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



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

Service performance summaries

Leadership and Community Partnerships

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

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

Key activities and rationale for providing the service

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



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

Community outcomes

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

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

Ensure Council decision-making is informed by community participation

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

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



Service performance summaries

Transportation, roading and coastal networks

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

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

Key activities and rationale for providing the service

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





Community outcomes

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

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

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

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

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



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

Enable safe navigation for vessels in the coastal area

Targets	Measure	Result for 2021/22
<p>Manage navigation safety in accordance with leading practice</p> <p>ACHIEVED ✔</p>	<p>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</p>	<p>The Safety Management System is up to date and consistent with the Port and Harbour Marine Safety code. A review has recently been conducted.</p>
<p>Ensure Owenga wharf is available for safe and efficient movement of people, stock, and goods</p> <p>ACHIEVED ✔</p>	<p>Ensure there are no instances of the wharf being unavailable while sea and weather conditions are suitable</p>	<p>There were no instances of Owenga Wharf being unavailable for navigation safety reasons in the 2021/22 year. This is consistent with the 2020/21 year.</p>

Service performance summaries

Three Waters Supply and Treatment

Safe drinking water and appropriate collection, treatment and disposal of wastewater are essential to the health and wellbeing of our people and our environment. The Government has launched the Three Waters Reform programme, which is expected to review how local government delivers its Three Waters service delivery arrangements. The review is expected to be completed by 2023 and is likely to transfer some obligations to a small number of multi-regional entities. The exact size, shape and design of these entities remains unclear. For the purposes of this Long-Term Plan, it is assumed that the responsibility for managing the Three Waters programme (including providing levels of service, collection of rates, and payment of operating and capital expenditure – including any associated debt repayment), will rest with the Council.

Key activities and rationale for providing the service

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

Community outcomes

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

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

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



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

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

Service performance summaries

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

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

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



Manage storm water to minimise and manage flood events

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

Waste Management and Minimisation

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

Key activities and rationale for providing the service




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


Community outcomes

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

Service performance summaries

Provide efficient and effective waste management activities and services

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

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

Community Services and Emergency Management

Development and emergency response

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

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

Key activities and rationale for providing the service

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

Community outcomes

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

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





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

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

Service performance summaries

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

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

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

Environmental Management, Protection and Monitoring

Environmental protection, compliance and planning

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

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

Key activities and rationale for providing the service

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

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



Community outcomes

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

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

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

Service performance summaries

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

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

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

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

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



Service performance summaries

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

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

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

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



Council funding impact statement

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

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

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

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

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



Appendix 1 – Funding impact statements

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

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

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



Appendix 1 – Funding impact statements

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

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

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



Appendix 1 – Funding impact statements

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



Appendix 2 – Glossary of terms

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

Activity

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

Annual Plan

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

Annual Report

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

Asset

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

Asset management plan

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

Capital costs

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

Capital value

Value of land including improvements.

Community outcomes

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

Current assets

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

Current liabilities

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

Depreciation and amortisation

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

Group of activities

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

Imi/Iwi

People or tribe.

Infrastructure assets

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

Land value

Value of land excluding improvements.

Local Government Act 2002

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

Long-Term Plan (LTP)

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

Operating expenditure

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

Operating revenue

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

Operating surplus/(deficit)

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

Performance measures

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

Property, plant, equipment and intangible assets

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

Public equity

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

Regulatory role

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

Resources

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



Service provider

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

Significance

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

Significance policy

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

Statement of cash flows

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

Statement of comprehensive revenue and expense

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

Statement of financial position

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

Sustainable development

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

Wellbeing

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

The organisation

Council

Mayor

Monique Croon

Deputy Mayor

Keri Lea Day

Councillors

Celine Gregory-Hunt

Graeme Hoare

Greg Horler

Richard Joyce

Judy Kamo

Nigel Ryan

Amanda Seymour

Council Staff

Chief Executive

Owen Pickles

owen@cic.govt.nz

Operations Manager

Colette Peni

operations@cic.govt.nz

Emergency Manager/Controller

Rana Solomon

rana@cic.govt.nz

Engineers

Stantec Ltd (Christchurch)

Nigel Lister, Shaun Boshier, Ali Siddiqui

Bryan Peters – Roads and bridges

Richard Bennett, Kristen Norquay –

Water and wastewater

Phil Landmark –

Waste management and minimisation

Contractors

Environment Canterbury

Fulton Hogan Ltd

Resource management

Beca Ltd

Solicitors

Wynn Williams

Bankers

ANZ (Waitangi – Chatham Islands)

Auditors

Audit New Zealand

(on behalf of the Auditor-General)





chatham islands council

Chatham Islands Council
PO Box 24
Tuku Road
Waitangi
Chatham Islands

Ph: (03) 3050 033
(03) 3050 034
Fax: (03) 3050 044
Email: info@cic.govt.nz
Web: www.cic.govt.nz
R22/9

Independent Auditor's report

To the readers of Chatham Islands Council's annual report for the year ended 30 June 2021

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.

We completed our work on 16 December 2021. This is the date on which we give our report.

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 2020; 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 54, 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 annual plan;
- the statement of service performance summaries on pages 35 to 53:
 - > presents fairly, in all material respects, the Council's levels of service for each group of activities for the year ended 30 June 2021, 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

- > complies with generally accepted accounting practice in New Zealand.
- the statement about capital expenditure for each group of activities on pages 55 to 59, presents fairly, in all material respects, 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 55 to 59, 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 32 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 plan and annual plans.

Emphasis of matter – Impact of COVID-19

- Without modifying our opinion, we draw attention to the disclosures about the impact of COVID-19 on the Council set out in note 18 to the financial statements.



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 summaries, 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

Independent Auditor's report

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.

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 comprises the information included on pages 1 to 8, 12 and 61 to 63, but does not include the audited information and the disclosure requirements.

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





Chatham Islands Council

Summary Annual Report 2021/22

Our people, our Islands, our future



chatham islands council

Profile of the Chatham Islands

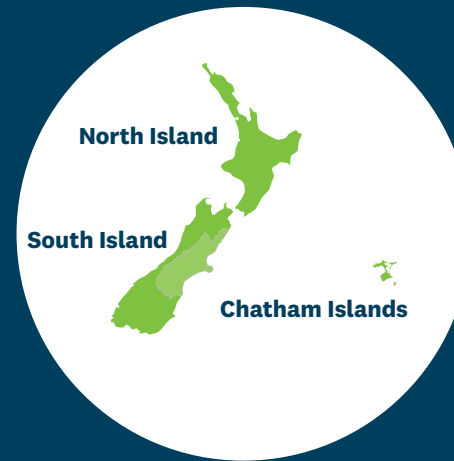
The Chatham Islands and its people are a unique community, isolated by 800 kilometres of ocean from mainland New Zealand.

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

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

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

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



The Islands at a glance

Usually 660 people live in the Chatham Islands.

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

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

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

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

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

Source: Statistics New Zealand 2018 Census Data

Mayor and Chief Executive's report

Kioranga, kia ora, greetings,

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

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

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

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

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

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

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

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

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

Monique Croon
Mayor

Owen Pickles MNZM JP
Chief Executive

2021/22 in review

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

Sustainable water and wastewater

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

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

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

Waste management strategy and progress

In August 2021 the Council contracted Fulton Hogan Ltd to operate its waste management activities.

Working closely with Fulton Hogan, Council's engineers Stantec, and the Ministry for the Environment, the waste management activity made substantial progress during the year under review. Funding for a weigh bridge facility and a new waste recovery building was secured. The sanitary landfill began to receive waste.

Roading programme of works

Roading works have progressed in accordance with our asset management plan. Roothing is the Council's largest area of expenditure with an approved programme of approximately \$4m annually. Roothing is supported by Waka Kotahi as part of the land transport programme with a financial assistance rate of 88%.

Council office

The Ngati Mutunga O Wharekauri Iwi Trust Asset Holding Company funded new office facility was completed in December 2021 with the Council moving into the facility in January 2022.

The building along with the adjoining museum were officially opened by the Prime Minister Rt Hon Jacinda Adern on 25 November 2022.

Communications upgrade

In December 2021 cell phone coverage went live on the Chatham Islands as part of the Governments RB2 project which also provided improved broadband services.

While not funded by the Council, the completion of this project was the result of nearly 10 years of lobbying, so it was very satisfying to see this finally happen.

Climate change

As a group of islands, we are increasingly vulnerable to the impacts of climate change. Any changes to the land or water level poses a threat to our way of life for current and future generations. Council is committed to taking a collaborative approach to addressing and identifying local causes and impacts of climate change, which includes strategically varying our core Council infrastructure and internal policies to reduce or mitigate any greenhouse gas emissions. We are working to protect and enhance our natural environment to ensure we meet our obligations. We take these steps to enable our community to remain buoyant in response to any climate changes.

Looking forward

Over the next ten years the Council will endeavour to progress current projects that contribute to enhancing the wellbeing of the community and realizing community outcomes.

Key projects include:

- Making safe repairs to Kaingaroa wharf
- Repairs to Owenga wharf
- Community housing upgrades
- A new emergency management operations centre
- Roothing projects



Overview of our financial performance

Our aim, as part of our financial strategy, is to ensure Council can continue to provide effective services now and into the future by:

- Managing funds in a financially prudent manner with the aim of achieving a balanced budget each year, and ensuring projected operating revenues are at a level sufficient to meet that year's projected operating expenses.
- Advocating for sustainable and committed funding from the Government and to fully utilise available subsidies and, where possible, searching for alternative sources of funding through user pays or other partnerships.
- Ensuring rates and council dues are affordable by limiting rates increases to align with expected rates of inflation and not adjusting council dues charges.
- Maintaining current levels of service provided, with an expectation that service levels will only increase where external support is provided.
- Focusing on maintaining core services and infrastructure as cost-effectively and efficiently as possible, ensuring that funding efficiencies remain of paramount importance.
- Developing Council's capacity and capability to build, maintain and renew assets by limiting expenditure to where it is reasonable and economic to do so. Council interprets this as only progressing projects which are fully funded either by way of capital grant or where Council has an ability to borrow and repay debt. Such an approach may defer projects, which may result in a higher risk of asset failure and the asset deteriorating at a faster rate over time.

Our financial performance

This overview provides a summary of our results for the 2021/22 financial year. Our focus during the year has been on managing our finances prudently and operating within the confines of our financial assistance packages provided by the Crown and rates received from our community.

The Council's net loss (before revaluation movements) of \$0.3 million is unfavourable compared with the 2021/22 year of the 2021-31 Long-Term Plan, which estimated an operating surplus of \$1.88 million. This is due in part to the additional non-capital elements of expenditure related to the Museum community complex costs, increased expenditure on insurance which is reflective of the higher risk of natural disaster and the enhanced repair costs, and lastly, increased travel expenditure related to the Kiwi Can Do programme.

Our Council rates remain in line with inflationary movements and council due charges remain unchanged for the year. Council remains committed to ensuring rates paid by our community remain affordable and comparable with other similar Councils.

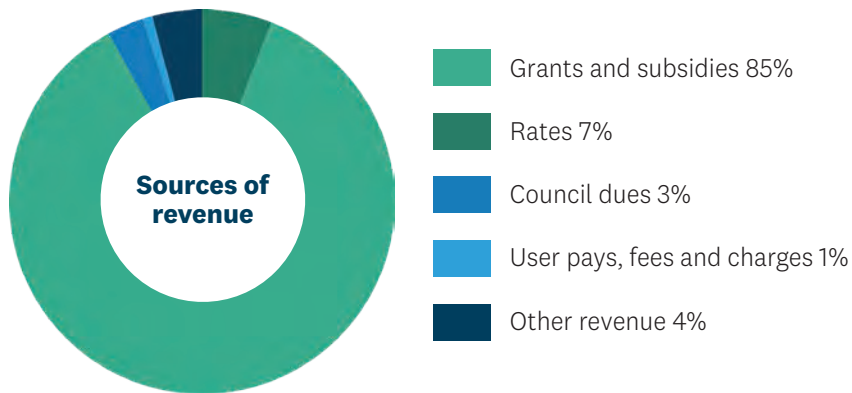
The Council ended the year with an improved cash position, moving from an overdraft of \$0.26 million in 2020/21, to a positive balance of \$0.05 million, which was below the closing cash position expected in the 2021/22 year of the 2021-31 Long-Term Plan.

Overview of our financial performance

Our sources of funds

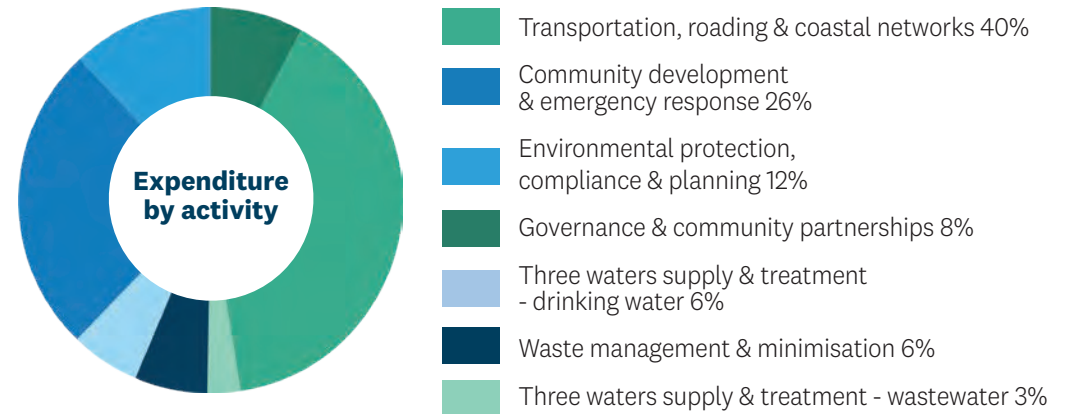
Council receives income from a range of sources but is primarily reliant on central government grants to remain operational. The budget assumed funding would be provided during the year to support on-Island projects, including infrastructural development integral to improving facilities for our community.

A summary of our funding sources for the year is detailed in the graph below:



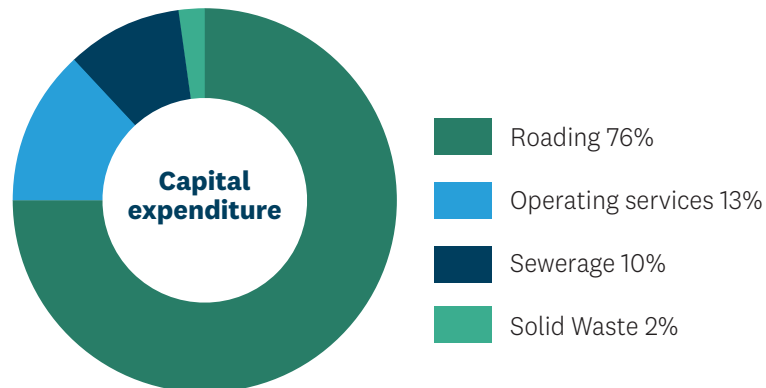
Our allocation of funds

Operating expenditure by activity is summarised in the graph below; the largest portion of expenditure relates to on-island transportation, roading and coastal networks, with particular emphasis on the roading network.



Our capital expenditure

The graph below summarises the Council's capital expenditure programme by area. Our capital expenditure primarily relates to maintaining and improving our roading infrastructure.



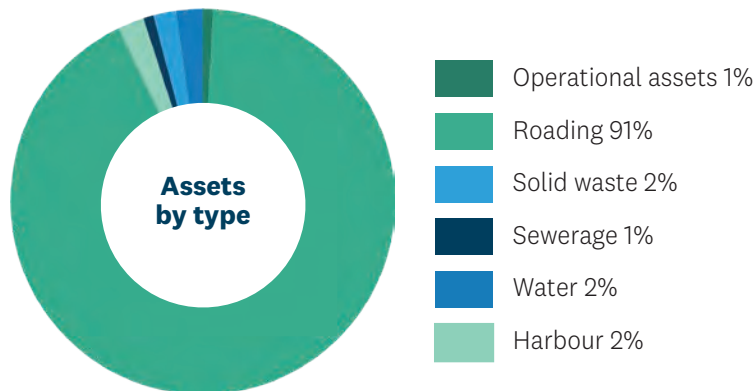
Council performance during 2021/22

Our assets and capital works programme

Council holds long-term assets of \$98.7 million, including operational and infrastructure assets. When investing in infrastructure, we consider affordability to the Council and ratepayers, electing to defer capital works until funding can be secured. This means our financial position remains healthy and debt low. However, the cost to the community is that critical work where funding cannot be secured, such as with our water and wastewater infrastructure is often delayed, with levels of service experienced by our community being below expectation.

With the Council unable to invest in infrastructure outside of roading works, asset quality is likely to deteriorate over time. In addition, this reduces the quality of service that we can offer to our residents and increases the risk of asset failure. Infrastructural assets were revalued as at 30 June 2022, with an increase in value of \$14.2 million recognised.

The graph below summarises the Council's capital expenditure programme by area. Our capital expenditure primarily relates to maintaining and improving our roading infrastructure.



The Council has six groups of activities, over which we set our desired performance targets to the community. The summary of our level of service performance against these targets, is included below:

Leadership and Community Partnerships

4 of 4 targets met

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. 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.

- All annual planning, reporting and Council meeting responsibilities were met.
- Our 2021/22 survey highlighted that enhanced communication to residents was received throughout the financial year. Residents felt council decisions captured the voice of the community during the decision-making process.

Transportation, roading and coastal networks

6 of 9 targets met

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. 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.

- Low levels of harm were experienced on the roads in the financial year.
- The road roughness was maintained at an acceptable level per the standards on the NAASRA road classification system.
- Council staff responded to all customer service requests relating to the road or footpath network within five working days.
- There were no instances of the Owenga wharf being unavailable during suitable sea and weather conditions.

Council performance during 2021/22 (continued)

Three Waters Supply and Treatment

11 of 14 targets met

Safe drinking water and appropriate collection, treatment and disposal of wastewater are essential to the health and wellbeing of our people and our environment. The Government has launched the Three Waters Reform programme, which reviews how local government delivers its Three Waters service delivery arrangements. 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.

- The Council responded in a timely manner to reports of faults or unplanned interruption to its networked reticulation system. Resolution of urgent callouts were all completed within the desired timing of 8 hours. In addition, no reports of faults were noted for the wastewater system.
- Residents were satisfied with the storm water management with no complaints received.
- A temporary boil water notice was issued in the 2021/22 financial year for the Kaingaroa Water Supply Scheme from February to March 2022. This boil water notice was prolonged in part due to COVID-19 restrictions at the time.
- The majority of surveyed residents noted that they were satisfied with the wastewater system. There were no complaints received regarding the sewerage system in the financial year. The Council continues to seek funding to carry out remedial works to maintain an appropriate level of service.

- Storm water discharge remained compliant with the Resource Management Document. No discharge notices issued, or other noncompliance event identified in the financial year.

Waste Management and Minimisation

2 of 8 targets met

Waste management facilities provide refuse and recycling services to protect the health of our communities and our environment.

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.

- Surveyed residents noted that 66% of respondents were generally satisfied or very satisfied with the landfill and recycling service, and associated ease of use.
- Ensured communication and engagement activities were undertaken regularly with the Council providing a monthly newsletter which gave residents information on waste management services. Additionally, signs have recently been installed at the transfer stations to assist residents with understanding what materials can be recycled and where they need to be deposited.

Community Services and Emergency Management

2 of 7 targets met

Council provides facilities for the enjoyment and use of our community, including community housing, parks and reserves, sports fields, the library, and emergency management services. These contribute to the development of a healthy, active, functioning community. Council also seeks to provide an efficient and effective system of emergency management response and planning that minimises the potential effect of all hazards on the community and the environment.

- Our 2021/22 survey highlighted 76% of the residents who completed the annual satisfaction survey felt they were prepared or well prepared for an emergency. The Council remains focused on prioritising emergency management preparedness due to the importance of the Island being ready for any emergency, given the Island's level of isolation.
- All complaints about operations and facilities were investigated and responded to in a timely manner.

Environmental management, protection and monitoring

13 of 14 targets met

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.

- No breaches of the Resource Management Act 1991 or consent conditions were reported in 2021/2022 to investigate further.
- We are processing liquor licences within statutory timeframes. There were no issues of non-compliance identified with our food premises for the year.
- The Council has undertaken the underwater surveillance programme on all ports on Chatham and Pitt Islands, notifying the Ministry for Primary Industries of any pest incursions.

Financial overview



The full 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), and comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS). The 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. The summary financial statements are for the year ended 30 June 2022 and are presented in New Zealand dollars with all values rounded to the nearest thousand (\$000). The summary financial statements comply with PBE FRS-43, but not the Local Government Act 2002, which requires the Annual Report and Summary Annual Report to be audited. The financial statements were authorised for issue by Council on 29 June 2023.

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2022

	Actual 2021/22 \$000	Long term plan 2021/22 \$000	2020/21 \$000
Rates	708	631	625
Grants & subsidies	9,101	9,421	10,626
Other revenue	658	786	880
Total revenue	10,467	10,838	12,131
Financial costs	13	6	11
Other expenditure	10,770	9,080	10,920
Total expenditure	10,783	9,086	10,931
Share of surplus of associate	(4)	133	118
Increase/(decrease) in revaluation reserve	13,490	-	-
Total comprehensive revenue and expense	13,170	1,885	1,318

Statement of Changes in Equity for the year ended 30 June 2022

	Actual 2021/22 \$000	Long term plan 2021/22 \$000	2020/21 \$000
Equity at the start of the year	83,716	83,682	82,398
Total comprehensive revenue and expense	13,170	1,885	1,318
Equity at the end of the year	96,886	85,568	83,716

Statement of Financial Position as at 30 June 2022

	Actual 2021/22 \$000	Long term plan 2021/22 \$000	2020/21 \$000
Current assets	883	1,784	1,772
Non-current assets	97,965	86,225	84,665
Total assets	98,848	88,009	86,437
Current liabilities	1,827	1,875	2,565
Non-current liabilities	135	567	156
Total liabilities	1,962	2,442	2,721
Net assets	96,886	85,567	83,716
Total public equity	96,886	85,567	83,716

Statement of Cash Flows for the year ended 30 June 2022

	Actual 2021/22 \$000	Long term plan 2021/22 \$000	2020/21 \$000
Net cash flow from operating activities	3,030	4,231	2,155
Net cash flow from investing activities	(2,525)	(3,776)	(1,988)
Net cash flow from financing activities	(31)	(34)	(37)
Increase/(decrease) in cash held	474	421	130
Opening cash balance	(261)	91	(391)
Closing cash balance	212	512	(261)

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements. A copy of the full 2021/22 Annual Report can be found on our website or at our office.

The organisation

Council

Mayor

Monique Croon

Deputy Mayor

Keri Lea Day

Councillors

Celine Gregory-Hunt

Graeme Hoare

Greg Horler

Richard Joyce

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Colette Peni

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Emergency Manager/Controller

Rana Solomon

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Engineers

Stantec Ltd (Christchurch)

Nigel Lister, Shaun Boshier, Ali Siddiqui

Bryan Peters – Roads and bridges

Richard Bennett, Kristen Norquay –

Water and wastewater

Phil Landmark –

Waste management and minimisation

Contractors

Environment Canterbury

Fulton Hogan Ltd

Resource management

Beca Ltd

Solicitors

Wynn Williams

Bankers

ANZ (Waitangi – Chatham Islands)

Auditors

Audit New Zealand

(on behalf of the Auditor-General)





chatham islands council

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R22/9

5. COMMUNITY SERVICES

Council Meeting 29 June 2023 Special

5. COMMUNITY SERVICES

5.1 Vault Door

Date of meeting	29 June 2023
Agenda item number	5.1
Author/s	Owen Pickles, Chief Executive

Purpose

Decision paper for Council to consider the request from the Clay Target Club.

Recommendation:

THAT the Council donates the vault door and frame to the Clay Target Club.

Background

Attached is a letter from the Chatham Islands Clay Target Club requesting to purchase the vault door and frame that is in the old Council office.

The door is surplus to requirements and would be well utilised by the Clay Target Club.

Council could treat it as a donation to a community organisation.

Attachments

1. Letter from the Chatham Islands Clay Target Club

22 June 2023

Owen Pickles
Chatham Islands Council

Dear Councillors

Regarding the old vault door and frame situated at the old Council building

We, the Clay Target Club, would like to request to purchase the vault door and frame currently sitting in the old Council building.

As the new security laws come into being, part of the new laws of registration for the Clay Target Club, is a secure room for ammunition etc.

On behalf of
Chatham Islands Clay Target Club

Nigel Ryan (Secretary)

A handwritten signature in black ink, appearing to read 'N. Ryan', is written over a long, thin horizontal line that extends from the signature towards the right edge of the page.

6. REGULATORY

Council Meeting 29 June 2023 Special

6. Regulatory

6.1 Subdivision Consent CIC/2023/003

Date of meeting	20 July 2023
Agenda item number	6.1
Author/s	Paul Whyte, Beca

Purpose

To approve the subdivision consent CIC/2023/003.

Recommendations

Subdivision Consent (CIC/2023/001)

- (i) That pursuant to Section 95A-G the application does not require public notification or limited notification.
- (ii) That pursuant to Sections 104 and 104C of the Act Council grants consent to:

Subdivide a site located at North Road, Chatham Island legally described as Kekerione 36A2B Block contained in Record of Title (RT) WN6D/105 Lot 1 into proposed Lot 1 (comprising 25.0272 ha) and proposed Lot 2 (comprising 8.5996ha).

General

1. The proposed activity must be undertaken in general accordance with the information and plans provided with the resource consent application dated 26th May 2023

Accessways

2. The location of any accessways shall be confirmed on site by Council's Engineer, prior to construction commencing, to ensure visibility to approaching vehicles on North Road is maximised.
3. That any accessway to new Lots 1 and 2 shall have side slopes battered at a maximum gradient of 1 in 3 (33%) or as agreed by the Council Engineer prior to construction.
4. Any culvert crossings and inlet / outlet structure to be constructed for each lot must adhere to Council's standard drawings for rural accessways, with culvert pipe size and length to be agreed with the Council Engineer prior to construction. Culvert construction shall be in general accordance with Council's standard drawings 004 and 005 (attached).
5. The design and construction of the accessways to Lots 1 and 2 shall be in general accordance with Council's standard drawing 005 (attached).

Geotechnical Investigation

6. Pursuant to Section 221 of the Resource Management Act 1991 a consent notice shall be imposed on the Record of Titles for Lots 1 and 2 advising as follows –

(i) Geotechnical Investigation

Prior to any future dwellings being constructed on Lots 1 and 2, a geotechnical assessment must be provided as part of the building consent for each individual dwelling.

Background

An application has been received to subdivide a site located at North Road, Chatham Island, legally described as Kekerione 36A2B Block contained in Record of Title (RT) WN6D/105 into proposed Lot 1 (comprising 25.0272 ha) and proposed Lot 2 (comprising 8.5996ha).

Resource Management Report for Chatham Islands Council CIC/2023/003

Applicant:	Chevena Hough
Application:	To subdivide a site located at North Road, Chatham Island, legally described as Kekerione 36A2B Block contained in Record of Title (RT) WN6D/105 into proposed Lot 1 (comprising 25.0272 ha) and proposed Lot 2 (comprising 8.5996ha).
Site Description:	North Road, Chatham Island
Zoning:	Rural Zone of the Chatham Islands Resource Management Document (CIRMD).
Type of Activity:	Subdivision Consent – Discretionary Activity

1. Introduction

This report is prepared by Paul Whyte, Senior Planner of Beca Ltd for the Chatham Islands Council (the Council). The report reviews the application for resource consent and addresses the relevant information and issues raised. It should be emphasised that any conclusions reached, or recommendations made in this report are not binding on the Council.

2. The Application

The proposal is to subdivide a site located at North Road, Chatham Island, legally described as Kekerione 36A2B Block contained in Record of Title (RT) WN6D/105 into proposed Lot 1 (comprising 25.0272 ha) and proposed Lot 2 (comprising 8.5996ha).

The site currently straddles North Road, and the subdivision will result in a lot being created either side of North Road as shown in Figure 1. The site is in an existing rural area, 4.1km south of North Road/Air Base Road intersection and 3.0km north of the North Road/Rapanui Road intersection.

The site is described in the application as being generally gentle undulating terrain which is divided by North Road. Currently vacant, the land is used for pastoral grazing. The site fronts Te Whanga Lagoon to the east although the land is steep and vegetated with limited access. The eastern extent of the lot is covered by both native and invasive mature vegetation. To the west, the site adjoins the Pacific Ocean (Petre Bay) consisting mostly of steep cliff faces and a small portion of beach. There are currently no on-site services such as electricity, stormwater, or drainage which service the property.

The application indicates that no building consents have been applied for at this stage. The applicant has no immediate intentions to apply for any building consents, and the subdivision is intended to provide a further title.

The application notes that the proposed allotments have legal frontage with North Road. The current physical access is via farm gates at the southern end of the property's road frontage adjoining North Road. These vehicle crossings are informal and will continue to be used for pastoral grazing of the site. As the site will continue to be used for farming purposes in the foreseeable future, the applicant proposes the upgrade of any vehicle crossings be addressed at any future building consent stage.

The applicant notes that both allotments are of sufficient size to accommodate on-site servicing and all servicing requirements can be addressed at any future building consent stage.

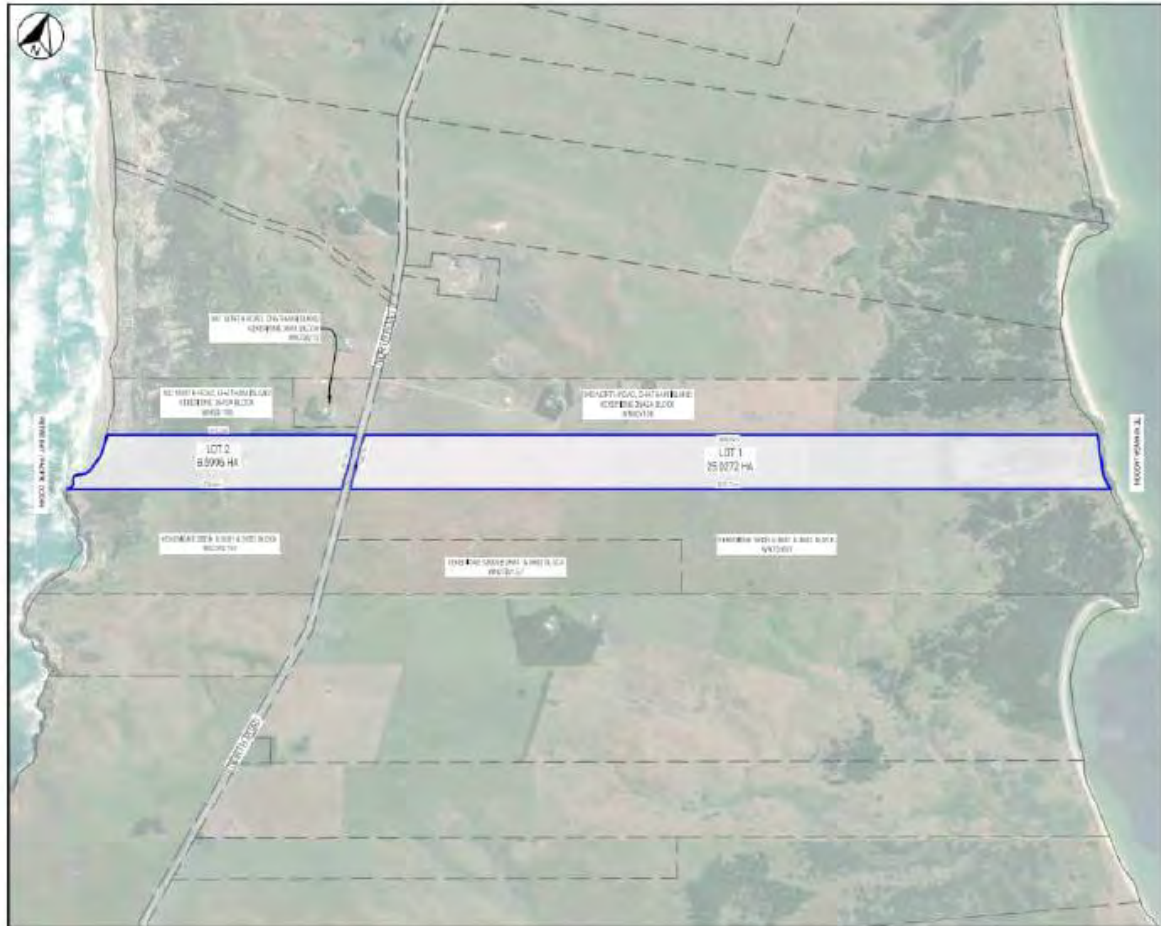


Figure 1

In terms of a geotechnical investigation, the applicant proposes the following consent notice be issued on the new titles as follows:

Pursuant to 221 of the Resource Management Act 1991 a consent notice shall be imposed on the Records of Titles for Lots 2 and 3 advising as follows:

a) "All future development on Lot # shall require a geotechnical investigation to identify a suitable building platform or alternative solutions are to be provided by a suitably qualified geotechnical engineer which are subject to approval of the Council.

The applicant has confirmed that a HAIL (Activities and Industries List) activity to the best of knowledge has not been carried out on the site.

3. Resource Consent Required

The site is located in the Rural Zone of the CIRMD.

In the CIRMD, the development is a **discretionary activity** as per Rule 5.3.4.12 (ii) given that part of the site is within 100m of MHWS.

Accordingly, sections 104 and 104C of the RMA are particularly relevant.

The application notes that the CIRMD planning maps show a spatial overlay of the Covenant N45 – R Tuuta Big Bush Covenant over part of the site and noted in Appendix 1 to the CIRMD as “being actioned”. The application notes that the status of this covenant was not finalised and the Department of Conservation(DOC), who administer these types of covenants was contacted and confirmed that there is no covenant over the subject parcel. As such I consider Rule 5.3.4.25 of the CIRMD relating to sites in Appendix 1 is not relevant.

4. Notification/Non-Notification

I have reviewed sections 95 and 95A – 95G as amended by the Resource Legislation Amendment Act and am satisfied that the proposal does not require public notification pursuant to these sections. In particular, I note that:

- The Consent Holder has not requested public notification (section 95A(3)(a));
- Public notification is not required under section 95A (section 95A(3)(b));
- The application does not include a proposal to exchange reserve land (section 95A(3)(c));
- Notification of the application is not required by a rule or national environmental standard (sections 95A(5)(a) and 95A(8)(a));
- The application will not have adverse effects that are more than minor (section 95A(8)(b)); and
- There are no special circumstances that would warrant public notification (section 95A(9));

In respect of limited notification, the effects are considered to be less than minor in terms of Section 95E of the Act and as such there are no affected parties.

5. Assessment of Environmental Effects

In terms of effects, Rule 5.3.4.12 of the CIRMD lists Assessment Criteria for subdivision applications which is set out below. Regard has also been had to the applicant’s assessment contained in the AEE.

(a) Whether the size and shape of the allotments are adequate for the proposed use

The proposed lots are of regular shape and their respective areas appear appropriate for rural or ultimately “rural residential” purposes and provide adequate area for servicing.

(b) Whether the size of the proposed allotments will maintain the amenity of the rural zone

Generally, it is considered the proposed will maintain the existing rural amenity. The lots are of reasonable area and future dwellings are able to be accommodated on the sites in terms of bulk and location requirements. The site is not located on a prominent ridgeline or geographical feature, and while there will be a cumulative effect with the addition of two potential dwellings, it is considered any buildings will still be dispersed sufficiently so as not to create any significant effect.

(c) Whether the size, shape and soil permeability is sufficiently adequate to dispose of sewage

Lots 1 and 2 are considered to be of sufficient area to comply with the disposal of sewage. Rule 5.3.4.17 of the Rural Zone relating to discharge of sewage can also be met in terms of setbacks etc.

(d) Whether access can be safely achieved

Access to Lots 1 and 2 will be from North Road. Nigel Lister, Council’s Roading Engineer has advised

the current accessway locations are reasonable from a sightline point of view for vehicles travelling north bound, but North Road drops into a dip 50-60m to the north, so visibility to the accessways is partially restricted for south bound vehicles. Visibility could be maximised if the access ways were relocated further north to be roughly in the middle of the road frontage to coincide with the road crest (refer his email 30/05/23). Mr Lister believes this can be achieved by way of conditions

While the application requests that any upgrade of vehicle crossings is addressed at any future building consent by way of a consent notice for Lots 1 and 2, this option is not favoured by Mr Lister given difficulties in getting the accesses formed under this method. The formation of the accesses is therefore favoured as a condition of subdivision consent. I concur with this view, and note it is the method generally favoured by Council in previous decisions and in accordance with Section 4.12 of the CIRMD.

(e) The effect on the natural character of the coastline

Lot 2 adjoins the CMA but generally it is considered that the character of the coastline will be retained given that it is unlikely any building will occur in proximity to the CMA given the dune nature of the western boundary and the required 100m setback for buildings in the CIRMD. The dunes are also fenced from stock.

(f) To what extent the effects of a natural hazard can be avoided, remedied or mitigated

I generally concur that the subdivision does not increase the risk of a natural hazard occurring in terms of section 106 of RMA. Any future building consent on Lots 1 and 2 will be accompanied by a geotechnical report which will outline the design criteria for buildings to account for the risk of potential coastal inundation and land instability in the area and which will be subject to a consent notice as suggested by the applicant.

While the level of Te Whanga increases when the mouth is closed, the lagoon's water level is actively managed by the Council in conjunction with the Department of Conservation and Imi/Iwi (as per Rule 5.3.4.23) with the mouth opened to the sea when flooding poses a risk to Council's roading network and private land. In my view, this provides sufficient protection for the proposed sites and future dwellings on Lot 1 from inundation, particularly as the site sits above Te Whanga..

(g) The effect on adjoining sites in terms of effluent disposal, stormwater disposal and runoff.

As indicated above, each proposed lot has sufficient area for onsite sewage disposal and stormwater disposal, and able to comply with Rule 5.3.4.17.

(h) the effect on features including outstanding landscapes, significant indigenous vegetation and habitats and imi/iwi values.

The site appears to be relatively modified and in pasture although Lot 1 contains a fenced off area of indigenous vegetation (although as indicated the covenant on the site has not proceeded). Lot 1 adjoins Te Whanga which is identified as an Area of Significant Value (N81 in CIRMD) but it is noted the interface with Te Whanga is generally steep and vegetated and fenced from stock, which along with other CIRMD controls relating to buildings and earthworks should mitigate any effects on the lagoon.

(h) The matter set out in Table 4.12.1 in respect of creation of an esplanade/strip

An esplanade reserve/strip is not required given the lots are in excess of 4 hectares.

(i) The effect on the demand for services

I generally concur there will not be a demand on Council services given the location of the site and the existing development, although it is recommended that vehicle crossings are formed. In general the site can be serviced “on-site” given the area available for effluent and stormwater disposal, roof tanks for drinking water and to meet fire-fighting water supply and availability of “off-grid” services (although electricity supply is available along North Road.)

(j) Compliance with New Zealand Standard 4404.

There does not appear to be any particular standards that are of relevance to the application, apart from the upgrading of the accesses.

5. Objectives and Policies

I generally concur with the applicant’s assessment of the relevant objectives and policies of the CIRMD.

The provisions relating to Te Whanga in 4.2.4 Objective and associated policies (Water Resources) is considered to be met, given the lagoon will not be directly impacted.

The Coastal Environment provisions in Objective in 4.3. and associated policies are generally met given the effects on natural character can be managed.

In terms of the Subdivision provisions (Chapter 4.12) the proposal is considered consistent given the proposed lots are appropriate for subsequent uses; adverse effects do not arise in terms of natural features, heritage items or natural hazards and services are not affected.

In terms of the Rural Zone provisions (Chapter 5.3) the proposal will provide for the wellbeing of the community while ensuring a sustainable resource base for future generations. The openness and character of the Rural Zone will generally be maintained, and amenity values protected (Policy 5.3.3.1).

6. Other matters

I concur with the applicant that the National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health (NES) and the National Policy Statement for Highly Productive Land (NPS-HPL) are not generally relevant to the application.

The proposed conditions have been discussed with the applicant and an agreed set of conditions is set out below.

7. Conclusion

Overall, in terms of Section 104(1)(a) any effects of the proposal on the environment are less than minor and the proposal is consistent with the objectives and policies of the CIRMD in respect of Section 104(1)(b). The application is in accordance with Part 2 of the RMA in that the application will enable social and economic well-being for the community without compromising the environment. Accordingly, the resource consent can be granted subject to conditions.

8. Recommendation

Subdivision Consent (CIC/2023/001)

(i) That pursuant to Section 95A-G the application does not require public notification or limited notification.

(ii) That pursuant to Sections 104 and 104C of the Act Council grants consent to:

Subdivide a site located at North Road, Chatham Island legally described as Kekerione 36A2B Block

contained in Record of Title (RT) WN6D/105 Lot 1 into proposed Lot 1 (comprising 25.0272 ha) and proposed Lot 2 (comprising 8.5996ha).

General

1. The proposed activity must be undertaken in general accordance with the information and plans provided with the resource consent application dated 26th May 2023

Accessways

2. The location of any accessways shall be confirmed on site by Council's Engineer, prior to construction commencing, to ensure visibility to approaching vehicles on North Road is maximised.

3. That any accessway to new Lots 1 and 2 shall have side slopes battered at a maximum gradient of 1 in 3 (33%) or as agreed by the Council Engineer prior to construction.

4. Any culvert crossings and inlet / outlet structure to be constructed for each lot must adhere to Council's standard drawings for rural accessways, with culvert pipe size and length to be agreed with the Council Engineer prior to construction. Culvert construction shall be in general accordance with Council's standard drawings 004 and 005 (attached).

5. The design and construction of the accessways to Lots 1 and 2 shall be in general accordance with Council's standard drawing 005 (attached).

Geotechnical Investigation

6. Pursuant to Section 221 of the Resource Management Act 1991 a consent notice shall be imposed on the Record of Titles for Lots 1 and 2 advising as follows –

(i) Geotechnical Investigation

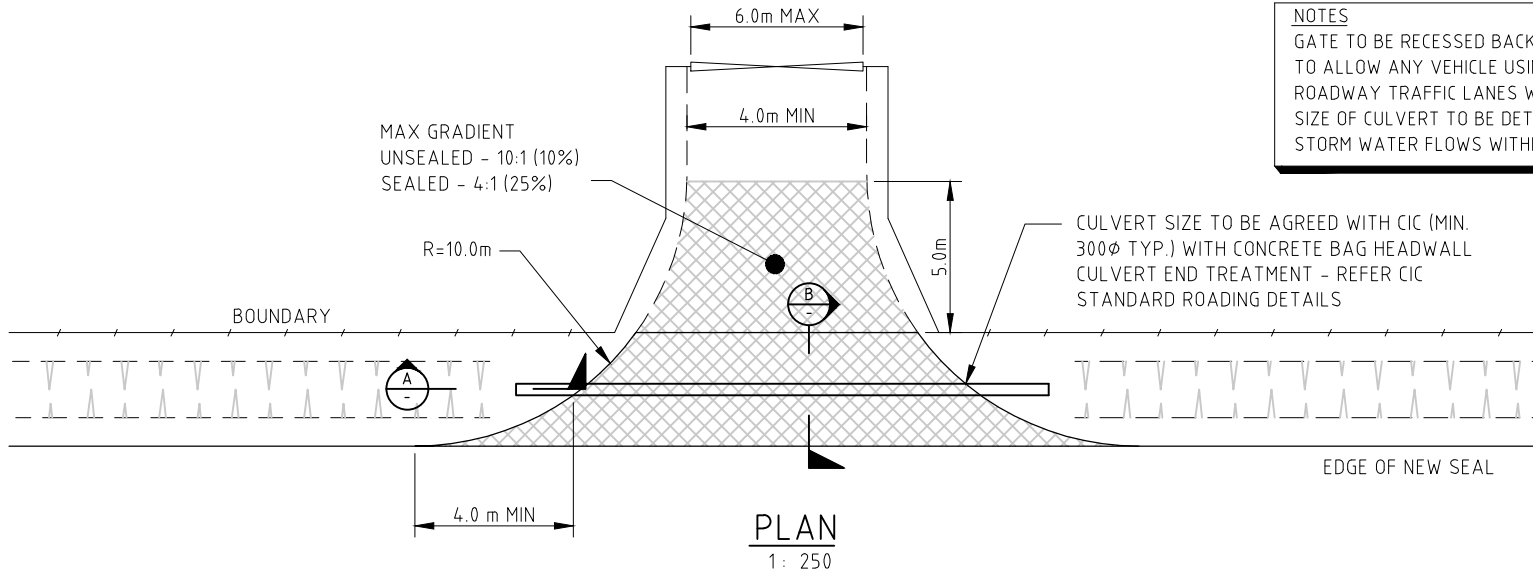
Prior to any future dwellings being constructed on Lots 1 and 2, a geotechnical assessment must be provided as part of the building consent for each individual dwelling.

Paul Whyte
13th June 2023

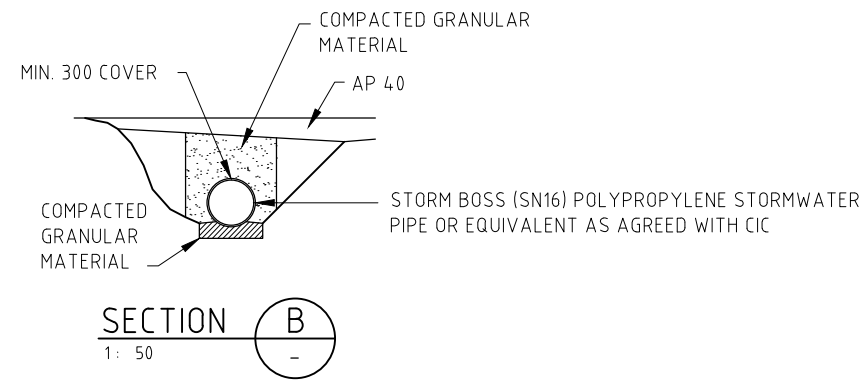
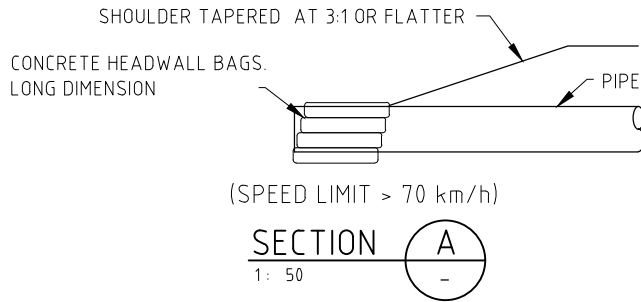
Consultant Planner

DO NOT SCALE - IF IN DOUBT, ASK

ORIGINAL SIZE A4



NOTES
 GATE TO BE RECESSED BACK FROM ROADWAY SUFFICIENT DISTANCE TO ALLOW ANY VEHICLE USING THE DRIVEWAY TO STOP CLEAR OF THE ROADWAY TRAFFIC LANES WHILE THE GATE IS OPENED OR CLOSED
 SIZE OF CULVERT TO BE DETERMINED BASED ON EXPECTED STORM WATER FLOWS WITHIN SWALE.



THE DETAILS ILLUSTRATED ON THIS SHEET ARE BELIEVED TO BE CORRECT AT THE TIME OF PRINTING. PRACTITIONERS SHOULD APPLY, AND RELY UPON, THEIR OWN SKILL AND JUDGEMENT WHILE APPLYING THESE DETAILS. ANY DEVIATION FROM THE DETAILS ILLUSTRATED THAT HAVE BEEN USED IN CONSTRUCTION DRAWINGS SHALL BE HIGHLIGHTED BY THE CONSULTANT TO CHATHAM ISLANDS COUNCIL.

SCALES : AS SHOWN			
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		DESIGNED	TP 09/04
		DRAWN	MH 07/19
A	FOR CONSTRUCTION	CHECKED	SB 07/19
REV	REVISIONS	APPROVED	NL 07/19
	DATE	INITIAL	

CHATHAM ISLANDS COUNCIL
 STANDARD ROADING DETAILS

RURAL / URBAN ACCESS NO KERB

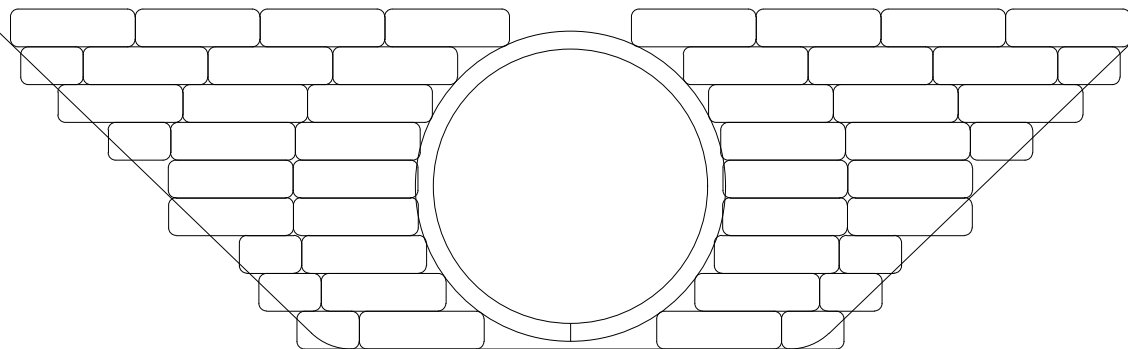
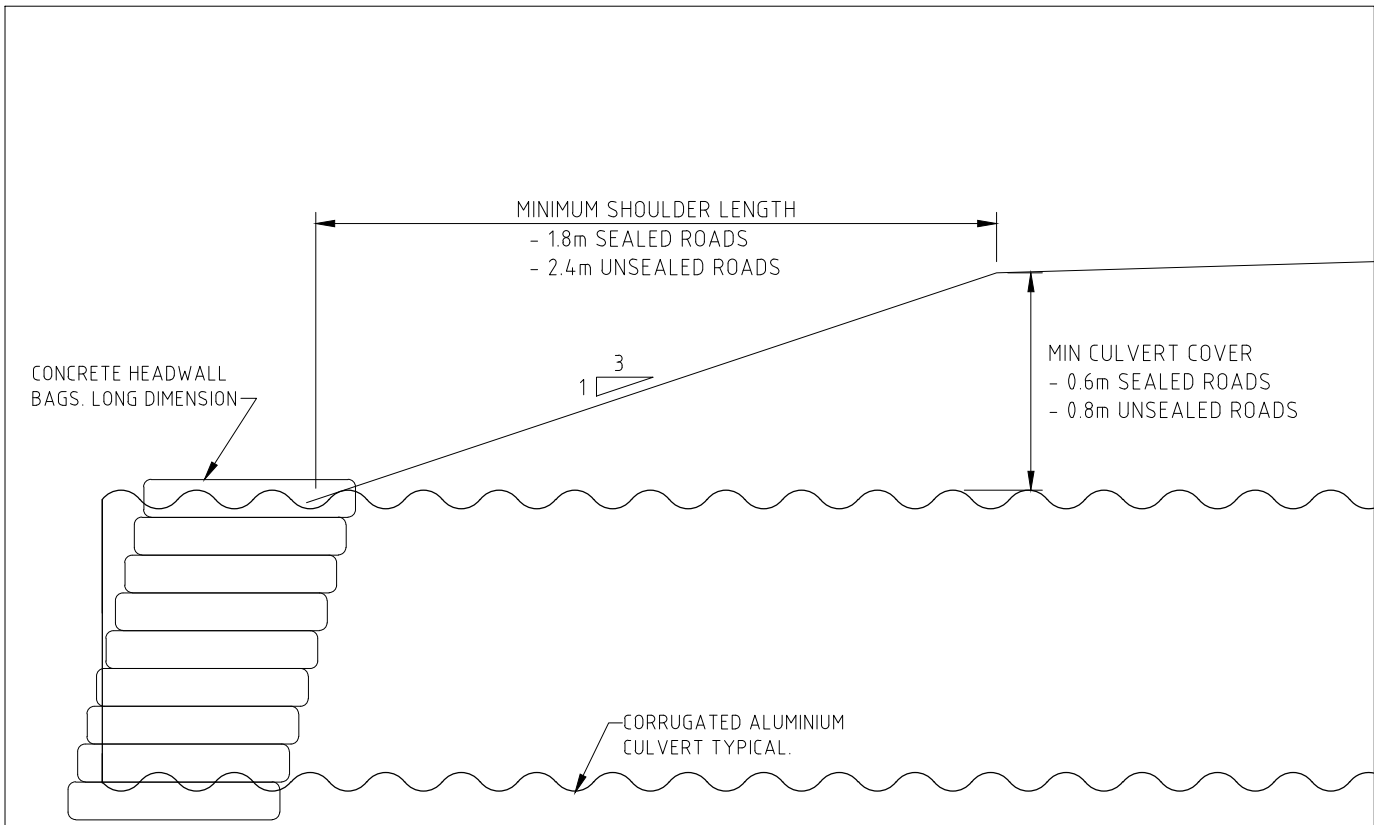


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FOR CONSTRUCTION

Date Stamp
1/03/2020

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ORIGINAL SIZE A4 DO NOT SCALE - IF IN DOUBT, ASK



CONCRETE BAG HEADWALL CULVERT END TREATMENT

1 : 20

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CHECKED	SB	8/15
APPROVED	NL	8/15

CHATHAM ISLANDS COUNCIL
 STANDARD ROADING DETAILS
 CULVERT END TREATMENTS
 CONCRETE BAG HEADWALL OPTION



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Drawing No.	Sheet No.	Rev.
	004	A

6. Regulatory

6.2 Subdivision Consent CIC/2023/003

Date of meeting	20 July 2023
Agenda item number	6.2
Author/s	Paul Whyte, Beca

Purpose

To approve the subdivision consent CIC/2023/003.

Recommendations

Resource Consent (CIC/2022/05)

That pursuant to Sections 104 and 104B of the Act Council grants consent to Chatham Islands Ports Limited (CIPL) and Department of Internal Affairs (DIA) for the exclusive occupation of the Coastal Marine Area adjacent to Port Waitangi Wharves subject to the following conditions:

Conditions

1. The area of exclusive occupation shall be that as shown outlined in outlined in red with black criss-cross hatching red in Figure 1 (CIC/2022/05) below.



2. The exercising of this Coastal Permit shall not prohibit or restrict:
- i) Free access across the waters in the area subject to the permit; or
 - ii) Free non-commercial use of the coastal marine area in the area subject to the permit by any person, except where such restriction is reasonably necessary to allow the operation and management of the port company's port related undertakings.

Advice Note:

The occupation authorised by this permit will at all times be subject to the direction and control of the Harbourmaster pursuant to powers and functions under the Harbours Act 1950 and Regulations and Bylaws made under that Act.

Term of Consent

The consent shall expire on 17th November 2050.

Background

Chatham Islands Ports Ltd and Department of Internal Affairs have made an application for a Coastal Permit for exclusive occupation of the Coastal Marine Area adjacent to Port Waitangi Wharf.

Resource Management Report for Chatham Islands Council (CIC/2022/005)

Applicant:	Chatham Islands Ports Limited (CIPL) and Department of Internal Affairs (DIA)
Application:	Exclusive occupation of the Coastal Marine Area adjacent to Port Waitangi Wharves
Site Description:	Port Waitangi Wharf, Waitangi Wharf - Owenga Road, Port Waitangi
Zoning:	Coastal Marine Area Zone of the Chatham Islands Resource Management Document (CIRMD).
Type of Activity:	Coastal Permit under section 12 of the Resource Management Act (RMA) – Discretionary Activity

1. Introduction

This report is prepared by Paul Whyte, Senior Planner of Beca Ltd for the Chatham Islands Council (the Council). The report reviews the application for resource consent and addresses the relevant information and issues raised. It should be emphasised that any conclusions reached, or recommendations made in this report are not binding on the Council.

2. The Application

The CIPL and the DIA have applied for resource consent (Coastal Permit) for “Exclusive occupation of the Coastal Marine Area (CMA) adjacent to Port Waitangi Wharves.” The application is a discretionary activity under Rule 5.6.11(ii) of the Chatham Islands Resource Management Document (CIRMD)

The area of the proposed occupation is shown below in Figure 3 from the application (outlined in red with black criss-cross hatching).



Figure 3: Waitangi Port: coastal marine area proposed occupation area (red line with black cross-hatching).

The application indicates that at present CIPL and DIA hold a coastal permit relating to the structures at Port Waitangi which confers the right to occupy the CMA in terms of the port structures themselves as per CIC/2015/02 Waitangi Wharf Upgrade. The coastal permit was granted at the time of the wharf replacement project in 2015.

However, CIPL and DIA do not currently hold a coastal permit to exclusively occupy the CMA adjacent to the berthing structures at Port Waitangi. CIPL therefore does not have formal rights under the RMA to control areas adjacent to its berths within the CMA.

The application states that situations have arisen in the past where ships have taken up berthage at the port oblivious to needs of other craft and CIPL has found requesting them to move to another location, in the interests of efficiency, problematic.

Having control of the areas adjacent to the berths in the CMA through a coastal permit (and “exclusive occupation”) means that CIPL can more effectively manage the scheduling of arrivals and departures of ships, their length of stay and berthing location. As noted by the applicant, the application does not involve any physical works or discharges.

Extensive consultation was undertaken by the applicant with various groups in the community and generally there was support (although some of it conditional) for the proposal.

A consent term of 35 years is sought.

The following is proposed by the applicant as a Condition and Advice Note:

Condition

The exercising of this Coastal Permit shall not prohibit or restrict:

- i) Free access across the waters in the area subject to the permit; or*
- ii) Free non-commercial use of the coastal marine area in the area subject to the permit*

by any person, except where such restriction is reasonably necessary to allow the operation and management of the port company's port related undertakings.

Advice Note:

The occupation authorised by this permit will at all times be subject to the direction and control of the Harbourmaster pursuant to powers and functions under the Harbours Act 1950 and Regulations and Bylaws made under that Act.

3. Section 92 RMA letter

A Section 92 RMA email was sent on 7th July 2022 to request further information regarding other coastal permits, definition of “occupy” in the CIRMD, public access, a cultural impact assessment, effluent disposal, the information letter, and the proposed condition.

A response to the request was received on 23rd November 2022.

4. Resource Consent Required

The site is located in the Coastal Marine Area (CMA) Zone of Chatham Islands Resource Management Document (CIRMD). The site is not identified in the CIRMD as being of any particular significance in terms of natural values, heritage, landscape etc.

The site is within Coastal Statutory Acknowledgment Area (as shown on Deed Plan OMCR-064-08) in terms of the Moriori Claims Settlement Act.

Rule 5.6.11.1(i) allows as a permitted activity occupation of the CMA Zone if the occupation is solely by a structure. The proposed occupation is not solely for the occupation by a structure given the occupation is for the port company to manage and control shipping activities adjacent to the wharves.

Accordingly, the proposal is a discretionary activity under Rule 5.6.11.1(ii).

Section 104(1) of RMA states when considering an application for a resource consent and any submissions received, the consent authority must, subject to Part 2, have regard to among other matters—

(a) any actual and potential effects on the environment of allowing the activity; and

(b) any relevant provisions of a number of documents including the following:

- a national policy statement:

- a regional policy statement or proposed regional policy statement:

- a plan or proposed plan; and

-any other matter the consent authority considers relevant and reasonably necessary to determine the application.

These matters are discussed below in Section 5 of the report.

Section 104B of RMA states that after considering an application for a resource consent for a discretionary activity a consent authority may grant or refuse the application; and if it grants the application, may impose conditions under section 108.

5. Notification/Non-Notification

The applicant supplied written approvals from Cray6, Fisherman's Association and Pauamac4, Fisherman's Association, who represent the main commercial users of the wharves.

The application was limited notified under section 95B of RMA to Ngāti Mutunga O Wharekauri Iwi Trust (NMoWIT). No submission was received from this party.

It is also noted that Moriori Imi Settlement Trust, was sent a summary of the actual application by Council pursuant to section 35 of the Moriori Claims Settlement Act. The Trust in an email dated 7th July 2022 advised that the Trust did not see any reasons to object and did not raise any issues. As such, it is considered the Trust is not an affected party.

6. Actual and Potential Effects

Under *Rule 5.6.11 1. Occupation* the assessment criteria include the following

(a) *The availability of alternatives and the justification for the occupation.*

(b) *Effects on public access and other activities.*

The CIRMD goes on to explain:

The occupation of coastal space can affect public access and other activities, and is only allowed for structures which are permitted given that the effects on public access are not significant, or by resource consent on a case-by-case basis.

In terms of (a) above, I generally believe the applicant has provided justification for the occupation given the necessity to manage vessel movements adjacent to the wharves for operational and safety reasons due to the issues that have arisen in the past. In terms of alternatives, it appears that the Chatham Islands Navigation Safety Bylaw 2013, administered by CIC, relates primarily to maritime safety and navigation and it does not have control over such matters as management of arrivals and departures of ships on the wharves.

I also note that other port companies in New Zealand also have mechanisms in place for occupation adjacent to wharves, which is generally achieved through various mechanisms under the RMA.

In terms of (b) above, the applicant has identified public access, navigation safety and tangata whenua values as likely effects. I concur with this and note the following below.

Effects on Public Access

The application and section 92 response notes that public access is available from both the seaward side or landward side to the Small Craft Public Wharf (Area 17), the public car park (Area 1) and the Fishermans Wharf (Area 16) -refer to Figure 3. In addition, there is a formalised public access behind the port operational area at the foot of Tikitiki Hill to the northern beach.

It appears this general availability is not anticipated to markedly change as a result of this application (which only applies to the seaward side of the CMA), with access only restricted in terms of port operations. The proposed condition appears to strike the right balance between public access and port operation management.

It is also noted that public access to the wharves is already restricted by a security fence for safety reasons particularly in respect of the eastern part of the wharf and this situation will not change. I also

note the proposed public is also consistent with Condition 22 Public Access in terms of CIC/2015/02 which relates to the port development.

Overall, I consider effects on public access will not be markedly affected by the proposal.

Effects on Navigation safety

The applicant states that the proposal does not interfere with the responsibilities and functions of persons under the Harbours Act 1950 or the Maritime Safety Authority (as indicated in the proposed Advice Note). The proposal will therefore not affect/restrict the safe navigation of vessels to and from recognised launching, mooring and berthing areas, or affect the functioning of navigation aids.

The applicant notes that in consultation with the Council Harbourmaster, no issues were raised, and the Harbourmaster was supportive of the application.

In these circumstances it is considered that the effects on navigational safety will be negligible as a result of the application.

Effects on Tangata Whenua values

The applicant has undertaken consultation with Ngāti Mutunga O Wharekauri Iwi Trust (NMoWIT), and Hokotehi Moriori Trust. The former have not lodged a submission on the proposal while the latter have not raised any matters of concern during consultation.

As such it can be concluded that any effects on tangata whenua values are acceptable.

Other matters

I also note that the main commercial users of the wharf, Cray6, Fisherman's Association and Pauamac4, Fisherman's Association have given written approval indicating they are satisfied that their operations will not be affected.

The applicant has reviewed the proposed conditions set out in Section 10 of this report and accepts them.

7. Statutory Documents

7.1 National Policy Statement (NPS)

The only relevant NPS appears to be the New Zealand Coastal Policy Statement 2010 (NZCPS). The applicant has identified a number of objectives and policies in Section 9 of the AEE. This includes Policy 6 and Policy 9, which appear to be the most relevant:

Policy 6 includes the need to maintain and enhance public open space and recreation qualities and values of the CMA.

Generally, I believe this policy will be met, given the availability of access to the public and the proposed condition.

Policy 9 provides for ports to be sustainable national transport systems as part of an efficient network of safe ports, servicing national and international shipping.

I note the efficient operation of the Waitangi Wharves is critical to the functioning of the Chatham Islands, and the application will assist in this operation.

In respect of the other provisions of the NZCPS, negligible adverse effects are likely to arise. As indicated above there are no physical changes or discharges proposed.

7.2 Objectives and Policies of CIRMD

The applicant has also undertaken an assessment of the relevant objectives and policies of the CIRMD, which I largely concur with. In particular, the objectives and policies relating to the CMA Zone are met given :

- Amenity Values (Objective 5.6.5 and associated policies) are generally met in that safe navigation and public launching and mooring sites and existing public access will generally not be affected.
- Coastal Processes (Objective 5.6.6 and associated policies) and Water quality (Objective 5.6.7 and associated policies) and Natural Hazards (Objective 5.6.9 and associated policies) are not affected by the proposal given the absence of physical change and discharges.
- Public Access (Objective 5.6.8 and associated policies) are generally met in that it appears that there is not a practical alternative (Policy 5.6.8.1(i)) in order for the port company to safely and efficiently undertake its operations and the effects will not be significant given the existing situation and proposed condition (Policy 5.6.8.1(i)).

Overall, I consider the proposal is consistent with the CIRMD objectives and policies.

7.3 Part 2 of RMA

I consider the CIRMD gives effect to Part 2 of RMA but in any event consider that the proposal is in accordance with Part 2 given that it will provide for social and economic well-being for the community without compromising the environment in a detrimental manner.

8 Term of Consent

The applicant has applied for a term of 35 years, and while I am not generally opposed to this, I consider it makes sense to align the consent with the port development consents which were issued in 2015 for 35 years.

As such the term of consent is recommended to be for 27 years which results in expiry in 2050.

9 Conclusion

Overall, any effects of the proposal on the environment are minor and the proposal is consistent with the objectives and policies of the CIRMD and in accordance with Part 2 of the RMA. Accordingly, the resource consent can be granted subject to conditions.

10 Recommendation

Resource Consent (CIC/2022/05)

That pursuant to Sections 104 and 104B of the Act Council grants consent to Chatham Islands Ports Limited (CIPL) and Department of Internal Affairs (DIA) for the exclusive occupation of the Coastal Marine Area adjacent to Port Waitangi Wharves subject to the following conditions:

Conditions

1. The area of exclusive occupation shall be that as shown outlined in outlined in red with black criss-cross hatching red in Figure 1 (CIC/2022/05) below.



Figure 1 (CIC/2022/005)

2. The exercising of this Coastal Permit shall not prohibit or restrict:

- i) Free access across the waters in the area subject to the permit; or
- ii) Free non-commercial use of the coastal marine area in the area subject to the permit

by any person, except where such restriction is reasonably necessary to allow the operation and management of the port company's port related undertakings.

Advice Note:

The occupation authorised by this permit will at all times be subject to the direction and control of the Harbourmaster pursuant to powers and functions under the Harbours Act 1950 and Regulations and Bylaws made under that Act.

Term of Consent

The consent shall expire on 17th November 2050

Paul Whyte
June 12th, 2023

Consultant Planner