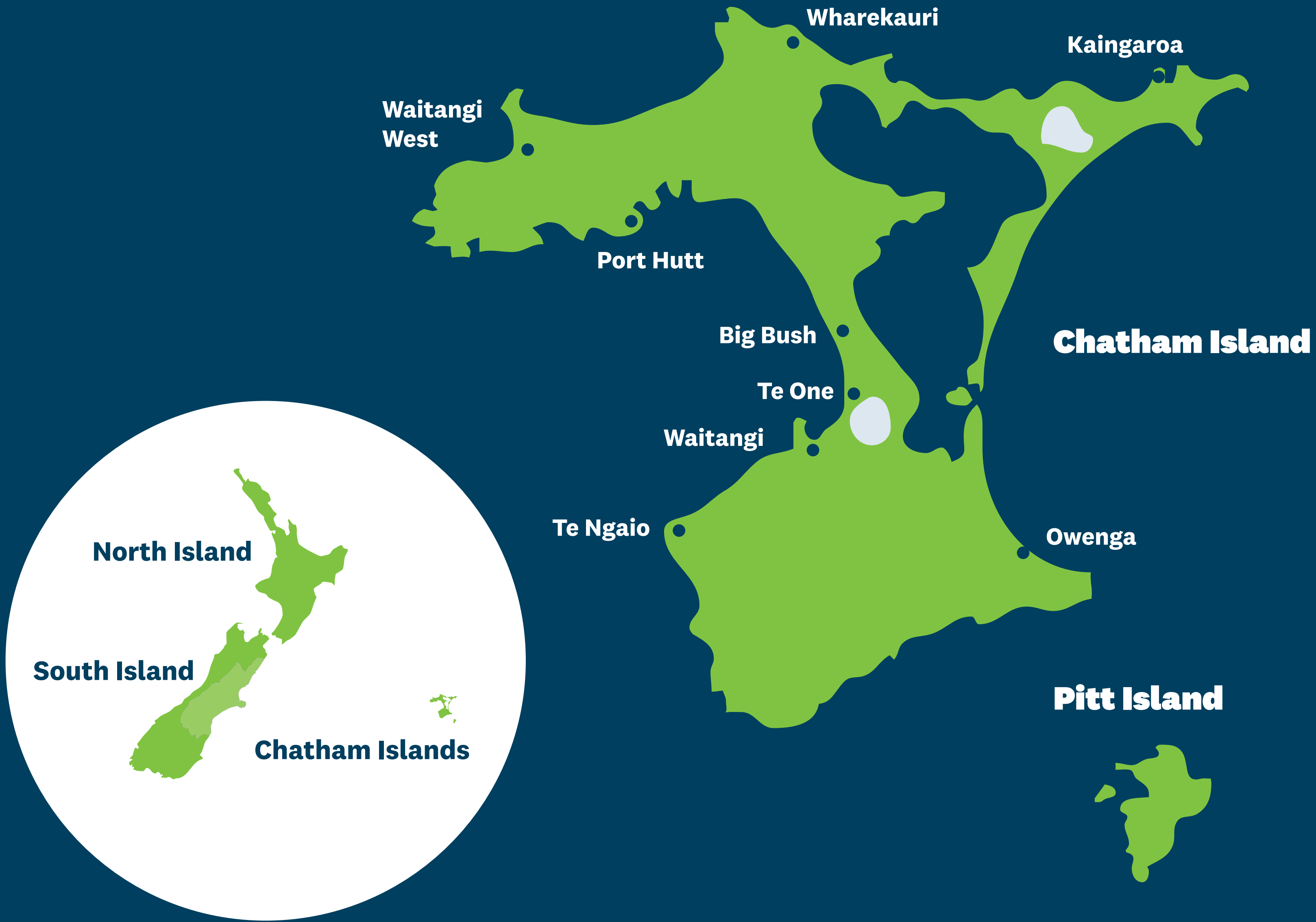
Chatham Islands Council

Annual Report 2023/2024

chatham islands council

Our people, our Islands, our future


Wharekauri
Kaingaroa
Waitangi
West
Port Hutt
Chatham Island
Big Bush
Te One
Waitangi
Te Ngaio
Owenga
Pitt Island
North Island
South Island
Chatham Islands

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Hear from the Mayor

Kioranga, kia ora, greetings,

Chatham Islands Council is pleased to present the 2023/24 Annual Report. Thank you for taking the time to read it.

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

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

The election of the new Coalition Government has been an unsettling period for Council and the first 100 days changed a number of pieces of legislation. Government reforms have continued to be plentiful, all providing different challenges for the community including reforms in the resource management space and as a response to climate change. These have been both challenging and costly.

We do not yet have certainty about what the Local Water Done Well space will look like for us going forward. We continue to fight for what is right and what is fair for the people of the Chatham Islands.

The Island partners including Ngati Mutunga o Wharekauri Iwi Trust was the host of the stakeholders forum. Together we welcomed to the Island a large number of personnel from government agencies. It was a successful event with many connections made and an opportunity for the Island to build stronger working relationships with many. These important relationships support the five pou in our Investment Strategy and will help us progress to implementing a number of priority projects. Positive feedback was that the leaders of Wharekauri, Rekohu and Chatham Islands were working together for the betterment of our Island and community.

It is also great to host many visitors to our Council Hub. It is an excellent Island venue for on and off Island meetings.

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

Despite some uncertainty, we have also continued to maintain good relationships with the Government and its officials and have welcomed former local MP Paul Eagle as our new Chief Executive late last year. We farewelled our former CE Owen Pickles, who gave so much of his time to the Island. We wish him well.

There are many changes being imposed by the Government that will affect the way the Council operates. 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

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 2024-34 in enhancing and acknowledging the importance of t'chakat henu/ tangata whenua.

The Council's vision

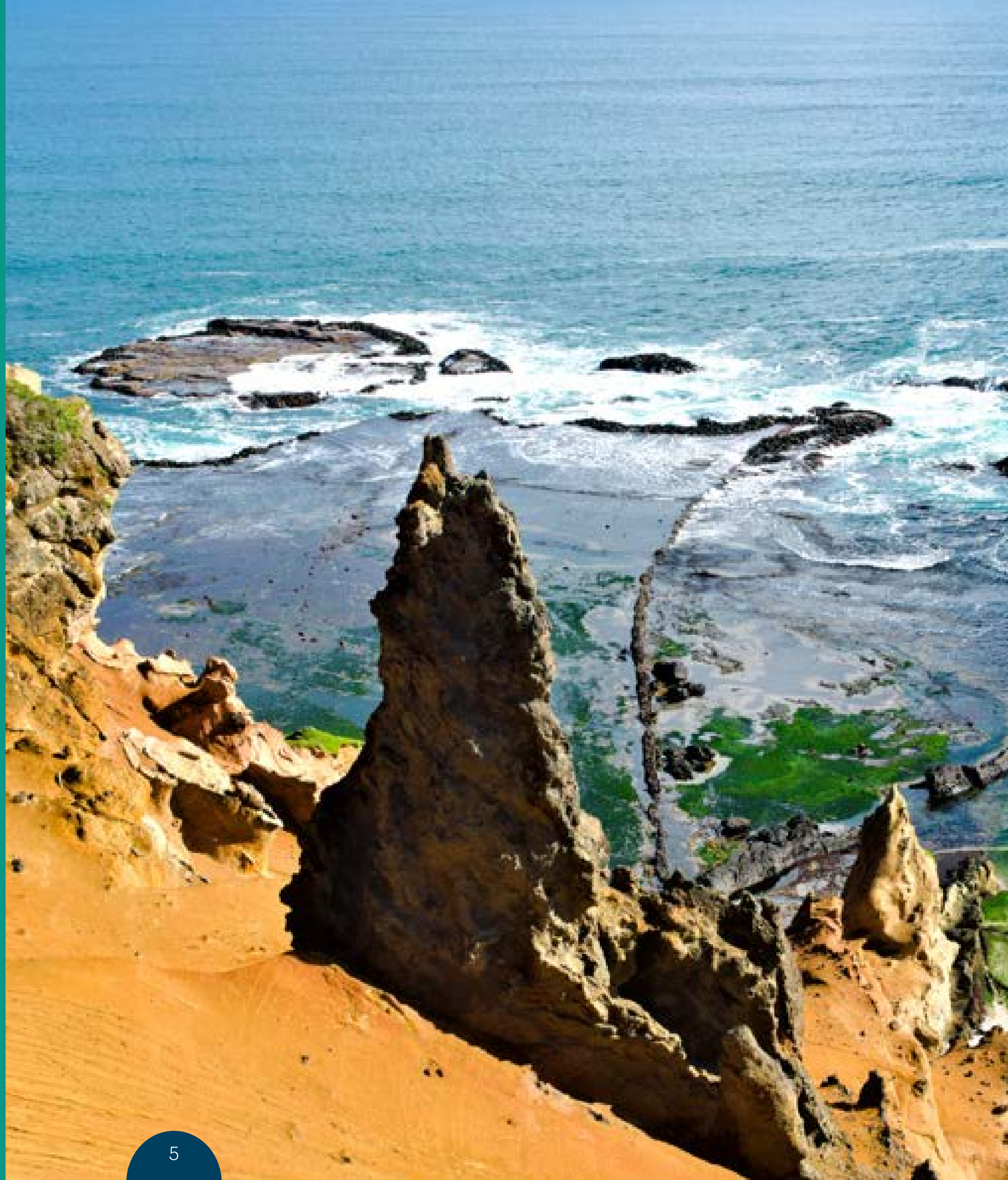
The Council is working towards creating a resilient and sustainable community that embraces diversity and builds growth for our people, our Islands and our future.

These are the Council's priorities for ensuring that:

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

What we delivered

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



Council activities

Leadership and community partnerships

Transportation, roading and coastal networks

Three waters supply and treatment

Waste management and minimisation

Community services and emergency management

Environmental management, protection and monitoring

Leadership and community partnerships

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

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

Key activities and why we provide this service

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

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

Community outcomes

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

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

What we delivered

Council met all the targets set for 2023/24 regarding leadership and community partnerships. Community satisfaction with the level of communication provided by Council, trust in their decision making and the community's ability to contact Council and Councillors were all high scoring areas in our annual resident's satisfaction survey.

As a result of feedback from last year's survey, Council made some adjustments to engaging with the community, trialling a few different methods. This included more offers of online engagement, through surveys and online drop-in sessions. This has had mixed success; we did see some higher levels of engagement from the community, specifically regarding a consultation regarding the future of Waitangi Hall. An online drop-in session for the Long-Term Plan also had some attendance, though we did notice a decrease in responses to the residents' survey.

Council is committed to trying new methods to keep growing community engagement, as providing the community these opportunities to have their say on our work is important to us. Monthly meetings of the "Four Entity" group ensure Moriori and Māori participation and engagement, and Council continually actively engages with Central Government, advocating for the Island. Council recognises the unique needs of the Chatham Islands and fights for the community when government legislation is impractical for our way of life. Current conversations with Central Government include challenges with our reliance on air and shipping services, and the impacts of the Local Water Done Well Delivery plan.

ALL TARGETS ACHIEVED

81% OF RESIDENTS FELT INFORMATION SUPPLIED BY COUNCIL IS SUFFICIENT

97% OF RESIDENTS KNOW HOW TO CONTACT COUNCIL OR COUNCILLORS

79% OF RESIDENTS ARE CONFIDENT THAT COUNCIL DECISIONS ARE MADE IN THE BEST INTERESTS OF THE COMMUNITY

LEVEL OF SERVICE 1:

Ensure Council decision-making is informed by community participation

MEASURE	TARGETS	RESULT
Engage with and provide opportunities for community voices to be heard ACHIEVED ✓	Survey residents annually on whether the information supplied by Council was sufficient 2023/24: 66% 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	In 2023/24, the annual residents' satisfaction survey showed 81% of the respondents agreed or strongly agreed that the information provided by Council to the community was sufficient. This is consistent with last year's result of 76%. In addition, 97% of respondents know how to contact the Council and Councillors. This result is consistent with the prior year's result of 95%. This year's survey highlighted that better communication, through hui and greater visibility of our Councillors, along with improved transparency by engaging with our community more on our decisions is recognised by our residents. Council makes meeting agendas publicly available on our website and advertised these meetings through Facebook, allowing the public to be informed and participate in our decisions where there is interest.
Enable Moriori and Māori to participate in Council decision-making ACHIEVED ✓	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)	Council, imi, iwi and Chatham Islands Enterprise Trust meet monthly as part of the Kahui Manu Taiko group. This group supports locally led aspirations, including co-operatively advancing goals set in the Chathams Islands Investment Strategy. Any matters considered relevant to imi and iwi, including resource consent applications, provides an opportunity for cultural considerations to be incorporated in the decision-making process. The Chatham Islands Council Chief Executive engages with imi and iwi on an as needed basis. This result is consistent with that in the prior financial year.

MEASURE	TARGETS	RESULT
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 2023/24: 66% confident or very confident [1]	In 2023/24, the annual residents' satisfaction survey showed 79% of the respondents agreed or strongly agreed that the Council decisions were made in the best interest of the community, an increase on last year's result of 68%. Council has listened to community feedback from last year recommending Council engage more with the community with a greater physical presence – including hui and through various media, and responded accordingly. Engagement with the Council's e-newsletter based on open rate is high, with open rates above 50%, demonstrating the level of community interest, especially with the Mayor's column. Council will continue to investigate other methods to reach out to those residents not connected to the internet, such as information afternoons and newsletter drops to mailboxes to better inform the community on issues impacting Council.
Maintain and build strong relationships with Government and Island partners to advocate for opportunities and outcomes that benefit the Chatham Islands ACHIEVED ✓	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	Council regularly meets with representatives of the Department of Internal Affairs to advocate for additional funding to meet our operational obligations. An island representatives stakeholder hui is held twice a year, with interested local and Central Government organisations with the intention of progressing the Chatham Islands Investment Strategy and identifying other island needs which require further support to address. This result is consistent with that in the prior financial year.

LEADERSHIP & COMMUNITY PARTNERSHIPS	Actual 2023/24 $000	Long-Term Plan 2023/24 $000	Long-Term Plan 2022/23 $000
Source of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	925	877	912
Local authorities fuel tax, fines, infringement fees, and other receipts	174	121	124
Total operating funding	**1,099**	**998**	**1,036**
Applications of operating funding			
Payments to staff and suppliers	294	320	330
Finance costs	-	-	-
Internal charges and overheads applied	818	698	648
Total application of operating funding	**1,113**	**1,018**	**978**
Surplus (deficit) of operating funding	**(14)**	**(20)**	**58**
Source of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Total source of capital funding	**-**	**-**	**-**
Application of capital funding			
Capital expenditure			
-- to improve the level of service	-	-	-
-- to replace existing assets	76	-	120
Increase (decrease) in reserves	(90)	(20)	(62)
Total applications of capital funding	**(14)**	**(20)**	**58**
Surplus (deficit) of capital funding	**14**	**20**	**(58)**
Funding balance	**-**	**-**	**-**
Excludes depreciation	*26*	*15*	*14*

Transportation, roading and coastal networks

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

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

Key activities and why we provide this service

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

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

Community outcomes

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

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

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

What we delivered

Council met the majority of measures for the transportation, roading and coastal networks group of activities. Residents expressed their satisfaction with the sealed road network, however dissatisfaction with the unsealed road network remains high.

Council is pleased to report no fatalities or serious injuries on our roading network this year as road safety is a priority to us. Another pleasing report is that all planned footpath maintenance was carried out in full, and in some cases our roading works programme delivered over and above the agreed plan.

Council worked hard to collaborate with appropriate entities to resolve the fuel crisis as best we could. We understand the strain on the community the lack of fuel and uncertainty of shipping dates causes and will continue to work hard to ensure we do what we can to avoid such situations again.

7/9 ACHIEVED

72% SATISFACTION WITH SEALED ROADING NETWORK

38% SATISFACTION WITH UNSEALED ROADING NETWORK

NO FATAL OR SERIOUS INJURY CRASH ON OUR ROAD NETWORK

124% OF THE PLANNED ROAD MAINTENANCE PROGRAMME DELIVERED

AVERAGE ROAD QUALITY RATED: GOOD

LEVEL OF SERVICE 2:

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

MEASURE	TARGETS	RESULT
Ensure residents are satisfied with the quality and safety of the sealed road network ACHIEVED ✓	Survey residents annually on whether they are satisfied with the quality and safety of the sealed road network (60% of residents satisfied or very satisfied)[1]	The annual satisfaction survey for 2023/24 showed 72% of respondents were either satisfied or very satisfied with the quality and safety of chipsealed roads. This result has slightly decreased from last year's 81% result. Council's sealed roads are resealed once every three years, with a notable correlation between when roads are resealed and community satisfaction with the quality and safety of the sealed road network. Council monitors quality and safety of our roads by maintaining a complaints and enquiries register and monitoring the monthly roading reports from our engineers. Any updates or important information regarding the quality or safety of our roading network for community attention is communicated through social media and newsletters.
Ensure residents are satisfied with the quality and safety of the unsealed road network NOT ACHIEVED ✗	Survey residents annually on whether they are satisfied with the quality and safety of the unsealed road network (60% of residents satisfied or very satisfied)	The annual satisfaction survey for 2023/24 reported that 38% of respondents were satisfied or were very satisfied with the quality and safety of the unsealed road network. This result has slightly increased from last year's 32% result. Community feedback indicated that the number of potholes on our unsealed road network was a concern to our residents. Unfavourable weather conditions have had a negative impact on our unsealed roads and delayed the grading programme and other routine road maintenance works. Council will continue to work on increasing the level of satisfaction by working closely with our roading contractor and roading engineers to monitor the road condition, addressing quality and safety concerns in a timely manner.

MEASURE	TARGETS	RESULT
Ensure there are low levels of serious harm on our road network ACHIEVED ✓	Ensure the number of fatal or serious injury crashes on the road network does not exceed two per year	In 2023/24, no death or serious injury crashes were reported. This is an improvement on the 2022/23 result, where one fatal or serious injury crash was reported. Road safety promotion continues to be a priority for Council and the on-going road safety promotion activity is contributing to improvements in road safety outcomes.
Ensure the road roughness is at an acceptable level ACHIEVED ✓	Ensure the average smooth travel exposure (roughness) on the sealed and unsealed network is rated at or below 70 and 120 respectively on the National Association of Australia State Road Authorities (NAASRA) road classification system	The NAARSA measures the surface texture of the road and is used as an indication of a road users experience of the road 'ride'. The average ride quality for our roading network for the current and prior year was rated as "good". The unsealed NAASRA score was 116 (prior year 108) and the sealed NAASRA score was 56 (prior year 68). While there is a minor decrease on the unsealed roads and a minor increase on the sealed roads compared with 2022/23, the ride quality has remained the same for both years. The slight change in the results are due to minor differences in the collected survey data, due to equipment limitations, rather than any real roading factors.
Respond in a timely manner to customer service requests ACHIEVED ✓	Ensure Council staff respond to all customer service requests relating to the road or footpath network within five working days	All customer requests were forwarded as required and actioned or responded to within five working days. This result is consistent with that of the 2022/23 financial year.

MEASURE	TARGETS	RESULT
Identify, preserve, protect, and conserve the cultural heritage of the Islands, and respond appropriately to the discovery of human remains **ACHIEVED** ✓	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	No major earthwork capital works were undertaken outside of existing formed or legal road in 2023/24, meaning no further consultation was required. In 2022/23, prior to completing the major earthworks associated with the Whangamoe Bridge Replacement project, all legislative requirements were met including the completion of a heritage assessment in partnership with imi and iwi. No human remains or notable items of cultural significance were discovered.
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 **NOT ASSESSED**	Complete 95% of the annual roading programme as originally planned, while considering the safety of road users and maintenance staff for all activities Maintain all existing footpaths in accordance with the roading maintenance contract to ensure adequate accessibility for residents who do not drive.	Progress has been evaluated on a granular level, as it cannot be calculated at a collective level. Of the planned road maintenance activities for 2023/24, 124% of the planned programme was delivered. Additional lengths of road were identified that would benefit from additional structural cover and were repaired after the originally planned sections were completed. Current and prior year road maintenance results should not be directly compared, as sealed road maintenance was done in 2022/23, which cannot be compared directly with the unsealed road maintenance achievements in 2023/24. All (100%) of the planned structural and drainage maintenance programme work was completed, including the remaining work uncompleted in 2022/23. In 2022/23, 92% of the planned structural maintenance work was completed, some work was delayed until 2023/24, due to unfavourable weather conditions and awaiting specialist contractors. All (100%) footpaths were maintained to the required standard as set out in the Roading Activity Management Plan. This result is consistent with the prior year's result. Traffic services renewal work completed 85% of the planned programme in 2023/24. There were no traffic services renewals planned in 2022/23 and only reactive maintenance was undertaken.

LEVEL OF SERVICE 3:

Enable safe navigation for vessels in the coastal area

MEASURE	TARGETS	RESULT
Manage navigation safety in accordance with leading practice ACHIEVED ✔	Apply a safety management system consistent with the New Zealand Port and Harbour Marine Safety Code (the Code) and conduct an internal annual review Conduct an external review by a Code panel every three to four years, with the next review expected in 2023	The Safety Management System is up to date and consistent with the Port and Harbour Marine Safety code. The Safety Management System was reviewed in full in January 2024 and is monitored and updated throughout the year. The Code Panel review was moved (by the Code Panel) to the 2024/25 financial year and is expected to be conducted remotely. This result is consistent with the 2022/23 year.
Ensure Owenga wharf is available for safe and efficient movement of people, stock, and goods ACHIEVED ✔	Ensure there are no instances of the wharf being unavailable while sea and weather conditions are suitable	There were no instances of Owenga Wharf being unavailable for navigation safety reasons in the 2023/24 year. This is consistent with the 2022/23 year.

[1] Measured by annual survey, on a scale of very confident, confident, unconfident, very unconfident.

TRANSPORTATION, ROADING & COASTAL NETWORKS	Actual 2023/24 $000	Long-Term Plan 2023/24 $000	Long-Term Plan 2022/23 $000
Source of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	122	81	79
Subsidies and grants for operating purposes	2,565	2,164	2,204
Local authorities fuel tax, fines, infringement fees, and other receipts	125	54	53
Total operating funding	**2,811**	**2,299**	**2,336**
Applications of operating funding			
Payments to staff and suppliers	2,391	1,646	1,647
Finance costs	-	-	-
Internal charges and overheads applied	214	183	169
Total application of operating funding	**2,605**	**1,829**	**1,816**
Surplus (deficit) of operating funding	**206**	**470**	**519**
Source of capital funding			
Subsidies and grants for capital expenditure	2,053	2,182	2,479
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Total source of capital funding	**2,053**	**2,182**	**2,479**
Application of capital funding			
Capital expenditure			
-- To improve the level of service	-	257	492
-- To replace existing assets	2,333	2,222	2,325
Increase (decrease) in reserves	(74)	173	181
Total applications of capital funding	**2,259**	**2,652**	**2,998**
Surplus (deficit) of capital funding	**(206)**	**(470)**	**(519)**
Funding balance	**-**	**-**	**-**
Excludes depreciation	*2,029*	*1,761*	*2,800*

Three waters supply and treatment

Safe drinking water and appropriate collection, treatment and disposal of wastewater are essential to the health and wellbeing of our people and our environment. The Government has reviewed arrangements for how three water services will be delivered. The Chatham Islands have a small resident community and are geographically isolated from mainland New Zealand. Therefore, Council faces unique challenges in relation to providing services to the community and it cannot provide these services without external support from Central Government. Council is only able to afford an increase in services provided to the community if external funding is similarly increased.

Consequently, without an increase in funding, Council will have to evaluate whether it allocates funds to create a draft Water Service Delivery Plan and associated consultation, meeting ongoing compliance or directs resources to maintaining our existing Three Water assets. Our Three Waters infrastructure is aging and has a long list of critical works which are required to keep our Three Waters systems operating. Currently, Council does not have funding to resolve these critical issues and relies on reactive maintenance works to fix infrastructure when it fails.

Key activities and rationale for providing the service

- **Potable water supply:** Council is responsible for the treatment and distribution of water through our reticulated water schemes. It is Council's responsibility to ensure firefighting performance standards are met in urban water supply areas.
- **Wastewater:** Council manages and maintains reticulated sewerage schemes and services for the treatment and disposal of waste. We monitor maintenance requirements of onsite wastewater disposal systems. Water and wastewater assets consist of treatment plants, reservoirs, pipeline reticulation, and pump stations.
- **Storm water:** Council undertakes to minimise damage to property from flooding of buildings and property from surface run-off, as well as reduced erosion and water pollution. The main risk is mitigated by controlling the levels at Te Whanga lagoon by opening the Hikurangi Channel as and when required. This is necessary to protect land around Te Whanga lagoon from inundation and to maintain the balance of marine life.

  There are no other flood protection or control assets.

Community outcomes

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

What we delivered

Council has achieved half of its potable water measures, comparable to last financial year.

No boil water notices were put in place for Waitangi, but one boil water notice and one do not drink notice were put in place for Kaingaroa to ensure public safety. All call-outs relating to this water situation were attended within two hours. We understand the impact this has on the community and continue to seek funding to better improve the infrastructure required to support higher drinking water standards for the community.

Most of the wastewater and stormwater targets that were measured were achieved. We are pleased to receive no complaints, no concerning incidents and no flooding events this year.

3/6 ACHIEVED POTABLE WATER MEASURES

4/5 ACHIEVED WASTEWATER MEASURES

4/4 ACHIEVED STORMWATER MEASURES

LEVEL OF SERVICE 4:

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

MEASURE	TARGETS	RESULT
Ensure residents connected to a Council water scheme are satisfied with the service NOT ACHIEVED ✗	Survey residents annually on whether they are satisfied with the service (50% of residents satisfied or very satisfied)	The 2023/24 annual resident's survey shows 31% of respondents who are connected to a water scheme being satisfied or very satisfied with the water scheme. It's important to note that 38% of respondents had no opinion. If we removed those with no opinion, our satisfaction result would be 50%. In 2023, 16% of respondents who are connected to a water scheme were satisfied or very satisfied with the water scheme. That year 48% had no opinion.
Ensure water supplied by Council water schemes is potable i.e. safe to drink NOT ACHIEVED ✗	Ensure it is not necessary to issue any temporary advisory notices to boil water – as determined in consultation with the Ministry of Health Ensure Council's potable water complies with Part 4 of the Ministry of Health's NZ Drinking Water Standards (bacteria compliance criteria) Ensure Council's potable water complies with Part 5 of the Ministry of Health's NZ Drinking Water Standards (protozoal compliance criteria)	No boil water notices were put in place for Waitangi, but one boil water notice and one do not drink notice were put in place for Kaingaroa. A precautionary boil water notice was in place from June to July 2023 due to high colour. A do not drink notice was in place in May 2024 due to detection of chlorate above the maximum acceptable value. In the 2023 financial year, precautionary boil water notices were put in place in December 2022 - January 2023 for Kaingaroa, due to detection of E.coli in water samples. Taumata Arowai became the drinking water regulator in November 2021, and is consulted for all boil water notices instead of the Ministry of Health. Changes to the drinking water regulatory framework were implemented during the last financial reporting year. The Council is currently not compliant with the revised Drinking Water Quality Assurance Rules (DWQAR) at both Waitangi and Kaingaroa (nor the prior Drinking Water Standards for New Zealand, DWSNZ) due to funding, monitoring, treatment and other logistical challenges. This result is consistent with the prior financial year. Council continues to seek funding to ensure its drinking water supply is safe to drink and compliant with current regulations.

MEASURE	TARGETS	RESULT
Ensure the percentage of real water loss from Council's networked reticulation system is managed at an acceptable level NOT MEASURED	Ensure the percentage of real water loss from the Council's networked reticulation system does not exceed 20%	Information was not collected this year. However, no incidences of water loss were reported that exceeded 20%. This is consistent with 2022/23.
Respond in a timely manner to reports of faults ACHIEVED ✓	Meet the following median response times when attending a call-out in response to a fault or unplanned interruption to the networked reticulation system: • Attendance for urgent call-outs: the time from when the Council receives notification to when s ervice 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 2023/24: • One urgent call-out occurred during the year because there was no water at Kaingaroa and was attended to within two hours (2022/23 one urgent call out). • One non-urgent call-out received due to water discolouration at Kaingaroa, this was attended to within two hours (2022/23 one non-urgent callout required). • All urgent and non-urgent issues were resolved within eight hours (2022/23 all issues resolved within targeted timeframes).

MEASURE	TARGETS	RESULT
Ensure residents are satisfied with potable water quality and supply ACHIEVED ✔	Ensure the total number of complaints received about any of the following: • Drinking water clarity • Drinking water taste • Drinking water odour • Drinking water pressure or flow • Continuity of supply Council's response to any of these issues does not exceed 2% of properties connected (or approximately two complaints for all connected properties)[2]	Two complaints were received during the 2023/24 financial year due to water shortage and/or water discolouration at Kaingaroa. Two complaints were received in the 2022/23 financial year. One precautionary boil water notice was put in place in response to both complaints while these were being investigated. No complaints were received related to the Waitangi water supply in either financial year. Council continues to seek funding to improve the reliability of its drinking water supply in terms of quantity and quality.
Manage demand for potable water ACHIEVED ✔	Ensure 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 2023/24 was: • 280L/person/day in Waitangi (2022/23: 280L/ person/day) and • 220L/person/day in Kaingaroa (2022/23: 220L/person/day).

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

THREE WATERS SUPPLY & TREATMENT - POTABLE WATER	Actual 2023/24 $000	Long-Term Plan 2023/24 $000	Long-Term Plan 2022/23 $000
Source of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	87	76	75
Subsidies and grants for operating purposes	226	207	216
Local authorities fuel tax, fines, infringement fees, and other receipts	12	9	9
Total operating funding	**325**	**292**	**300**
Applications of operating funding			
Payments to staff and suppliers	525	236	229
Finance costs	-	-	-
Internal charges and overheads applied	59	51	47
Total application of operating funding	**584**	**287**	**276**
Surplus (deficit) of operating funding	**(260)**	**5**	**24**
Application of capital funding			
Capital expenditure			
-- To improve the level of service	-	-	-
-- To replace existing assets	6	-	-
Increase (decrease) in reserves	(265)	5	24
Total applications of capital funding	**(260)**	**5**	**24**
Surplus (deficit) of capital funding	**260**	**(5)**	**(24)**
Funding balance	**-**	**-**	**-**
Excludes depreciation	*66*	*48*	*44*

LEVEL OF SERVICE 5:

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

MEASURE	TARGETS	RESULT
Ensure residents are satisfied with the wastewater system NOT ACHIEVED ✗	Survey residents annually on whether they are satisfied with the wastewater system (50% of residents satisfied or very satisfied)	The 2023/24 annual resident's survey shows 43% of respondents who are connected to a wastewater/ sewage scheme being satisfied or very satisfied with the wastewater or sewage scheme. It's important to note that 43% of respondents had no opinion. In 2023 32% of respondents who are connected to a wastewater or sewage scheme were satisfied or very satisfied with the water scheme. That year 52% had no opinion. Council acknowledges that wastewater infrastructure requires further capital investment for our services to improve and be fully compliant with legislation.
Ensure residents are satisfied with the wastewater system ACHIEVED ✓	Ensure the number of complaints received about any of the following: • wastewater odour • sewerage system faults • sewerage system blockages Council's response to any of these issues does not exceed 2% of properties connected (or approximately two complaints for all connected properties)[2]	No complaints regarding the sewerage system were received in 2023/24 or 2022/23. Council continues to seek funding to carry out remedial and upgrade works to maintain an appropriate level of service.
Ensure the sewerage system meets community requirements ACHIEVED ✓	Ensure the number of dry-weather wastewater overflows from the sewerage system is less than five per year, or does not exceed 2% of properties connected (or approximately two complaints for all connected properties)[2]	In 2023/24 and 2022/23 there were no dry-weather sewerage overflows or complaints.

MEASURE	TARGETS	RESULT
Comply with our Resource Management Document regarding wastewater discharge ACHIEVED ✓	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: • Abatement notices • Infringement notices • Enforcement orders • Convictions	In 2023/24 there were no notices or orders issued. This is consistent with 2022/23. The treated wastewater discharge complied with quantity and quality limits in the 2023/24 financial year, except for *E.coli* and nitrogen. Mitigating action taken includes remedial works associated with the land application system, which will reduce treated wastewater concentrations prior to reaching groundwater. Further funding is required to strengthen resilience and enable compliance.
Respond in a timely manner to reports of faults ACHIEVED ✓	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 Resolution time: the time from when the Council receives notification to when the service personnel confirms resolution of the blockage or other fault does not exceed 24 hour	No incidences of blockages or faults occurred in 2023/24. This is consistent with the prior financial year.

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

LEVEL OF SERVICE 6:

Manage storm water to minimise and manage flood events

MEASURE	TARGETS	RESULT
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)[2] All decisions to open Te Whanga lagoon will be made in consultation with imi and iwi	No flooding events occurred. This result is consistent with that in the prior 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: • Abatement notices • Infringement notices • Enforcement orders • Convictions	No discharge notices were issued, or other non-compliance events noted in the current financial year. This result is consistent with that in the prior 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 current financial year. This result is consistent with that in the prior financial year. The lagoon was opened in October 2023, mitigating the risk of flooding and land subsidence around the lagoon.
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)[2]	No complaints (0% of properties) related to stormwater management were received in the current financial year. This result is consistent with that in the prior financial year.

[2] A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure

THREE WATERS SUPPLY & TREATMENT - WASTEWATER	Actual 2023/24 $000	Long-Term Plan 2023/24 $000	Long-Term Plan 2022/23 $000
Source of operating funding			
Targeted rates	102	71	69
Subsidies and grants for operating purposes	168	116	121
Local authorities fuel tax, fines, infringement fees, and other receipts	16	12	11
Total operating funding	**286**	**199**	**201**
Applications of operating funding			
Payments to staff and suppliers	219	130	125
Internal charges and overheads applied	76	65	60
Total application of operating funding	**295**	**195**	**185**
Surplus (deficit) of operating funding	**(9)**	**4**	**16**
Total source of capital funding	**-**	**-**	**-**
Application of capital funding			
Capital expenditure			
-- To replace existing assets	7	-	-
Increase (decrease) in reserves	(16)	4	16
Total applications of capital funding	**(9)**	**4**	**16**
Surplus (deficit) of capital funding	**9**	**(4)**	**(16)**
Funding balance	**-**	**-**	**-**
Excludes depreciation	*84*	*62*	*59*

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

Waste management and minimisation

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

Key activities and rationale for providing the service

The Council provides waste management and minimisation services to meet the needs and expectations of our people. Council is required to have strategies in place to reduce the amount of waste directed to landfill and increase the amount that is recycled.

Council also maintains closed landfills and responds to illegal dumping incidents.

Community outcomes

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

What we delivered

Council continues to strive to improve waste management services for the community. We are pleased to report there were no non-compliance issues or reports of personal injury.

We acknowledge the community expresses concerns and a lack of satisfaction with this service, notably frustration around opening hours. We are looking for ways to improve this. We continue to use our waste mascot Hemi the weka, to provide updates, to encourage the community to sort their waste and think of ways to reduce, reuse and recycle.

5/8 ACHIEVED

50% OF RESIDENTS SATISFIED WITH WASTE MANAGEMENT SERVICES

367 TONNES OF MATERIAL WAS RECEIVED AT THE OWENGA LANDFILL SITE

LEVEL OF SERVICE 7:

Provide efficient and effective waste minimisation activities and services

MEASURE	TARGETS	RESULT
Respond in a timely manner to written requests or complaints regarding waste management ACHIEVED ✓	Ensure Council staff respond to all complaints within five working days of receipt	There was one complaint received about dumping at Te Awainanga bridge during the 2023/24 financial year, which was responded to within five working days. This is consistent with last year's result, where all three requests were responded to within five working days.
Ensure residents are satisfied with the landfill and recycling service and ease of use NOT 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)[1]	In the 2023/24 financial year, 50% of the respondents who completed the annual resident's satisfaction survey were either satisfied or very satisfied with the Council's landfill and recycling service and ease of use. The result had a small decrease from the 2022/23 result of 56%. The landfill site is fully operational, with the management of the site contracted out. The Council is continuing to work with the contractor to improve processes and create other enhancements and efficiencies. Survey feedback has identified waste collection and wider opening hours as areas of service improvement, which Council will investigate further in the next financial year.

MEASURE	TARGETS	RESULT
Ensure waste minimisation activities and services are effective NOT ACHIEVED ✗	Measure the volume of waste to landfill once commissioned and in use (target 2021/22) Establish a benchmark for annual volume of waste to landfill (target 2022/23) Ensure the amount of waste going to landfill is less than benchmark volume (target 2023/24 and ongoing years)	In the 2023/24 financial year, 367 tonnes of waste material was received at the Owenga landfill site. This is higher than the previous year's result of 299 tonnes and the benchmarked target of 300 tonnes. Higher levels of waste material being transferred to the Council's landfill has occurred with the demolition of several houses on the Island, along with other building waste. Council remains committed to implementing strategies to encourage waste minimisation, including educational campaigns encouraging the community to sort their waste, and regular promotion of ways to reduce, repurpose and recycle.
Ensure residents are aware of waste management services provided by Council and how to use them 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	Regular messaging about waste management and minimisation was circulated with the community. Te One transfer station staff were available to help residents unload rubbish, and while doing so, were able to educate them on the importance of separating their recycling. This is similar to what was provided last year.

MEASURE	TARGETS	RESULT
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 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	No non-compliance issues or other environmental impacts were noted at the landfill site based on monitoring completed in 2023/24. This result is consistent with that of 2022/23. Ensuring our landfills remain compliant remains important to Council. We will be working closely with our partners Fulton Hogan, Environment Canterbury, Ministry for the Environment, imi and iwi to ensure our landfill site remains compliant with our landfill management plan, along with best practice and other cultural considerations.
Ensure availability of adequate landfill space permitted for the disposal of municipal solid waste to ensure sustainability of waste disposal services ACHIEVED ✓	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)	There is currently sufficient landfill space for the disposal of waste in the current cell for more than one year. Current trends indicate lower than anticipated levels of waste are being transferred to the site, primarily due to Council encouraging alternatives to disposal, such as the Mitre 12 facility. This result is consistent with that of 2022/23.

MEASURE	TARGETS	RESULT
Ensure available landfill space is optimised by compaction of waste NOT ACHIEVED ✗	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)	The compaction density ratio is $0.363t/m^3$, which is below the targeted rate due to tools used to compact waste. The survey was not completed in 2022/23, therefore no comparative results are available. Council along with our contractors Fulton Hogan continue to investigate other options to provide greater compact density efficiencies.
Ensure landfill activity is provided in a safe manner, with all health and safety risks to nearby residents managed and mitigated ACHIEVED ✓	Ensure there are no reports of injury or illness attributable to the use of the facilities	There have been no reports of personal injury or illness during the 2023/24 year. This result is consistent with the 2022/23 financial year. Ensuring our waste management site remains safe to people entering the facility and living nearby remains a key priority to the Council. Council will continue to work closely with our contractors Fulton Hogan along with other interested parties, such as imi and iwi, to ensure we comply with best practice along with other cultural considerations.

[1] Measured by annual survey, on a scale of very confident, confident, unconfident, very unconfident.

WASTE MANAGEMENT & MINIMISATION	Actual 2023/24 $000	Long-Term Plan 2023/24 $000	Long-Term Plan 2022/23 $000
Source of operating funding			
Targeted rates	91	100	98
Subsidies and grants for operating purposes	731	643	669
Local authorities fuel tax, fines, infringement fees, and other receipts	26	16	15
Total operating funding	**848**	**759**	**782**
Applications of operating funding			
Payments to staff and suppliers	835	727	707
Finance costs	-	-	-
Internal charges and overheads applied	43	37	34
Total application of operating funding	**878**	**764**	**741**
Surplus (deficit) of operating funding	**(30)**	**(5)**	**41**
Application of capital funding			
Capital expenditure			
-- To improve the level of service	-	-	-
-- To replace existing assets	8	-	-
Increase (decrease) in reserves	(37)	(5)	41
Total applications of capital funding	**(30)**	**(5)**	**41**
Surplus (deficit) of capital funding	**30**	**5**	**(41)**
Funding balance	**-**	**-**	**-**
Excludes depreciation	*177*	*120*	*113*

Community services and emergency management

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

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

Key activities and why we provide this service

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

Community outcomes

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

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

What we delivered

As an improvement from last year, the community expressed high levels of awareness of the services that Council provides and are generally satisfied with our delivery of these services.

We are pleased to report that all complaints received regarding operations and facilities were responded to within 24 hours, showing our dedication to timely responses for our community.

As per the requirements below, our emergency management team held the annual training exercise with learnings from the exercise to be implemented in future. Most households expressed that they had plans in place in the case of an emergency.

94% RESIDENTS AWARE OF KEY SERVICES PROVIDED BY COUNCIL

73% RESIDENTS SATISFIED WITH COMMUNITY SERVICES

74% RESIDENTS FEEL PREPARED IN CASE OF AN EMERGENCY

3/3 COMMUNITY SERVICES MEASURES ACHIEVED

3/4 EMERGENCY MANAGEMENT SERVICES ACHIEVED

LEVEL OF SERVICE 8:

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

MEASURE	TARGETS	RESULT
Ensure residents are aware of Council community services provided ACHIEVED ✓	Survey residents annually on how many key community services they can identify that are provided by Council (75% of residents are able to identify at least three key areas e.g. dog/ animal control, library, and recreational services)	In 2023/24, the annual satisfaction survey showed 94% of the respondents could identify three or more services Council provides. This is an increase on the prior year's result of 58%. There is no clearly identifiable explanation for the significant increase, but increased promotion of our community activities through our Facebook posts and Council e-newsletter may attribute to the increased awareness of our activities within the community. Alternatively, people may have selected more options when completing the survey. Qualitative information was not collected for this survey question.
Ensure residents are satisfied with community services, including library and dog and animal control services ACHIEVED ✓	Survey residents annually on whether they are satisfied with community services (70% of residents satisfied or very satisfied)[1]	In 2023/24, the annual resident's satisfaction survey showed 73% of the respondents were satisfied or very satisfied with community services, including library and dog and animal control services. In the previous year, the result was 58%. However, survey feedback highlighted dog and stock control as an area requiring further attention. Anecdotal feedback indicates that the community has been grateful with the amount of work in relation to managing feral cattle with our stock control officer, which is reflected in the significant increase in our community feedback.
Respond in a timely manner to complaints about operations and facilities ACHIEVED ✓	Investigate all complaints about operations and facilities within 24 hours, with minor faults remedied within 24 hours of notification	During the 2023/24 financial year, 442 enquiries or complaints were received, 398 related to stock. All enquires were responded to within 24 hours, but ten remained unresolved after 24 hours, due to the complaint relating to ongoing stock management issues. This is an improvement on the prior financial year, where the Council received 342 enquiries, with 37% responded to within 24 hours. A portion of these complaints were received outside of office hours, delaying response time.

[1] Measured by annual survey, on a scale of very confident, confident, unconfident, very unconfident.

LEVEL OF SERVICE 9:

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

MEASURE	TARGETS	RESULT
Ensure residents feel prepared and know what to do in an emergency NOT 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)[3]	In 2023/24, 74% of the residents who completed the annual resident's satisfaction survey felt they were prepared or well prepared for an emergency, which is the same as last year's result (74%). Our survey also asked residents what steps they had taken to prepare for the types of emergencies and disasters that might occur in our community. Most respondents confirmed they have stores of food, water and backup power/alternative cooking facilities. Some discussed having 'grab bags' prepared and securing important documents.
Ensure residents are aware of emergency management procedures 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)	Regular communications relating to emergency management activities and projects were circulated on our website and through other publications such as the monthly Council e-newsletter, and on the Council's Facebook page.

[3] Measured by annual survey, on a scale of well prepared, prepared, not well-prepared, no opinion.

MEASURE	TARGETS	RESULT
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 **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	An Island training exercise was run with Emergency Operations Centre staff along with other Island key emergency service providers to test our emergency response processes. The exercise was held at the Chatham Islands Council office, with learnings from this exercise to be collated and implemented into our emergency response procedures. Additional training was provided during the year to strengthen our emergency response knowledge and skill sets. Selective emergency management equipment was tested during the year, with equipment defects noted. Equipment was not tested quarterly. We are assessing our future civil defence equipment requirements and will be purchasing updated equipment as funding allows. This result is consistent with the prior year.

MEASURE	TARGETS	RESULT
Maintain current marine oil spill response preparedness and response capability, which is compliant with the Maritime Transport Act 1994 **ACHIEVED** ✓	Ensure at least one water equipment deployment exercise is conducted annually	An audited equipment deployment exercise was undertaken in November 2023, directed, and assisted by Maritime New Zealand. The Regional Marine Oil Spill Contingency Plan was reviewed and approved in December 2023, in accordance with relevant legislation. Our capacity to respond to marine oil spill events and to facilitate the regulation of oil transfer sites is expected to be further enhanced with an alternative regional on-scene commander to be appointed through our contractor Environment Canterbury, boosting capabilities. This is currently in progress, waiting formal approval from the Chatham Islands Council Chief Executive. The delegation would allow for advice and support to be provided 24/7, including assistance with planning and compliance with the Maritime Transport Act 1994 for a Tier 1 entity.

COMMUNITY DEVELOPMENT & EMERGENCY RESPONSE	Actual 2023/24 $000	Long-Term Plan 2023/24 $000	Long-Term Plan 2022/23 $000
Source of operating funding			
General rates, uniform annual general charges, rates penalties	384	334	326
Targeted rates	-	-	-
Subsidies and grants for operating purposes	1,422	683	701
Local authorities fuel tax, fines, infringement fees, and other receipts	**996**	**330**	**325**
Total operating funding	**2,802**	**1,347**	**1,352**
Applications of operating funding			
Payments to staff and suppliers	1,565	643	627
Finance costs	6	3	4
Internal charges and overheads applied	792	676	627
Total application of operating funding	**2,363**	**1,322**	**1,258**
Surplus (deficit) of operating funding	**439**	**25**	**94**
Source of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Increase (decrease) in debt	(17)	(19)	(21)
Gross proceeds from sale of assets	-	-	-
Total source of capital funding	**(17)**	**(19)**	**(21)**
Application of capital funding			
Capital expenditure			
-- To replace existing assets	513	-	-
Increase (decrease) in reserves	(92)	6	72
Total applications of capital funding	**422**	**6**	**72**
Surplus (deficit) of capital funding	**(439)**	**(25)**	**(94)**
Funding balance	**-**	**-**	**-**
Excludes depreciation	*113*	*44*	*45*

Environmental management, protection and monitoring

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

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

Key activities and why we provide this service

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

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

Community outcomes

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

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

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

What we delivered

Council is pleased with the efforts we've made in the environmental management, protection and monitoring space this financial year.

We have had great success in increasing our communication to the community via the Council e-newsletter about our biosecurity work. The community continue to be proactive and often contact our local biosecurity staff when they spot something they are not sure of.

The Resource Management Document has been updated to comply with the National Environmental Standards for Greenhouse Gases from Industrial Process Heat, and is currently fully compliant with national direction. Central Government have indicated that the Essential Freshwater Package will be changed and timeframes to implement it extended. As a result of this, our work to implement the package has been put on hold until there is more certainty as to what will be required and to allow for further engagement with imi and iwi. Council will not be able to fully comply with the revised Essential Freshwater Package, once it is developed, unless additional funding is provided or a reduction in scope is allowed.

4/5	**CONSENTING AND COMPLIANCE MEASURES ACHIEVED**
3/3	**WATER QUALITY AND QUANTITY MEASURES ACHIEVED**
NO	**GERMAN WASPS FOUND IN 2023/24**
NO ISSUES NOTED	**MEDITERRANEAN FAN WORM AND INVASIVE CRAB PEST ISSUES NOTED**

LEVEL OF SERVICE 10:

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

MEASURE	TARGETS	RESULT
Process resource consents within statutory timeframes 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 resource consents were processed within statutory timeframes. This is consistent with the prior financial year's result. Where appropriate, imi and iwi have been consulted on any cultural or other relevant matters of interest as part of the consenting process.
Respond in a timely manner to breaches of the Resource Management Act 1991 and breaches of resource consent conditions, including initiation of investigations when required NOT 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	No compliance monitoring activity occurred during the current financial year, due to financial limitations restricting assessments to every two years. Based on previous assessments, it is likely there have been breaches of the Resource Management Act 1991 during the year. In the prior financial year, compliance assessments were completed with elements of non-compliance with the Resource Management Act 1991 identified. Letters have been issued to landowners identifying areas of non-compliance to be addressed.
Process liquor licence applications within statutory timeframes ACHIEVED ✓	Process all liquor licence applications within statutory timeframes	All liquor license applications were processed within statutory timeframes. This is consistent with the prior financial year's result.

MEASURE	TARGETS	RESULT
Maintain compliance of food premises ACHIEVED ✓	Ensure no issues of non-compliance are identified or reported in connection with food premises	One verification exercise was completed on all food premises in June 2024. No major issues of non-compliance were noted. Minor issues of non-compliance were identified and addressed within prescribed timeframes. In the prior financial year, no non-compliance issues were noted in connection with food premises on the island.
Ensure all dogs are registered and well cared for ACHIEVED ✓	Undertake at least one inspection annually of all dogs to ensure they are registered, and to check animal welfare	Animal welfare inspections were completed once during the current financial year on all known properties owning dogs, this included an inspection to Pitt Island in June 2024. This result is consistent with the prior year.

LEVEL OF SERVICE 11:

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

MEASURE	TARGETS	RESULT
Notify changes to the resource management document providing for imi, iwi and community feedback when giving effect to Central Government's Essential Freshwater package across the region ACHIEVED ✓	2021/22 design changes to the resource management document, which is consistent with national direction. 2022/23 and ongoing: Report to Council on progress of the Resource Management Document	The Council has an operative Resource Management Document in place, which is consistent with the prior year's result. The Resource Management Document has been updated to comply with the National Environmental Standards for Greenhouse Gases from Industrial Process Heat, and is currently fully compliant with national direction. Central Government have indicated that the Essential Freshwater Package will be changed and timeframes to implement it extended. As a result of this, work to implement the package has been put on hold until there is more certainty as to what will be required and to allow for further engagement with imi and iwi. Council will not be able to fully comply with the revised Essential Freshwater Package, once it is developed, unless additional funding is provided or a reduction in scope is allowed.

LEVEL OF SERVICE 12:

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

MEASURE	TARGETS	RESULT
Prevent incursions and establishment of new terrestrial pest species ACHIEVED ✓	Undertake two inspections at identified risk sites for pests annually, with no new pests becoming established (with results of inspections published on our website)	No new incursions or new terrestrial plant species have been established. This result is consistent with the prior financial year. Annual surveillance for German wasps has taken place following the incursion (nest found on the cliffs above Waitangi Port) in the 2021/22 financial year. No wasps have been found since the control of the nest. Surveillance of plague skinks and ants has occurred at key points on the Island. Nothing has been found. Looking forward, Council plans to continue with surveillance programmes, checking risk sites and pathways to ensure no new incursions of new terrestrial pest species occur.
Reduce animal and plant pest populations in identified sites and/ or geographic areas to minimise impacts on primary industry, human health and indigenous biodiversity NOT ASSESSED	Ensure gorse infestation does not increase from the baseline figures captured in 2012 Reduce the trend in the coverage of eradication pest plants at known sites* Reduce the number of Canada geese from the baseline level of 36 Reduce the number of feral goats from the baseline level of 109 *Eradication pest plants are those with limited distribution or density. The eventual goal is eradication at known sites on the Island, although 'zero density' is more practical to achieve in some cases. This includes pests referenced in Council's pest management plan, such as Chilean rhubarb, banana passionfruit, and broom glyseria maxima	This target was not able to be measured because the helicopter used to track animal and plant pest populations has been unavailable for the last two consecutive years, and as such aerial control work for gorse was not completed, nor was Council able to monitor the Canada geese and goat populations. However, control work was undertaken on the Island for our eradication pest plants including banana passionfruit, broom, Chilean rhubarb and old man's beard. Looking forward, Council plans to take a more structured approach to pest plant control, ensuring work is completed prior to seeding. Better recording of known sites and extent will be captured. Gorse control is being paused as Council looks at different options to manage this pest more efficiently by utilising GeoAI and other technologies. This will make sure Council understands the current extent and can identify priority areas for control.

MEASURE	TARGETS	RESULT
Maintain biosecurity of internal borders between Chatham Island, Pitt Island, and mainland New Zealand NOT ACHIEVED ✗	Provide at least one training session to freight handlers at major ports supplying the Chatham Islands Establis 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	The Council has faced significant challenges with key transportation services unavailable for half of the financial year. Consequently, limited biosecurity border activity has occurred during the year, including training sessions. Border work between Chatham and Pitt has focused on using bait stations at ports. In 2022/23 an annual freight handler training session occurred along with other training on an as required basis. Looking forward, Council plans to engage with Chatham Islands Shipping Limited and discuss joint ongoing training requirements. With shipping services recently reinstated, training is expected to be completed in the first quarter of the 2024/25 year. Further biosecurity border initiatives are occurring with securing quarterly visits to Pitt Island and other Chatham Island ports, with a dog handler and rat detector dog.
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	Monitoring of marine pests has been undertaken on a quarterly basis and ad hoc diving on vessels who have entered Chathams waters with no current biofouling certificate. This result is consistent with the prior financial year. Sabella was identified at Waitangi Port with the dive team, who reported the incursion to the Ministry for Primary Industries and undertook control by removing significant portions and remediating remaining incursion by covering the area in kina as a natural biocontrol agent. Previous mediterranean fan worm and invasive crab pest sites have been monitored, with no issues noted. Looking forward, Council plans to continue crab 'potting' activities to monitor invasive crab species around the Island. Surveillance diving on a quarterly basis will be completed to monitor for marine species and we will continue to contact Ministry for Primary Industries if a new pest is found. Boats arriving on the Island without completing antifouling within the previous two years will have their hull checked.

MEASURE	TARGETS	RESULT
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	Increased communication to the community via the Council e-newsletter has been occurring between February and June of this year. The community continue to be proactive and will contact our local biosecurity staff when they spot something they are not sure of. The first Council e-newsletter edition for 2024/25 featured an article about activities that occurred in the previous financial year. It thanked the community for their continued support and awareness. Regular one-on-one conversations with community members are also held regarding biosecurity matters. This result is consistent with the 2022/23 financial year. Looking forward, Council plans to continue to provide monthly biosecurity articles to go in the e-newsletter. A communications plan will be developed, which will focus on pests that are either topical or it is the right season for identification and control. We will continue with consistent messaging about protecting the Island's border and engaging with the community for their support
Work in partnership with others including imi, iwi and Department of Conservation to undertake pest management as an integral part of enhancing biodiversity NOT ACHIEVED ✗	Undertake pest management at restoration project sites in conjunction with imi, iwi and Department of Conservation	We have partnered with the Department of Conservation and Predator Free 2050 to maximise "pest free" initiatives. However, limited engagement with iwi and imi has occurred during the year. In the prior financial year, Council collaborated with all stakeholders including imi and iwi to undertake pest management initiatives. Looking forward, Council plans to continue to work closely with the Department of Conservation, Predator Free 2050 and the Ministry for Primary Industries. Council will plan a hui with imi and iwi to discuss opportunities to share knowledge and support potential restoration projects that are planned.

LEVEL OF SERVICE 13:

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

MEASURE	TARGETS	RESULT
Sample and analyse water quality and quantity ACHIEVED ✓	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	Quarterly water quality monitoring occurred as scheduled at the agreed sites listed in the water monitoring programme, including 13 streams, five lake sites and three Te Whanga lagoon sites. Water quantity monitoring is reported below, in the second performance measure. Information on programme design has been reported to Council, imi and iwi in past years and is contained within publications on the Council's website. There have been no significant changes to the programme in this year, or recent years. A workshop on the results of the monitoring programmes, including presenting the published reports from 2020/21, 2021/22 and a full analysis of information from the 2022/23 year were presented to a joint workshop of Council, imi and iwi in November 2023. Council aims to hold these workshops every two years.

MEASURE	TARGETS	RESULT
Monitor river flows and Te Whanga lagoon level with data provided to imi and iwi and made publicly available ACHIEVED ✓	Monitor and continuously record river and lagoon water levels and rainfall data on Chatham Island at all sites listed on the monitoring plan, with all sites telemetered and data available on our website Record and report regular (at least quarterly) validation/ calibration visits	Hydrometric recording sites to monitor water quantity for rivers (four sites), lake levels (two sites) and climate (rainfall – six sites) were monitored at all sites listed on the monitoring plan. All data generated from these recording sites were uploaded to the Council website providing "real-time" results. This ensured this data was publicly available. Validation/calibration visits occurred four times in 2023/24, which confirmed recording sites were maintained and calibrated to required quality standards (this compares to five regular visits in 2022/23, and six regular visits in 2021/22). One site visit late in the sampling year was unable to occur due to the fuel crisis on the Island in May/June 2023. River flows and Te Whanga lagoon level monitoring results remain consistent over past monitored years.
Ensure water quality and hydrology data is available to the public ACHIEVED ✓	Publish a summary report of the state and performance of the hydrometric network (telemetered data), and the water quality network monitoring, by the end of August for the previous financial year (report provided to Council and then made available on our website)	A summary report covering the state and performance of the telemetered data hydrometric network and the water quality network monitoring was not published for the 2023/24 financial year by August 2024. From a data collation perspective, this deadline is not considered achievable and therefore timeframes have been extended to December in the 2024-34 Long-Term Plan. Historic reports have been published and are all available on the Council website. The published reports, and "real-time" data available on the Council website ensure data is available to the public.

ENVIRONMENTAL PROTECTION, COMPLIANCE & PLANNING	Actual 2023/24 $000	Annual Plan 2023/24 $000	LTP 2022/23 $000
Source of operating funding			
Subsidies and grants for operating purposes	1,232	1,216	1,261
Local authorities fuel tax, fines, infringement fees, and other receipts	208	112	110
Total operating funding	**1,439**	**1,328**	**1,371**
Applications of operating funding			
Payments to staff and suppliers	1,055	1,023	997
Finance costs	-	-	-
Internal charges and overheads applied	376	320	298
Total application of operating funding	**1,431**	**1,343**	**1,295**
Surplus (deficit) of operating funding	**8**	**(15)**	**77**
Application of capital funding			
Capital expenditure			
-- To replace existing assets	35	-	-
Increase (decrease) in reserves	(26)	(15)	77
Total applications of capital funding	**8**	**(15)**	**77**
Surplus (deficit) of capital funding	**(8)**	**15**	**(77)**
Funding balance	**-**	**-**	**-**
Excludes depreciation	*12*	*7*	*6*

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 2023/24 $000	Annual Plan 2023/24 $000	Actual 2022/23 $000	Annual Plan 2022/23 $000
Surplus/(deficit) of operating funding	340	359	955	3,691
Subsidies and grants for capital expenditure	2,053	3,314	2,977	2,708
Less depreciation	(2,506)	(2,484)	(2,385)	(2,707)
Plus investment in associate	126	150	62	-
Surplus/(deficit) per financial statements	**13**	**1,339**	**1,609**	**3,692**

COUNCIL	Actual 2023/24 $000	Annual Plan 2023/24 $000	Actual 2022/23 $000	Annual Plan 2022/23 $000
Source of operating funding				
General rates, uniform annual charge, rates penalties	384	358	367	347
Targeted rates	402	400	337	340
Subsidies and grants for operating purposes	7,268	6,520	7,638	11,161
Interest and dividends from investments	91	16	41	31
Local authorities fuel tax, fines, infringement fees, and other receipts	1,464	611	1,243	1,050
Total operating funding	**9,610**	**7,905**	**9,625**	**12,929**
Applications of operating funding				
Payments to staff and suppliers	6,884	7,543	6,164	9,226
Financial costs	6	3	-	12
Other operating funding applications	2,379	-	2,507	-
Total application of operating funding	**9,269**	**7,546**	**8,671**	**9,238**
Surplus/(deficit) of operating funding	**340**	**359**	**955**	**3,691**
Source of capital funding				
Subsidies and grants for capital expenditure	2,053	3,314	2,977	2,708
Gross proceeds from sale of assets	-	-	-	161
Increase/(decrease) in debt	(17)	(19)	(27)	-
Total source of capital funding	**2,036**	**3,295**	**2,950**	**2,869**
Application of capital funding				
Capital expenditure				
- To improve the level of service	-	1,420	362	-
- To replace existing assets	2,977	2,822	3,094	3,077
Increase/(decrease) in reserves	(601)	(588)	449	3,483
Total applications of capital funding	**2,376**	**3,654**	**3,905**	**6,560**
Surplus/(deficit) of capital funding	**(340)**	**(359)**	**(955)**	**(3,691)**
Funding balance	**-**	**-**	**-**	**-**

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

The statement of service performance is formally classified from pages 7 to 33.

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

The statement of service performance of Chatham Islands Council has been prepared in accordance with Public Benefit Entity International Public Sector Accounting standards and is for the year ended 30 June 2024. The statement was authorised for issue by Chatham Islands Council on 28 November 2024.

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

Measure selection and level of aggregation

The service performance measures in this annual report are intended to compare the actual results of activities delivered by Chatham Islands Council against the forecast levels of service. The service performance measures were originally adopted in the 2021-2031 Long-Term Plan and continued in the 2023/24 Annual Plan.

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

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

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

Surveys

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

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

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

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

Customer Service Requests

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

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

Accounting policy for cost allocation for group of activities

The cost of service for each significant activity of the Council has been derived using the cost allocation system.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasibly manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using an allocation methodology that approximates perceived usage and benefit for each activity.

There have been no changes to the cost allocation methodology during the year.

Statement of compliance and responsibility

Reporting entity

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

Chatham Islands Council has designated itself as a public benefit entity for financial reporting purposes. The primary objective of the Council is to provide goods and services for community or social benefit rather than to make a financial return. As a defined public entity under the Public Audit Act 2001, the Council is audited by the Office of the Auditor General and is classed as a Public Sector Public Benefit Entity for financial reporting purposes.

Compliance

The Councillors and management of Chatham Islands Council confirm that the Annual Report, which includes both the financial information and the statement of service performance has been prepared in accordance with all statutory reporting requirements, including the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP), 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 October 2024. Council was unable to comply with this requirement for the year ended 30 June 2024 as there was additional scrutiny of our going concern assumptions requiring further technical review by our Auditors, impacting on our adoption date.

The financial statements have been prepared to comply with Public Sector Public Benefit Entity Accounting Standards (PBE accounting standards) for a Tier 2[1] entity and were authorised for issue by the Council on 28 November 2024.

Responsibility

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

In the opinion of the Councillors and management of Chatham Islands Council, the financial statements fairly reflect the financial position of the Council as at 30 June 2024, and the results of its operations, cash flows and the service performance achievements for the year ended on that date.

Monique Croon
Mayor

Paul Eagle
Chief Executive

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

Financial statements

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

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2024

	Note	Actual 2023/24 $000	Annual Plan 2023/24 $000	Actual 2022/23 $000
Revenue				
Rates	1	787	758	704
Grants & subsidies	2	9,499	9,834	10,616
Council dues		270	281	316
Petrol	3	454	-	290
User pays, fees and charges		166	97	147
Interest		91	16	41
Other revenue		396	233	488
Total revenue		**11,663**	**11,219**	**12,602**
Expenditure				
Depreciation and amortisation	9	2,506	2,484	2,385
Personnel costs	4	1,134	990	1,016
Financial costs		6	3	-
Other expenditure	5	8,130	6,553	7,654
Total expenditure		**11,776**	**10,030**	**11,055**
Share of surplus of associate	15	126	150	62
Total surplus/deficit		**13**	**1,339**	**1,609**
Comprehensive revenue and expense				
Increase/(decrease) in revaluation reserve	9, 12	-	-	-
Total other comprehensive revenue and expense		**-**	**-**	**-**
Total comprehensive revenue and expense		**13**	**1,339**	**1,609**

These statements should be read in conjunction with the notes and significant accounting policies of the Financial Statements.

Statement of financial position as at 30 June 2024

	Note	Actual 2023/24 $000	Annual Plan 2023/24 $000	Actual 2022/23 $000
Current assets				
Cash & cash equivalents	6	43	8	29
Cash funds held in trust	6	345	-	-
Cash investments		-	182	182
Receivables and other financial assets	7	1,679	719	766
Inventory	8	1	-	91
Total current assets		**2,068**	**909**	**1,068**
Non-current assets				
Investment in associate	15	368	500	242
Property, equipment & intangible assets	9	99,308	100,826	98,858
Total non-current assets		**99,676**	**101,326**	**99,100**
Total assets		**101,744**	**102,235**	**100,168**
Current liabilities				
Bank overdraft	6	499	-	80
Payables and other financial liabilities	10	2,628	1,665	1,467
Borrowings	11	5	21	20
Total current liabilities		**3,132**	**1,686**	**1,567**
Non-current liabilities				
Borrowings	11	104	95	106
Total non-current liabilities		**104**	**95**	**106**
Total liabilities		**3,236**	**1,781**	**1,673**
Net assets		**98,508**	**100,454**	**98,495**
Public equity				
Accumulated funds and reserves	12	98,508	100,454	98,495
Total public equity		**98,508**	**100,454**	**98,495**

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

Statement of changes in equity for the year ended 30 June 2024

	Note	Actual 2023/24 $000	Annual Plan 2023/24 $000	Actual 2022/23 $000
Equity at the start of the year		**98,495**	**99,115**	**96,886**
Total comprehensive revenue and expense		13	1,339	1,609
Equity at the end of the year	**12**	**98,508**	**100,454**	**98,495**

Statement of cash flows for the year ended 30 June 2024

	Note	Actual 2023/24 $000	Annual Plan 2023/24 $000	Actual 2022/23 $000
Cash flow from operating activities				
Receipts from rates revenue		748	811	737
Receipts from grants and subsidies		9,379	10,295	10,236
Receipts from Council Dues		291	301	318
Interest received		91	16	41
Receipts from other revenue		330	431	1,084
Payments made to employees		(1,154)	(982)	(1,004)
Interest paid		(6)	(3)	-
Other payments to suppliers		(7,334)	(6,808)	(7,983)
Net cash flow from operating activities		**2,346**	**4,061**	**3,428**
Cash flow from investing activities				
Purchase of fixed assets		(2,595)	(4,242)	(3,482)
Sale/(purchase) of other assets		206	-	(182)
Net cash flow from investing activities		**(2,389)**	**(4,242)**	**(3,664)**
Cash flow from financial activities				
Loans raised		-	-	-
Repayment of loans		(17)	(22)	(27)
Net cash flow from financial activities		**(17)**	**(22)**	**(27)**
Increase/(decrease) in cash held		**(60)**	**(203)**	**(263)**
Opening cash balance		(51)	211	212
Closing cash balance	6	**(111)**	**8**	**(51)**

Significant notes and accounting policies

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

Basis of preparation

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

The financial statements comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS). This includes preparing the accounts on a going concern basis. Refer to note 16 in the financial statements for further details on our going concern assumption.

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

Measurement base

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

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

Budget figures

The budget figures in the financial statements are those approved by Chatham Islands Council as part of the annual planning process. The Council has approved no additional expenditure outside this planning process. The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements.

Critical financial assumptions, judgements and estimations

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

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

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

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

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

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

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

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

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

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

Changes in accounting policies

There have been no significant changes in accounting policies during the 2024 financial year.

Taxation

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

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

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

Financial statements

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

We received more than was expected by $0.4 million

Council continued its temporary role of transporting and supplying petrol to the island. Revenue of $0.5 million was not budgeted as it was expected alternative arrangements would be in place.

There are no other significant differences to budget.

We spent more than was expected by $1.7 million

Petrol costs of $0.5 million were unbudgeted, as were remedial repair works to Kaingaroa wharf, of $0.7 million. Both projects were offset by either user pays contributions or "better off" funding grants.

Council overheads were above expectation by $0.5 million, reflective of higher operating costs in relation to insurance, audit and information technology costs. Higher personal costs were also incurred by the Council, specially related to staff movements and onboarding costs, which were not factored into the budget.

NOTE 1: RATES REVENUE

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

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

RATES REVENUE	Actual 2023/24 $000	Actual 2022/23 $000
General rates	355	351
Targeted rates	403	337
Penalties and other adjustments	29	16
Total rates revenue	**787**	**704**

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

	30 June 2023
The number of rating units	694
The total land value of rating units	99,674,250
The total capital value of rating units	251,362,550

NOTE 2: GRANTS REVENUE

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

- The Department of Internal Affairs provides an annual contribution to meet the Council's statutory obligations. Council also received additional support during the 2023/24 financial year related to various water services reform support packages. The Crown's annual contribution in 2023/24 was $4.2 million. This level of financial support is committed for the foreseeable future. The Crown's contribution is insufficient to cover our operating requirements and does not cover depreciation of infrastructure assets; which means we are unable to effectively plan for or invest in infrastructural development. Council continues to work with central government and other organisations to provide additional ongoing support.
- The New Zealand Transport Agency Waka Kotahi 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 New Zealand Transport Agency Waka Kotahi is at 88% of actual costs incurred. Council currently fund any shortfall from cash reserves; which further draws on Council's liquidity.

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

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

GRANTS AND SUBSIDIES	Actual 2023/24 $000	Actual 2022/23 $000
Department of Internal Affairs	4,975	5,197
Waka Kotahi roading subsidy	3,903	3,911
Tourism Infrastructure Fund	98	543
National Emergency Management Agency	31	538
Other	492	426
Total grants & subsidies	**9,499**	**10,616**

NOTE 3: OTHER SIGNIFICANT REVENUE ITEMS

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

In the prior financial year, the Council agreed to temporarily transport and supply petrol to the Chatham Islands. The previous supplier elected to cease operations, due to the cost becoming financially untenable. The Chatham Islands Council is currently responsible for purchasing, storing and transporting petrol to the island. Based on these attributable costs, the Council has applied a markup to provide this service to the community on a cost recovery basis. The Council is looking to find another supplier on the island to take responsibility for this activity. Revenue recognised in the Annual Report related to the supply of petrol amounts to $454,000, which is matched with the cost to supply petrol of $490,000, including administrative time and costs. Petrol expenditure exceeds revenue for the year due to timing of purchases and the need to make bulk purchases during the year related to shipping logistical challenges.

NOTE 4: GOVERNANCE AND EMPLOYMENT EXPENDITURE

Governance costs relate to the remuneration made to all elected members, comprising the Mayor and Councillors. Employment costs relate to the remuneration paid directly to staff including other employee benefits such as KiwiSaver contributions. Governance and employment related expenditure comprises any money, consideration or benefit received or receivable or otherwise made available, directly or indirectly, during the reporting period but does not include reimbursement of authorised work expenses or the provision of work-related equipment such as cell phones and laptops. During the year, no payments were made outside of normal contractual terms to members of Council or staff (in the 2022/23 financial year, no payments were made outside of normal contractual terms to members of Council or staff).

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

Key management personnel of the Council include the Mayor, Councillors and the Chief Executive. The assessed total full time equivalent of our key management personnel is assessed as 10 for the year ended 30 June 2024 (as of 30 June 2023, 11). Due to the difficulty in determining the full-time equivalent figure for the Mayor and Councillors, the figure is based on head count.

Remuneration of our key management personnel is disclosed as follows:

Name	Position	Actual 2023/24	Actual 2022/23
Monique Croon	Mayor	58,934	57,356
Keri Day	Deputy Mayor	24,270	24,867
Celine Gregory-Hunt	Councillor	18,218	18,908
Graeme Hoare	Councillor	18,218	18,908
Gregory Horler	Councillor	18,218	21,235
Richard Joyce	Councillor	18,218	18,908
Judith Kamo	Councillor	18,218	11,911
Nigel Ryan	Councillor	18,218	18,908
Amanda Seymour	Councillor	18,218	18,908
Jason Seymour	Councillor	-	6,996
Total governance costs		**210,730**	**216,905**
Chief executive remuneration:			
Owen Pickles - to January 2024*		174,439	219,382
Paul Eagle - from November 2023		164,437	-
Total Key management personnel remuneration		**549,606**	**436,287**

** Remuneration includes final pay, which includes annual leave outstanding.*

Remuneration includes any non-financial benefits paid or payable for the year, and includes outstanding leave balances paid as part of final pay calculations.

Employee numbers and remuneration bands:

As at 30 June 2024, the Council employed eight full time and two full time equivalent employees (as at 30 June 2023, eight full time and three full time equivalent staff members were employed).

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

BAND	Actual 2023/24
< $59,999	3
$60,000 - $99,999	6
$100,000 - $259,999	2
Total	**11**

BAND	Actual 2022/23
< $59,999	6
$60,000 - $119,999	6
$120,000 - $219,999	1
Total	**13**

NOTE 5: OTHER SIGNIFICANT EXPENDITURE

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

OTHER EXPENSES	Actual 2023/24 $000	Actual 2022/23 $000
Audit fees - Financial Report	109	98
Other audit fees - Long-Term Plan	64	-
Donations	171	211
Bad debts	-	-
Lease expense	410	400

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

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

Current assets are higher than expected by $1.2 million

Timing issues associated with the recognition of grant income and higher than expected expenditure levels have had a major impact on the cash position of Council, compared with what was expected. The majority of our cash balances recognised in current assets are held in Trust for other organisations. Receivables are higher than expected by $1.0 million, with the recognition of an unbudgeted return of historic funds held in Trust and a conservative approach to estimating receivables.

Non-current assets are lower than expected by $1.7 million

A significant project has been deferred to the following financial year. There are no other significant variations.

Current and non-current liabilities are higher than expected by $1.5 million

Council has experienced difficulties paying creditors, with expenditure exceeding revenue for the year. Council has managed this by delaying creditor payments, with the expectation that outstanding balances will be repaid from the Annual Appropriation, to be received in July.

NOTE 6: CASH AND CASH EQUIVALENTS

Our cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are disclosed in the current liabilities section in the statement of financial position. Our cash and cash equivalents balances are subject to expected credit losses, however no loss allowance has been recognised because the estimated amount is trivial.

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

CASH AND CASH EQUIVALENTS	Actual 2023/24 $000	Actual 2022/23 $000
Funds held in trust	345	-
Cash at bank and on hand	43	29
Bank overdraft	(499)	(80)
Total cash and cash equivalents	**(111)**	**(51)**

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

The Council has an overdraft arrangement in place, which allows Council to borrow up to $500 thousand dollars. Based on this limit, the Council has adequate security against any required short-term borrowing. Should Council require additional funding; on Council's approval, further negotiation may occur to extend the overdraft facility. However, an application may not be successful, due to Council's limited assets to provide as security. Any use of the Council's overdraft facility will likely be required only on a temporary basis until the Annual Appropriation is received in July.

The funds held in trust represent money transferred to the Council as part of a grant for the Norman Kirk Memorial reserve.

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

NOTE 7: RECEIVABLES AND OTHER FINANCIAL ASSETS

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

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

Rates are "written-off" where rates cannot be reasonably recovered and when remitted in accordance with the Council's rates remission policy.

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

Council has recognised no expected credit losses for the 2023/24 or 2022/23 financial years.

Other financial assets are initially recognised at fair value.

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

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

RECEIVABLES AND OTHER FINANCIAL ASSETS	Actual 2023/24 $000	Actual 2022/23 $000
Rates	134	95
Other receivables or financial assets	1,545	671
Total current receivables and other financial assets	**1,679**	**766**
Total non-current receivables and other financial assets	**-**	**-**
Receivables from non-exchange transactions	1,679	857

NOTE 8: INVENTORY

Included within the receivables and other financial assets figure is petrol stock on hand of $1,000 (2022/23, $91,000). Petrol inventory is recognised based on cost. Petrol stock on hand was low due to limited shipping service in June 2024, petrol had to be rationed to ensure the available supply was allocated to all who needed it.

NOTE 9: PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

Expenditure is recognised as a property, equipment and intangible asset when it creates a new asset or increases the economic benefits of an existing asset. Costs that do not meet the criteria for capitalisation are expensed. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially recognised at fair value at the date of transfer. Work in progress is recognised at cost less impairment and is not depreciated.

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

Operational assets include land, buildings and non-revalued equipment items. Our land and buildings were valued at deemed cost by way of Government Valuation, as at 1 July 1989. Subsequent additions are valued at cost. All other operational assets are valued at cost less accumulated depreciation.

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

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

After initial recognition, certain asset classes are revalued to fair value. Where there is no active market for an asset, fair value is determined by optimised depreciated replacement cost. Optimised depreciated replacement cost is a valuation methodology where the value of an asset is based on the cost of replacement.

At 30 June 2023, the Council performed a fair value assessment of the movements in the value of its roading assets based on NZ Transport Agency Waka Kotahi indices and three waters and waste management assets based on price movement indices published by Statistics New Zealand. These assessments showed that the current carrying value of our infrastructural assets are not materially different from its fair value. No revaluation of these assets were therefore required and the amounts are stated at depreciated replacement cost as at the date of the 2022 valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The remaining life is of the asset is estimated and straight-line depreciation applied to bring the replacement cost to a fair value. Our infrastructure asset classes are revalued regularly to ensure their carrying amount does not differ materially from fair value. The valuation cycle for revalued asset classes is normally five years. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation, this balance is expensed in the statement of comprehensive revenue and expense.

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

These include:

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

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

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. For assets not carried at a revalued amount, the total impairment loss is recognised in the Statement of Comprehensive revenue and expense.

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

PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS	
Asset	**Years**
Operational assets	
Buildings	10-50 years
Office equipment	1-15 years
Vehicles	5-10 years
Parks and Reserves	20-25 years
Infrastructure assets	
Roading network	
Sealed pavement surface	5-10 years
Sealed pavement layers (first coat seals, basecourse, subbase)	45-60 years or not depreciated
Unsealed pavement layers (wearing course, subbase)	5 years, or not depreciated for subbase
Drainage	45-55 years
Footpaths	20-25 years
Minor structures (including signs, railings and streetlights)	2-35 years
Retaining walls	25-30 years
Bridges, bridge culverts and wharves	30-45 years
Drainage, reticulation systems for potable water and wastewater	
Treatment plant and pump stations	1-26 years
reservoirs	25-35 years
Pumps, valve, hydrants and other reticulation assets	15-55 years
Waste management	
Landfill, transfer stations and other assets	5-45 years
Intangible assets	
Computer software	5 years

Insurance of Assets

Insurance of Assets Due to cost constraints, Council only insures operational assets with Council electing to self-insure infrastructure assets. In the event of a natural disaster, it is assumed that the New Zealand Transport Agency Waka Kotahi will contribute to any remedial work required on our roading assets. Council further assumes that Central Government will fully contribute towards the rebuild or repair of our other infrastructure assets (drainage, reticulation systems for potable water and wastewater and waste management assets).

Council does not have cash set aside to cover any initial outlays required in an emergency event, but does have an ability to utilise an overdraft facility. Any cash outlays related to an emergency event would expect to be recovered from Central Government.

INSURANCE OF ASSETS	Actual 2023/24 $000	Actual 2022/23 $000
Total value of assets covered by insurance contracts	2,272	2,220
The maximum amount to which assets are insured under Council insurance policies	15,251	10,363

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

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

Actual 2023/24	Opening cost/ revaluation $000	Accumulated depreciation $000	Carrying value opening $000	Additions $000	Disposals & cost adjustments $000	Depreciation $000	Accumulated depreciation adjustments $000	Closing accumulated depreciation $000	Carrying value closing $000
Operational assets									
Land	278	-	278	-	-	-	-	-	278
Buildings	1,915	(925)	990	538	(121)	(78)	113	(914)	1,443
Office equipment	660	(368)	292	63	(18)	(40)	(105)	(183)	191
Vehicles	358	(226)	132	49	74	(34)	(15)	(191)	206
Parks and Reserves	99	(89)	10	10	114	(5)	(2)	(94)	128
Total operational assets	**3,310**	**(1,608)**	**1,702**	**660**	**50**	**(157)**	**(9)**	**(1,382)**	**2,245**
Infrastructural assets									
Transportation - Roading & Coastal networks	92,869	(1,970)	90,899	2,313	(2)	(2,022)	-	(4,017)	91,188
Waste management	2,797	(167)	2,630	4	(158)	(155)	73	(324)	2,393
Waste Water	1,505	(84)	1,421	-	13	(82)	(12)	(178)	1,340
Potable Water	2,283	(78)	2,205	-	-	(64)	-	(142)	2,141
Total infrastructural assets	**99,455**	**(2,299)**	**97,156**	**2,317**	**(147)**	**(2,323)**	**61**	**(4,661)**	**97,062**
Work in progress				**-**	**-**	**-**	**-**	**-**	**-**
Property, Plant and Equipment	**102,765**	**(3,907)**	**98,858**	**2,977**	**(98)**	**(2,480)**	**52**	**(6,043)**	**99,308**

During the year the Council reviewed the assets listed in the Fixed Asset Register to ensure consistency of classification and that the register correctly identified assets that were held by the Council. A number of minor updates were identified to align the financial information in the Annual Report with the Fixed Asset Register, which resulted in movements within the disposals and accumulated depreciation adjustment columns, above.

Core assets 2023/24

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

Actual 2023/24	Closing book value $000	Additions $000	Vested $000	Replacement cost $000
Water				
Treatment Plants and Facilities	757	-	-	1,163
Other Assets	1,384	-	-	2,125
Sewerage				
Treatment Plants and Facilities	784	-	-	1,690
Other Assets	556	-	-	1,197

Actual 2023/24	Closing book value $000	Additions $000	Vested $000	Replacement cost $000
Stormwater				
Storm Drainage	-	-	-	-
Roads and Footpaths				
Roads and Footpaths	91,191	2,309	-	111,684
TOTAL	**94,672**	**2,309**	**-**	**117,859**

Actual 2022/23	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	1,710	(881)	829	205	-	(44)	-	(925)	990
Office equipment	506	(351)	155	154	-	(17)	-	(368)	292
Vehicles	314	(205)	109	44	-	(21)	-	(226)	132
Parks and Reserves	99	(86)	13	-	-	(3)	-	(89)	10
Total operational assets	**2,907**	**(1,523)**	**1,384**	**404**	**-**	**(86)**	**-**	**(1,609)**	**1,702**
Infrastructural assets									
Transportation - Roading & Coastal networks	90,179	-	90,179	2,690	-	(1,970)	-	(1,970)	90,899
Waste management	2,435	-	2,435	362	-	(167)	-	(167)	2,630
Waste Water	1,505	-	1,505	-	-	(84)	-	(84)	1,421
Potable Water	2,283	-	2,283	-	-	(78)	-	(78)	2,205
Total infrastructural assets	**96,401**	**-**	**96,401**	**3,053**	**-**	**(2,299)**	**-**	**(2,299)**	**97,156**
Property, Plant and Equipment	**99,308**	**(1,523)**	**97,785**	**3,456**	**-**	**(2,385)**	**-**	**(3,908)**	**98,858**

Core assets 2022/23

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

Actual 2022/23	Closing book value $000	Additions $000	Vested $000	Replacement cost $000
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	-	-	1,197

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

NOTE 10: PAYABLES AND OTHER FINANCIAL LIABILITIES

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

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

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

Other provisions are recognised for future liabilities of uncertain timing or amount when there is a present obligation because of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are measured at the expenditure expected to be required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value. A provision in the 2021/22 financial year was made for the estimated refund of three years of outstanding Council Dues to the Pitt Island Barge Society. Council Dues are repayable on the production of audited accounts by the Pitt Island Barge Society on an annual basis. The Pitt Island Barge Society has paused operations, awaiting repairs to its vessel, all outstanding balances were repaid during the 2023/24 financial year, with no unpaid balances outstanding.

PAYABLES AND OTHER FINANCIAL LIABILITIES	Actual 2023/24 $000	Actual 2022/23 $000
Payables under exchange transactions		
Payables and accrued expenses under exchange transactions	2,244	1,303
Funds held for distribution	300	-
Employee leave and other accrued benefits	84	104
Provisions	-	60
Total payables and other financial liabilities	**2,628**	**1,467**

NOTE 11: BORROWINGS

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

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

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

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

NOTE 12: EQUITY

Equity is the community's interest in Chatham Islands Council and is measured as the difference between total assets and total liabilities. Equity is classified into several separate components.

The components of equity are:

- **Retained earnings:**
  General Funds – Revenue appropriation account to fund future development.
- **Restricted reserves:**
  These are reserves subject to specific conditions of use, whether under statute or accepted as binding by the Council. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met.

  Our restricted reserves are restricted by Council decision rather than being legally binding. Therefore, Council may alter these reserves without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council and include:

  a. Emergency Services Reserve - Funds are set aside for emergency events such as natural disasters.

  a. Mayoral Relief Reserve – Funds are set aside for emergency relief.
- **Asset Revaluation Reserve:**
  Reserves generated by revaluations in property, plant and equipment and other assets.

Capital management

The Local Government Act 2002 requires the Council to manage its finances prudently and promote the current and future interests of the community. Our general funds are managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings

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

These plans ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

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

EQUITY	Actual 2023/24 $000	Actual 2022/23 $000
General funds		
Opening balance	19,691	18,082
Plus net surplus for the year	13	1,609
Adjust for transfer (to)/from other reserves	250	-
Closing Balance	**19,954**	**19,691**
Emergency services reserve		
Opening balance	250	250
Adjust for transfer (to)/from other reserves	(250)	-
Closing balance	**-**	**250**
Mayoral relief reserve		
Opening balance	25	25
Adjust for transfer (to)/from other reserves	-	-
Closing balance	**25**	**25**
Assets revaluation reserve		
Opening balance	78,529	78,529
Revaluation/(impairments)	-	-
Closing balance	**78,529**	**78,529**
Total equity at end of year	**98,508**	**98,495**

NOTE 13: COMMITMENTS

The Council has no contractual capital commitments for the acquisition of property, plant and equipment as at 30 June 2024 (as at 30 June 2023, nil). The Council has in place maintenance contracts with external service providers to provide engineering services on infrastructural assets. The scope of future work is dependent on organisational priorities, funding availability, and due to these uncertainties, no disclosure has been made.

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

CONTRACT COMMITMENTS	Actual 2023/24 $000	Actual 2022/23 $000
Not later than 1 year	415	397
Between 1 and 5 years	1,661	1,586
More than 5 years	8,444	8,582
	10,520	**10,565**

The future commitment excludes agreed increases for the impact of annual inflationary adjustments, which are uncertain by nature and difficult to predict.

NOTE 14: CONTINGENCIES

Contingent assets and liabilities are disclosed when the contingency is evident. Contingent assets are disclosed if it is probable the benefits will be realised. Contingent liabilities are disclosed if the possibility they will crystallise is not remote. Council is not aware of any contingent assets or liabilities as at 30 June 2024, for Council or any associates (nil as at 30 June 2023).

NOTE 15: RELATED PARTY DISCLOSURE

Related parties arise where one entity can affect the financial and operating policies of another through the presence of control or significant influence. Related parties include all Council Controlled Entities and associates of the Council and key management personnel. Key management personnel include the Mayor and Councillors as elected members of the Council and the Chief Executive.

Council has entered into transactions with related entities during the year. These transactions were part of a normal supplier relationship and on terms and conditions no more or less favourable than those reasonable to expect the Council would have adopted in dealing with the party on an arm's length basis in the same circumstances. The Council also provides accommodation to one staff member, the rental rate is based on mutual agreement between the staff member and the Council.

Council's interest in an associate

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

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

The purpose of the housing trust is to relieve hardship caused through isolation and reduced access to housing. The reporting date of the housing trust is 31 March. There are no significant restrictions on the ability of the associate group to transfer funds to the Council in the form of cash dividend or similar distributions, or to repay loans or advances. As at 31 March 2024, the housing trust has $1.6 million for the construction of five houses, to be paid upon completion of the project (31 March 2023 $2 million). The Council's share of an associate's profits or losses is recognised in the surplus or deficit.

Council's interest in Council Controlled Organisations

The Council has one Council Controlled Organisation, the Chatham Islands Mayoral Disaster Relief Fund Trust. Its purpose is as a body to receive grants to respond to emergency events on the Chatham Islands. For the year ended 30 June 2024, 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. In the 2023 financial year, Council made two payments totaling $2,000 on the organisation's behalf for the purchase of grocery vouchers after a house fire on the island.

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

NOTE 16: GOING CONCERN

The going concern assumption has been considered in preparing the financial statements for the year ended 30 June 2024 and is assessed as appropriate. However, there are conditions that may cast significant doubt on Chatham Islands Council's ability to continue as a going concern. These conditions, management's plans to address them, and the related uncertainties and assumptions are described below.

To remain financially viable, Chatham Islands Council is reliant on significant operating and capital expenditure funding from the Government.

Chatham Islands Council's current levels of funding do not allow it to comply with some legislation related to three waters and other environmental matters, and funding constraints mean that this position is unlikely to improve.

The 2024-34 Long-Term Plan identified that our 2023/24 Crown financial assistance package was not sufficient to cover our planned operating expenditure for 2024/25. This is due to higher costs related to increases in the cost of living, other inflationary pressures, and additional compliance costs. Our 2024/25 financial assistance package was not adjusted for these increases.

The subsidy we received for roading expenditure remained at the same rate of 88% of our planned roading expenditure. Chatham Islands Council has self-funded the difference, as we have done in the past, but due to our Government funding not being adjusted, this has resulted in a deterioration of our cash position to a net overdraft position (see Note 6).

There will be significant uncertainty on delivering the same levels of service from the Government's decision to provide a fixed financial assistance package on $4,203m for three years from 2024/25 unless any changes made by the Department of Internal Affairs following a review of the financial assistance package.

Further, Chatham Islands Council cannot adequately invest in critical infrastructure assets because it is unable to secure additional funding from the Government. These include three waters assets, the wharf, and waste management facilities.

The ongoing impact of these financial conditions, the reduction of service from our cost saving exercise (explained below) along with the impact of increased compliance costs of the Local Water Done Well Delivery plan (detailed in Note 17), indicate that material uncertainty exists that casts significant doubt on our ability to continue as a going concern on a long-term basis under the current funding model.

To improve the cash position, the Council has increased rates by an additional 3.5% above expected inflationary adjustments for the island.

Chatham Islands Council is also negotiating with a service providers to reduce planned expenditure by $265,000 for 2024/25 based on accurately reflecting the cost of the services provided the year prior. There is significant uncertainty around the extent of the level of services Chatham Islands Council can continue to provide to its community.

Although we forecast being able to meet all of our financial obligations as they fall due for at least a period of one year from the adoption of the 30 June 2024 annual report, the Chatham Islands Council's cash balances will again be in overdraft position at 30 June 2025. The overdraft facility of $500,000 in place with the Chatham Islands Council's banks (detailed in Note 6) is assessed as sufficient to cover any cash shortfall until the 2025 Annual Appropriation funding is received in July 2025.

As a result, the Council has determined the going concern assumption remains appropriate in the preparation of the financial statements for the year ended 30 June 2024.

However, there is very little headroom available in our forecasts for the period of one year from the adoption of the 30 June 2024 annual report. Therefore, there is material uncertainty associated with our assessment of the going concern assessment, which could result in Chatham Islands Council not being able to meet its financial obligations as they fall due. The significant assumptions made by the Council in carrying out this assessment are that we will achieve the planned savings in our contracted expenditure with a service provider that will still allow us to deliver a core level of service, and that we will not incur any additional unexpected expenditure above that currently forecasted for 2024/25, or if such expenditure occurs, we will be able to utilise delayed payment arrangements with our key suppliers.

NOTE 17: EVENTS AFTER THE END OF THE REPORTING PERIOD

The Government has begun implementing its Local Water Done Well Delivery plan. While some regulation remains before Parliament, and therefore significant uncertainty remains in terms of the application, it is generally expected that councils will need to demonstrate they have a financially sustainable model for the delivery of water services that meets both water quality and water infrastructure rules. Currently, Council considers the proposed reforms to date have had no effect on the 2024 financial statements or performance information.

The Chatham Islands have a small resident community and are geographically isolated from mainland New Zealand. Therefore, Council faces unique challenges in relation to providing services to the community and it cannot provide these services without external support from Central Government. Council is only able to afford an increase in services provided to the community if external funding is similarly increased.

Consequently, without an increase in funding, Council will have to evaluate whether it allocates funds to create a draft Water Service Delivery Plan and associated consultation, meeting ongoing compliance or directs resources to maintaining our existing Three Water assets. Our Three Waters infrastructure is aging and has a long list of critical works which are required to keep our Three Waters systems operating. Currently, Council does not have funding to resolve these critical issues and relies on reactive maintenance works to fix infrastructure when it fails.

Maintaining our Three Waters assets is essential to enable local development, but with limited resources and a system at capacity, our ability to support growth and meet community needs is increasingly compromised.

Council currently does not comply with current water regulations (Part 4 or Part 5 of the drinking-water standards (2018) - bacteria and protozoa compliance criteria) and it is therefore unlikely that council will be in a position achieve a higher level of compliance with the new regulations without additional funding.

Council is currently evaluating options open to it including advocating for additional funding, merging with another Council(s) to operate within a Council Controlled Organisation structure, or standing alone and not complying with the new regulatory requirements, which is the current status quo for Council

In addition, the Council is required under section 98(7) of the Local Government Act 2002, to complete and adopt its Annual Report prior to 31 October 2024. This timeframe was not met, as there was additional scrutiny of our going concern assumptions requiring further technical review by our Auditors, impacting on our adoption date. With these exceptions, 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.

Financial prudence graphs

Annual Report disclosure statement for the year ended 30 June 2024

What is the purpose of this statement?

The purpose or 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 must include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

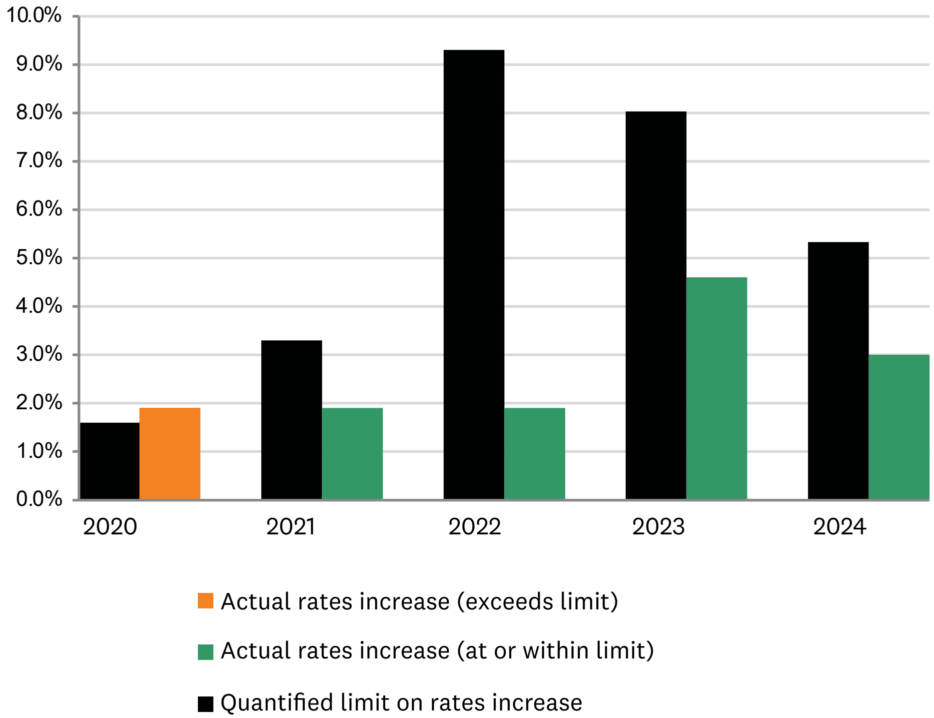
The Council meets the rates affordability benchmark if: its actual rates income equals or is less than each quantified limit on rates and its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

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

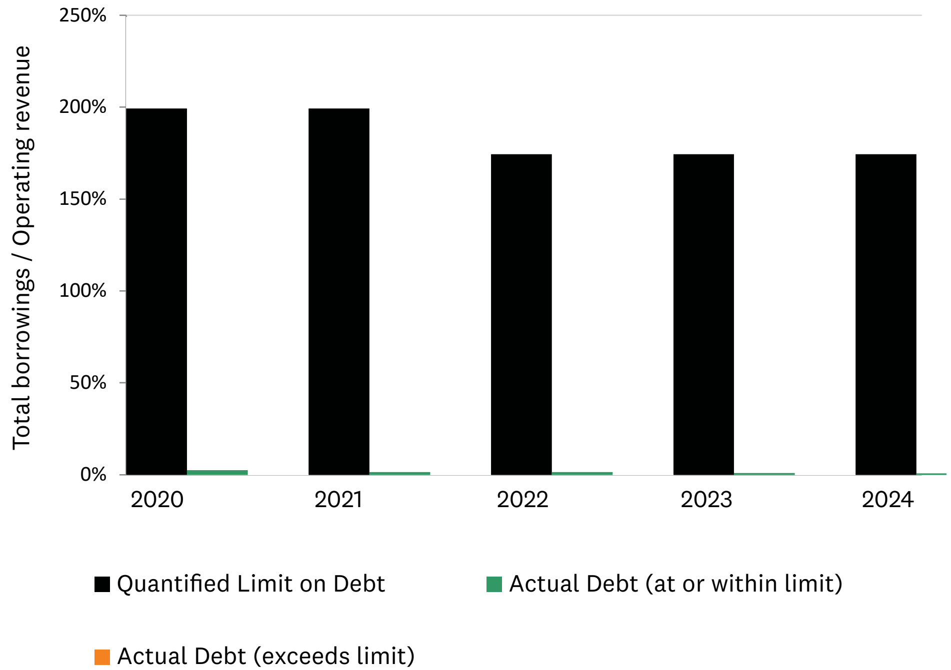
Rates (increases) affordability

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



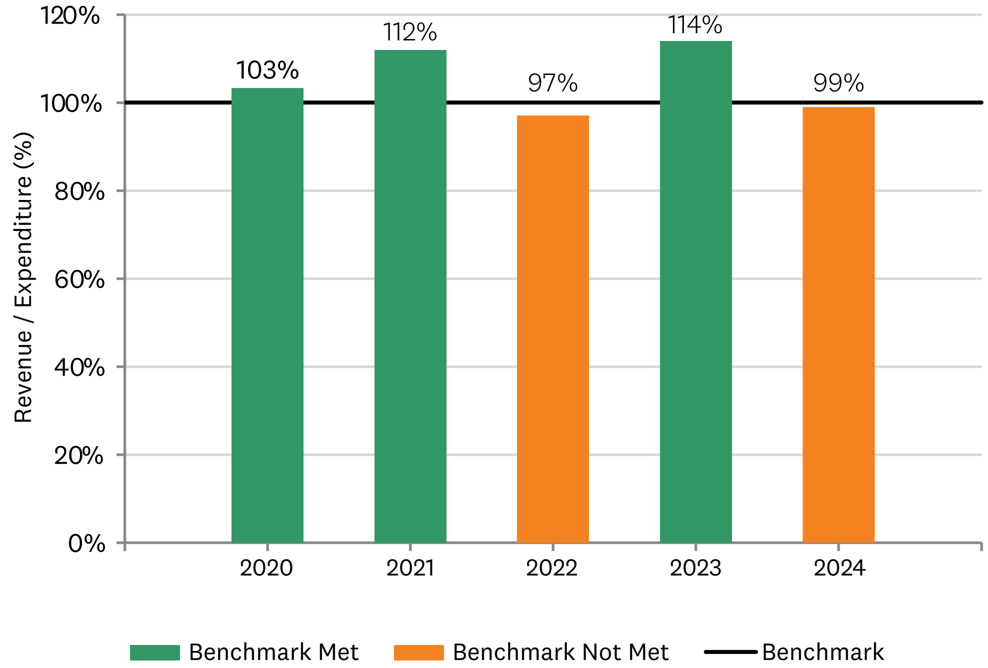
Debt affordability benchmark

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



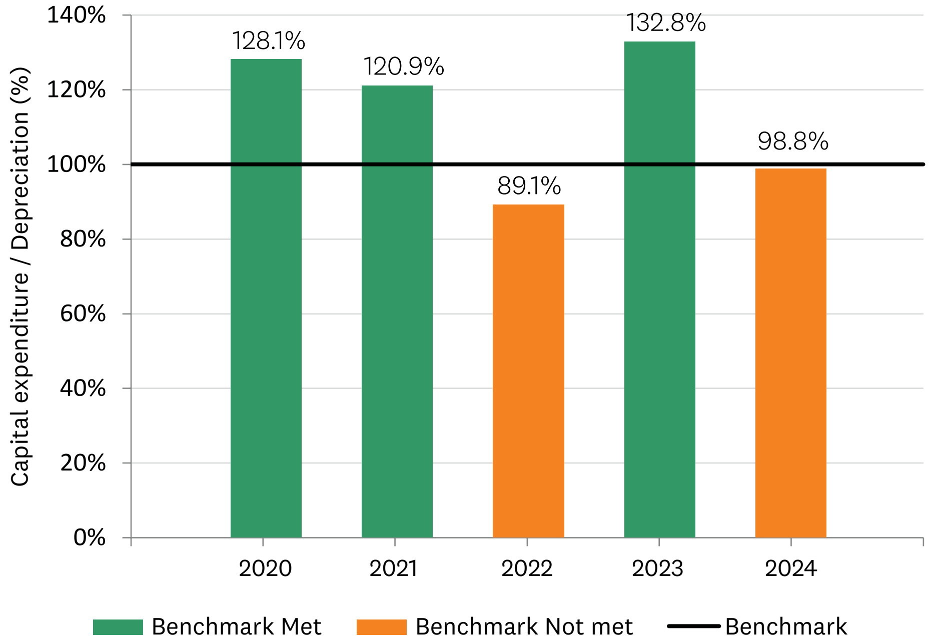
Balanced budget benchmark

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



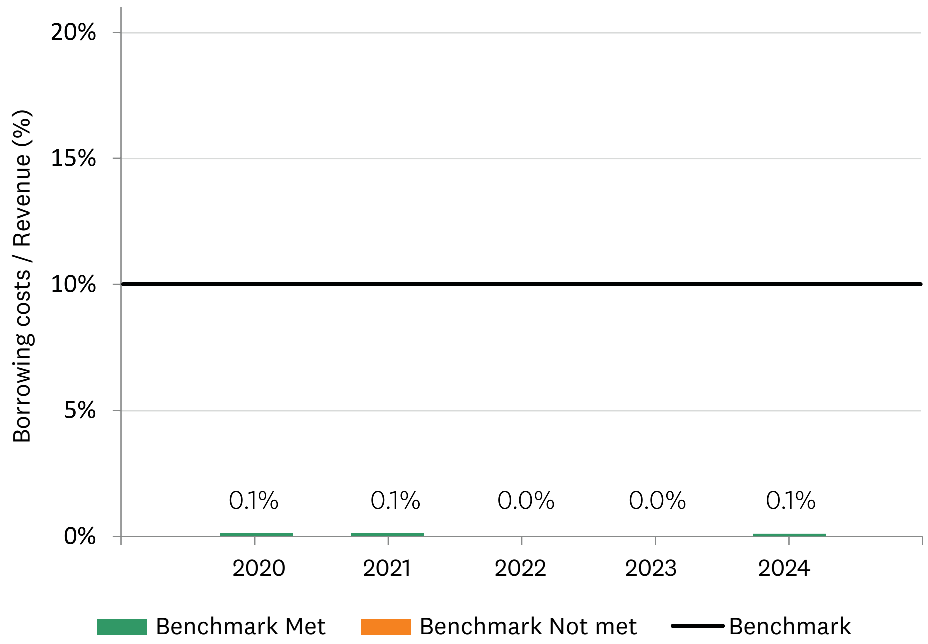
Essential services benchmark

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



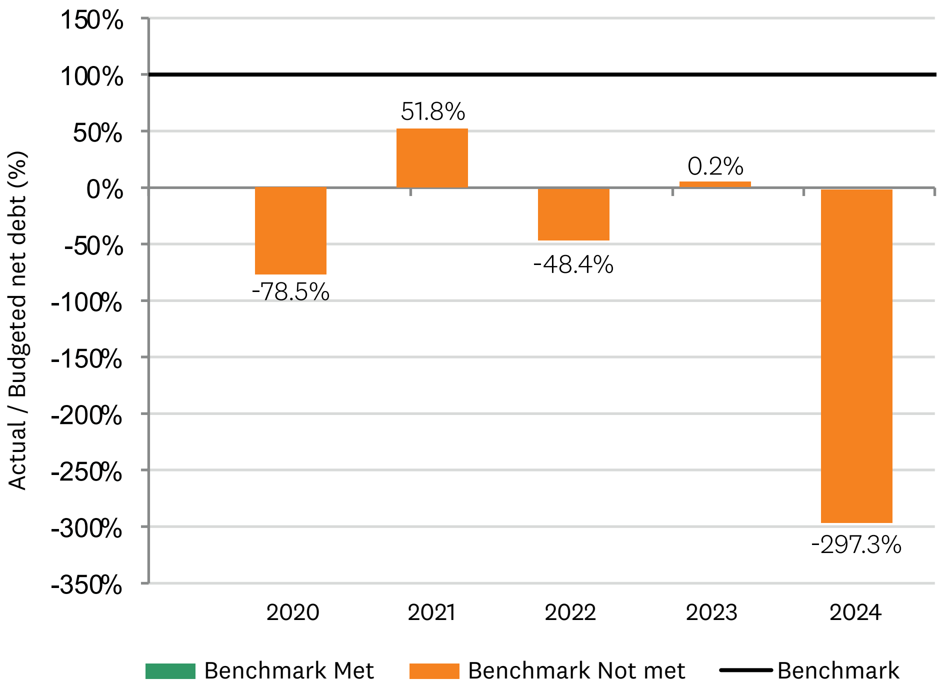
Debt servicing benchmark

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



Debt control benchmark

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

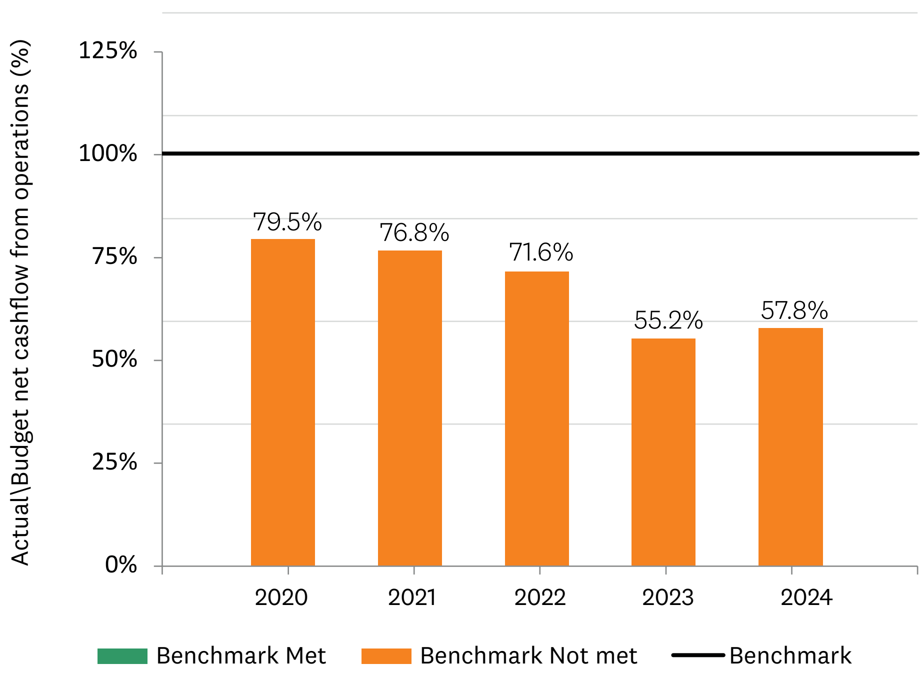


Council has faced increasing cost pressures from inflationary movements, changing legislative requirements and expectations from Central Government and the community. Conversely, our main funding from the annual appropriation has remained static, meaning we have less funding over time to support works within our community.

For the 2023/24 financial year, Council was required to use an overdraft facility on a temporary basis to cover the operational cash shortfall, predominately related to timing differences between receipts and payments.

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.

Audit New Zealand
Mana Arotake Aotearoa

Independent Auditor's report

To the readers of Chatham Islands Council's annual report for the year ended 30 June 2024

The Auditor-General is the auditor of Chatham Islands Council. The Auditor-General has appointed me, Yvonne Yang, using the staff and resources of Audit New Zealand, to report on the information in the Chatham Islands 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 Chatham Islands 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 Chatham Islands 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 28 November 2024. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 39 to 58:
  - present fairly, in all material respects:
    - Chatham Islands Council's financial position as at 30 June 2024; 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 34, 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 Chatham Islands Council's annual plan; and
- the statement of service performance (called the service performance summaries by activity) on pages 7 to 32 and pages 35 to 36:
  - presents fairly, in all material respects, the Chatham Islands Council's levels of service for each group of activities for the year ended 30 June 2024, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 9, 13, 16, 18, 22, 26 and 33, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Chatham Islands Council's long-term plan; and
- the funding impact statement for each group of activities on pages 9, 13, 16, 18, 22, 26 and 33, 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 Chatham Islands Council's long-term plan.

Report on the disclosure requirements

We report that the Chatham Islands 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 59 to 62, which represent a complete list of required disclosures and accurately reflects the information drawn from the Chatham Islands Council's audited information and, where applicable, the Chatham Islands Council's long-term plan and annual plans.

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

Material uncertainty related to going concern

Without modifying our opinion, we draw attention to note 16 on page 57, which outlines how insufficient funding to meet increased costs continues to weaken Chatham Island Council's cash position and management's plans to deal with the cash flow constraints. There is material uncertainty related to these conditions that may cast significant doubt on Chatham Island Council's ability to continue as a going concern.

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 Chatham Islands 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 Chatham Islands 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 Chatham Islands Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the Chatham Islands Council.

Independent Auditor's report

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Chatham Islands 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 auditor's report. However, future events or conditions may cause the Chatham Islands 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.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 6 and 37, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

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 Chatham Islands 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* (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and the report on the disclosure requirements, we have audited the Chatham Islands Council's long-term plan. Other than the audit and our report on the disclosure requirements, we have no relationship with, or interests in, the Chatham Islands Council.

YYang

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

chatham islands council

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