

Chatham Islands Council

# Annual Report 2024/25



*Our people, our Islands, our future*





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# 2024/25 in review

## Kioranga, kia ora

We are pleased to present the Chatham Islands Council's Annual Report for 2024/25. This report reflects another year of progress, careful stewardship, and resilience for our community during a period of significant change.

Throughout the year we maintained a strong focus on "getting back to basics", ensuring our community receives the essential services it depends on while advocating for the long-term investment required to keep the Islands viable. With a very small ratepayer base, the Council cannot – and won't – meet its statutory responsibilities without Crown support. We remain grateful for the Government's continued commitment, while pressing for sustainable funding arrangements that reflect our isolation, infrastructure needs and limited resources.

Uncertainty created by national reforms in water services, emergency management, and resource management has continued to challenge planning. However, our message to central government has been clear: the Chatham Islands must not be left behind. Ministers have responded positively and encouraged the Islands to unite around a coherent, long-term plan. A sustainable funding model remains essential to supporting families, local businesses, and our way of life for generations to come.

This year we strengthened our whole-of-Island approach through Kāhui Manu Tāiko, the leadership group representing the four on-Island entities. Together, we advanced shared priorities across shipping and wharves, safe drinking water, resilient fuel and energy

supplies, and improved community facilities, all aligned with the refreshed Chatham Islands Strategy.

Key milestones included presenting a comprehensive case to the Department of Internal Affairs seeking support to address two decades of resourcing constraints, and engaging the Public Service Commission for further assistance. We advanced the Local Public Service Reform work with the Chatham Islands Enterprise Trust, exploring a more coordinated and locally grounded model for delivering public services. Work also began on the first 30-year strategy for the Island, building on community-led priorities. In addition, we delivered a City and Regional Deal, the "Island Deal", to the Government and progressed a consolidated Regional Infrastructure Fund application with strong Ministerial backing.

Locally, we continued to welcome visitors, strengthen partnerships with councils and government agencies, and celebrated the centenary of the Chatham Islands Council. These milestones reinforce that while our circumstances are unique, our commitment to serving our people is enduring.

Thanks are extended to the Mayor, Councillors, staff, contractors and partners. Most importantly, we thank our community for your resilience, patience and trust as we work together toward a sustainable future for Rēkohu, Wharekauri, the Chatham Islands.

**Paul Eagle,**  
**Chief Executive**



**Greg Horler,**  
**Mayor**



## Moriori and Māori engagement

The Council has an obligation to consider the principles of 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 Rekohu, Wharekauri, the Chatham Islands, the Council recognises the t'chakat henu, Hokotehi Moriori Trust and Moriori Imi Settlement Trust (MIST), 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 this document, you will find the year that was. We highlight what we have achieved and what funding and other barriers have prevented us from achieving. 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 Rekohu, Wharekauri, 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 elected representatives of our community form our leadership and partnerships function, which involves engaging with our community to understand their needs and building relationships with other organisations to support development and utilising resources efficiently.

### Council's priority activities and our rationale for providing these services

Our priorities for this activity include:

- Advocating to Central Government for additional funding to benefit the Chatham Islands.
- Managing partnerships with t'chakat henu, tangata whenua, Chatham Islands Enterprise Trust and other Island-based organisations to build and maintain strong relationships and identify opportunities and efficiencies benefiting our Island communities.
- Increased Councilor visibility by engaging with residents on issues or challenges and listening to feedback.
- Increasing the confidence our community has in the Council's decision-making processes by increasing accessibility.

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

### Contribution to community outcomes

Leadership and community partnerships contribute to the resilient community and embracing diversity community outcomes by ensuring the principles of Te Tiriti o Waitangi are recognised, and that relationships with Moriori and Māori are strengthened and maintained. We are committed to ensuring the diverse voices of our community are heard.

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. Council believes this is the most effective method to ensure future funding needs are met. Council also advocates for additional funding to benefit the Island, which if successful provides employment and other growth opportunities for the Island, potentially including improved infrastructure. More broadly, we will work with imi and iwi to ensure that appropriate regard is made to miheke/taonga and other culturally significant matters.

Providing the opportunity and appropriate information for the community to participate in the Council's major decisions is of primary importance to the Council. We ensure democratic processes are undertaken appropriately and support the work of our elected members.

## What we delivered

Council met three of the six targets set for 2024/25 regarding leadership and community partnerships.

The Chief Executive and Mayor regularly met with representatives from central government to advocate for the additional funding to benefit the Chatham Islands.

Council continued to work well with Island partners, particularly through monthly meetings with Kahui Manu Taiko (previously the 'Four Entities'). Imi and iwi were invited to participate in Council decisions.

Unfortunately, the results of the Annual Residents Satisfaction Survey showed a decrease in satisfaction with the level of Council engagement and an even more significant decrease in confidence that Council decisions were made in the best interest of the community. However, due to the sample size of the survey, we

understand that only the views of a small portion of the population were captured.

While several community-based question and answer sessions were held in early 2025, staff availability has meant that more regular engagement has not been possible.

Council will endeavour to address this in the coming financial year.



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

Measure	Target	Result
Number of occasions Council formally communicates with Government to advocate for additional funding to benefit the Chatham Islands.	At least annually	<p><b>Achieved</b></p> <p>The Chief Executive and Mayor regularly meet with representatives of the Department of Internal Affairs (and several other relevant Crown agencies) to advocate for additional funding to meet our operational obligations. This includes funding related to Local Water Done Well, and a consolidated application to the Regional Infrastructure Fund (RIF). This result is consistent with that in the prior financial year.</p>
<p>Frequency of engagement with Government and Island partners.</p> <p><i>Island partners include Chatham Islands Enterprise Trust, Imi, Iwi and Central Government organisations operating on the Chatham Islands – for example the Department of Conservation.</i></p>	At least twice each year	<p><b>Achieved</b></p> <p>The stakeholder group Kāhui Manu Taiko meet monthly to discuss and progress priorities and responsibilities associated with the Chatham Islands Strategy. The Kāhui Manu Taiko group is the name given by iwi to what was known as the four entities group, which previously met quarterly.</p> <p>In addition to this, an island representative's stakeholder hui aims to be held twice a year, with relevant Government and non-government organisations. The intention of these hui is to identify island needs requiring support to address. Unfortunately, due to changes with key staff representatives for the host of the on-Island hui (Moriori), only one hui will occur for two days instead later in 2025, compared with 2024 where two hui were held.</p>
<p>Frequency of opportunities for Imi and Iwi to:</p> <ul style="list-style-type: none"> <li>• Contribute to the decision-making processes of the Council</li> <li>• Identify potential joint projects with shared efficiencies for discussion with island partner groups</li> </ul> <p>Engage with a designated staff member</p>	At least annually	<p><b>Achieved</b></p> <p>Imi and Iwi representatives are invited to participate in Council decision making, especially those with cultural implications. All other engagements occur through the Kāhui Manu Taiko group, which meets monthly.</p> <p>This is a new measure for the 2024/25 financial year.</p>

Measure	Target	Result
<p>Frequency of community meetings hosted by the Chief Executive and Council to provide opportunities for community voices to be heard.</p>	<p>At least quarterly</p>	<p><b>Not achieved</b></p> <p>As a result of previous community feedback arising from the annual residents' satisfaction survey in 2024, it was highlighted that the community would appreciate a greater presence from the Mayor, Councillors and Chief Executive in the community. Council has actively been trialing different options to more appropriately engage with the community, including a Facebook live "Hear from the mayor" which was an online question and answer session in October 2024.</p> <p>In addition, five community-based question and answer sessions were held around Chatham and Pitt Islands in January 2025 with the Chief Executive and Council representatives related to the Local Public Service Reform review with Council and the Chatham Islands Enterprise Trust.</p> <p>Several new engagement opportunities have occurred, including community meetings held in Kaingaroa, Owenga, Waitangi and Pitt Island in conjunction with the Chatham Islands Enterprise Trust to consult on the Local Public Service Reform. While met with positive community responses, these were not completed quarterly due to staff availability and resourcing constraints. Council will however be consulting on its 30-year strategy and amending its Long-Term Plan next year which will provide multiple opportunities to engage.</p> <p>This is a new target for the 2024/25 financial year, with no community meetings held in 2024 outside of normal Council meetings.</p>
<p>Percentage of the community that are satisfied with the level of Council engagement.</p> <p><i>Measured by annual survey of residents. Satisfaction is defined as whether residents</i></p>	<p>70%</p>	<p><b>Not achieved</b></p> <p>In 2024/25, the annual residents' satisfaction survey showed 57% of the respondents thought the level of Council engagement was sufficient or more than sufficient.</p>

Measure	Target	Result
<p><i>consider information supplied by Council was sufficient to provide rationale behind Council's decisions</i></p>		<p>The target has been refocused slightly to the previous year, where 81% of the respondents agreed or strongly agreed that the information provided by Council to the community was sufficient. Given the sample size and comments provided, reliable extrapolations cannot be made. However, the Council will focus on improving the level of engagement with the community.</p>
<p>Percentage of the community that are confident Council decisions are well-informed and made in the best interests of the community.</p> <p><i>Measured by annual survey of residents. Confidence is defined as whether residents consider a sufficient opportunity has been allowed for participation in decision making providing appropriate opportunities for community voices to be heard.</i></p>	<p>66% confident or very confident</p>	<p><b>Not achieved</b></p> <p>In 2024/25, the annual residents' satisfaction survey showed 42% of the respondents were confident or very confident that the Council decisions were made in the best interest of the community, a decrease on last year's result of 79%. Given the sample size and comments provided, reliable extrapolations cannot be made. Council will continue to investigate methods to reach out to residents to inform the community on issues impacting Council.</p> <p>A new initiative was implemented recently where the Chief Executive now provides a written update weekly on a range of Council matters. Anecdotally, this has been received positively with many issues now being addressed as they arise.</p>

## Financial impact statement

The Council is required to include Funding Impact Statements in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

	Actual 2024/25 \$000	Long-Term Plan 2024/25 \$000	Actual 2023/24 \$000
<b>Source of operating funding</b>			
General rates, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	978	904	877
Local Authorities fuel tax, fines, infringement fees, and other receipts	143	121	121
<b>Total operating funding</b>	<b>1,120</b>	<b>1,025</b>	<b>998</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	233	281	320
Finance costs	-	-	-
Internal charges and overheads applied	772	685	698
<b>Total application of operating funding</b>	<b>1,005</b>	<b>966</b>	<b>1,018</b>
<b>Surplus / (deficit) of operating funding</b>	<b>116</b>	<b>59</b>	<b>(20)</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
<b>Total source of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	8	-	-
Increase / (decrease) in reserves	108	59	(20)
<b>Total application of capital funding</b>	<b>116</b>	<b>59</b>	<b>(20)</b>
<b>Surplus / (deficit) of operating funding</b>	<b>(116)</b>	<b>(59)</b>	<b>20</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	22	5	15

## 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.

### **Council's priority activities and our rationale for providing these services**

Our priority activities include:

- Ensure an overall 'good' driving experience in terms of quality and safety, by appropriately managing the local roading network
- Establishing safe travel routes for high foot travel areas, including schools
- Continue to work with landowners to address feral cattle and other roadside risks, construction of boundary fences to address safety concerns raised by Council and community
- Working together with imi and iwi
- New premises for Council works facilities (Fulton Hogan workshop).

### **Contribution to community outcomes**

The transportation, roading and coastal networks activity provides a safe and resilient transport network, which is accessible to all. In creating our roading works programme, Council consults with NZ Transport Agency Waka Kotahi, along with imi and iwi to ensure that appropriate regard is made to miheke/taonga and other culturally significant matters.

Our transport system is operated in an effective and efficient way to meet the needs of residents and businesses. The road network is critical to the movement of goods which enables our economy to thrive and grow. Council considers land use sustainability and minimising the impact of climate change on our environment in transport planning.

Our coastal and navigational work provides recreational opportunities to our community and improves health and social wellbeing.

Council can 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.

Fishing and tourism contribute a large amount to our Islands' economic prosperity. Access to water and recreational/commercial activities will be key to our Islands' continued growth.

## What we delivered

Council met half of the measures for the transportation, roading and coastal networks group of activities.

More than half of residents expressed their satisfaction with the sealed road network. Though the level of satisfaction has decreased from last year, the roads are resealed every three years, and are due for resealing next year. Dissatisfaction with the unsealed road network remains high, this is generally due to unfavourable weather eroding/damaging the road surface.

All planned footpath maintenance was carried out in full, and the unsealed network was resealed according to Plan requirements.

Council received a number of complaints regarding wandering cattle, and Council continues to work with landowners to decrease the risks associated with stock on our roading network.

One hundred percent of customer requests were actioned or responded to within five working days.

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.



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

Measure	Target	Result
Percentage of sealed or unsealed network strengthened.	6% of the unsealed network strengthened	<p><b>Not Achieved</b></p> <p>In 2024/25, 2.3% (3.86km of the 166 kilometers) of unsealed network was strengthened. This is less than 2023/24, where 3.4% (5.7km) of the unsealed network was strengthened.</p> <p>The planned strengthening work for 2024/25 was reduced to allow for general maintenance work on Pitt Island to be undertaken, and because some of the strengthening scheduled for 2024/25 was completed ahead of schedule in the prior year.</p> <p>Sealing occurs every three years with the next rotation due in the 2025/26 year.</p>
Length of unsealed roading network resurfaced.	9.5% of the unsealed network	<p><b>Achieved</b></p> <p>In the 2024/25 financial year, 9.8% (16.3km of the 166 kilometers) of unsealed network was resurfaced. This is consistent with the resurfacing completed in 2023/24, when 10% (16.7km) of the unsealed network was resurfaced.</p> <p>Sealing occurs every three years with the next rotation due in the 2025/26 year.</p>
Percentage of planned footpath maintenance completed (aligning with the roading asset management plan).	>95% footpaths maintained to the expected level of service	<p><b>Achieved</b></p> <p>All (100%) footpaths were maintained to the required standard as set out in the Roading Activity Management Plan. This result is consistent with the 2023/24 result.</p>
Average quality of ride on the sealed and unsealed network measured by the National	At or below 70 (sealed) and 120 (unsealed)	<p><b>Not Achieved</b></p> <p>The NAARSA measures the surface texture of the road and is used as an indication of a road users experience of the road 'ride'.</p>

Measure	Target	Result
Association of Australia State Road Authorities (NAASRA).		<p>The Averaged NAASRA rating for the sealed network for 2024/25 is 63, and the Average NAASRA rating for the unsealed network is 137. This compares slightly worse than the result in 2023/24 where the sealed network was rated 56, and the unsealed network was rated 116.</p> <p>Overall, the network continues to be rated as "good". The NAASRA ratings have increased slightly compared to the 2023/24 result, representing a slight reduction in ride quality between years.</p> <p>The 2024/25 scores are based on only two of the three surveys completed, as the first survey conducted during the financial year did not meet data quality standards and the results are not able to be included.</p> <p>The sealed network consistently achieves the desired ride quality scores year-on-year. The unsealed network is more prone to variance and small areas of roughness from localised faults, which can skew the network averages easily due to how short the overall network on the Chatham Islands is.</p>
Number of fatal or serious injury crashes on the road network.	No more than two per year	<p><b>Achieved</b></p> <p>One fatal or serious injury crash was reported in 2024/25. A crash analysis was undertaken for this crash, and it was found that the crash was likely a genuine accident. This is a slight change on the 2023/24 result, where no fatal or serious injury crashes were reported. Road safety promotion continues to be a priority for Council. This promotional activity is contributing to improvements in road safety outcomes.</p>
<p>Percentage of residents very satisfied or satisfied with the quality and safety of the sealed road network.</p> <p><i>Measured by annual survey of residents.</i> <i>Satisfaction is defined as whether residents</i></p>	45%	<p><b>Achieved</b></p> <p>The annual satisfaction survey for 2024/25 showed 67% of respondents were either satisfied or very satisfied with the quality and safety of chip sealed roads. This result has slightly decreased from last year's 72% result. Council's sealed roads are resealed once every three years, with the next reseal to occur in 2025/26. There is a notable correlation between when roads are resealed</p>

Measure	Target	Result
<i>consider the quality and safety of our sealed roads is appropriate for funding allocated.</i>		<p>and community satisfaction with the quality and safety of the sealed road network.</p> <p>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.</p>
<p>Percentage of residents very satisfied or satisfied with the quality and safety of the unsealed road network.</p> <p><i>Measured by annual survey of residents. Satisfaction is defined as whether residents consider the quality and safety of our unsealed roads is appropriate for funding allocated.</i></p>	50%	<p><b>Not achieved</b></p> <p>The annual satisfaction survey for 2024/25 reported that 38% of respondents were satisfied or were very satisfied with the quality and safety of the unsealed road network. This result has not changed from last year's 38% result.</p> <p>Community feedback indicated that the number of potholes on our unsealed road network and the size of the gravel stones used on the roads 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.</p>
Percentage of customer service requests relating to roadside hazards on the road or footpath network that Council staff respond to within five working days and forward to the relevant contractor.	100%	<p><b>Achieved</b></p> <p>All (100%) customer requests were forwarded to our relevant contractors as required and actioned or responded to within five working days. To ensure roadside hazards are appropriately captured, a summary of all roading related complaints are provided to our contractors monthly to assist with monitoring the condition of the road and footpath network. This result is consistent with that of the 2023/24 financial year.</p>
Number of times Council encourages resident to report poor road conditions,	At least twice each year	<p><b>Not achieved</b></p>

Measure	Target	Result
<p>road accidents for rectification and communicates planned maintenance schedules to residents for awareness.</p>		<p>As a result of previous community feedback arising from the annual residents' satisfaction survey in 2024, it was highlighted that the community had serious concerns about the condition of some roads and the risk of roaming feral cattle causing serious harm to the community.</p> <p>During the year no formal encouragement to report road risks through Facebook or Council's e-newsletter occurred as the risk was considered mitigated with the MPI funded cattle cull, reducing the risk of roaming cattle to public safety.</p> <p>Office staff are trained to verbally encourage formal reporting to the Council on any roading issues requiring Council's attention. Council will seek to improve the promotion of road safety next year.</p> <p>This is a new target for the 2025 financial year, with no formal promotion to encourage the reporting of poor road conditions completed in 2024 outside of normal road safety campaign information.</p>
<p>Identification and mapping of roadside boundary fences that pose a risk of allowing stock to access roads</p> <p>Communication with landowners, where problem areas identified, to encourage remedial action.</p>	<p>Annually</p>	<p><b>Not achieved</b></p> <p>No formal identification process to map roadside boundary fences has occurred in 2024/25, due to staff availability. However, eight separate complaints have been received about wandering cattle connected to four different properties. Discussions on fencing and keeping animals safe have been held with these owners. Council continues to work with landowners to reduce the risk of animals causing harm on our roading network. Council's Dog and Stock Control Officer "tags" fences with blue tape to identify areas of fencing which require attention. A discussion is held with the relevant property owners regarding the fence issue.</p> <p>This is a new target for the 2024/25 financial year.</p>

## Financial impact statement

The Council is required to include Funding Impact Statements in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

	Actual 2024/25 \$000	Long-Term Plan 2024/25 \$000	Actual 2023/24 \$000
<b>Source of operating funding</b>			
General rates, rates penalties	-	-	-
Targeted rates	134	133	81
Subsidies and grants for operating purposes	2,287	2,233	2,164
Local Authorities fuel tax, fines, infringement fees, and other receipts	82	113	54
<b>Total operating funding</b>	<b>2,503</b>	<b>2,479</b>	<b>2,299</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,868	1,873	1,646
Finance costs	-	-	-
Internal charges and overheads applied	202	179	183
<b>Total application of operating funding</b>	<b>2,069</b>	<b>2,052</b>	<b>1,829</b>
<b>Surplus / (deficit) of operating funding</b>	<b>434</b>	<b>427</b>	<b>470</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	2,713	3,298	2,182
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
<b>Total source of capital funding</b>	<b>2,713</b>	<b>3,298</b>	<b>2,182</b>
<b>Applications of capital funding</b>			
Capital expenditure - to improve the level of service	-	1,045	257
Capital expenditure - to replace existing assets	3,083	2,703	2,222
Increase / (decrease) in reserves	64	(23)	173
<b>Total application of capital funding</b>	<b>3,147</b>	<b>3,725</b>	<b>2,652</b>
<b>Surplus / (deficit) of operating funding</b>	<b>(434)</b>	<b>(427)</b>	<b>(470)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	2,080	1,793	1,761

## 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.

### Impact of the Local Water Done Well Programme

The Government's Local Water Done Well reforms have come into effect, establishing a new framework for water service delivery in New Zealand.

Chatham Islands Council has submitted its Water Services Delivery Plan in accordance with the legislation. However, the plan has not yet been accepted, and therefore our future delivery arrangements remain uncertain.

Until decisions on funding, regulatory requirements, and implementation are confirmed, the full financial and operational impacts of the proposed model cannot be reliably estimated. It is anticipated that responsibility for managing water services; including service levels, rate collection, and funding of operating and capital costs, will continue to rest with Council, supported by external organisations where required.

Any increased compliance costs arising from the reforms are expected to be met through Crown funding.

### Council's priority activities and our rationale for providing these services

Our priority activities include:

- Water and wastewater reticulation schemes that meets public health standards (while Council aims to achieve full compliance with current drinking water legislation, it is non-compliant due to funding and logistical challenges)
- Water and wastewater reticulation schemes are sufficient for public demand
- Water drinking fountain/water station, this priority has been paused due to lack of funding availability.

There are no other flood protection or control assets.

## Contribution to community outcomes

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

Acknowledging our funding constraints, we aim to provide water supplies that are safe to drink, with supply continuity appropriate for firefighting purposes. Council considers water supply an essential service to our community and recognises the need for resilient infrastructure.

Our water schemes take water from our environment and require a resource consent. We aim to manage water takes so the impact is not detrimental to our surrounding environment and the impact of climate change and drought on our environment is minimised.

Acknowledging our funding constraints, we aim to provide quality wastewater treatment that minimises overflows. We aim to ensure wastewater is collected and treated without causing a hazard to public health or unpleasant odours. Council considers wastewater supply an essential service to our community and recognises the need for resilient infrastructure.

Our wastewater is treated and discharged into our environment. We aim to sustainably manage this, so the impact of the discharges does not adversely affect the health and cleanliness of the receiving environment and the impact of climate change on our environment is minimised.

Council aims to safely transfer stormwater runoff to minimise harm and property damage and so people can move safely during wet weather.

We manage stormwater so that the impact of any discharge minimises the impact of climate change and drought on our environment and does not adversely affect the health and quality of the natural environment.

Council has minimal expenditure on stormwater and flood protection activities. Consequently, Council has no performance measures related flood protection works as it does not have such assets to maintain. Any transactions related to stormwater or flood protection are included within the wastewater funding impact statement.

## What we delivered

Council is pleased to have achieved 12 of the 17 total measures in the supply and treatment of three waters.

No boil water notices were put in place for Waitangi or Kaingaroa. No urgent call outs were received nor complaints or relating to the water supply in Waitangi or Kaingaroa.

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

Potable water



Wastewater



Storm water



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

Measure	Target	Result
<p>The extent to which the Council's drinking water supplies comply with the Drinking Water Quality Assurance rules, for: a) Bacterial compliance b) Protozoal compliance.</p> <p><i>The Department of Internal Affairs updated this mandatory performance measure after the council had published our Long-Term Plan, which sets our statement of service.</i></p> <p>The updated Drinking Water Quality Assurance Rules were revised and in effect from 1 January 2025. These measure still covers the bacterial and protozoal compliance of water supplies but now is directly referenced to the relevant rules in the Drinking Water Quality Assurance Rules 2022. Our reporting is, therefore, against those rules.</p>	<p>Full compliance with*</p> <ol style="list-style-type: none"> <li>4.4 T1 Treatment Rules</li> <li>4.5 D1.1 Distribution System Rule</li> <li>4.7.1 T2 Treatment Monitoring Rules</li> <li>4.7.2 T2 Filtration Rules</li> <li>4.7.3 T2 UV Rules</li> <li>4.7.4 T2 Chlorine Rules</li> <li>4.8 D2.1 Distribution System Rule</li> <li>4.10.1 T3 Bacterial Rules</li> <li>4.10.2 T3 Protozoal Rules and</li> <li>4.11.5 D3.29 Microbiological Monitoring Rule</li> </ol> <p><i>* Chatham Islands Council are not currently compliant with the Drinking Water Quality Assurance rules and will be unable to meet full compliance without additional funding</i></p>	<p><b>Not achieved</b></p> <p>The Council is currently not compliant with the revised Drinking Water Quality Assurance Rules (DWQAR) at both Waitangi and Kaingaroa. The change in the rules over reporting saw some differences in our results between quarters one and two and quarters three and four. In those cases, we have presented the lower compliance result. The biggest change in compliance was in relation to Distribution Rules for Waitangi, which moved from 100% to 67% under the revised rules.</p> <p>The Waitangi Water Scheme is classified as a Level 2 supplier, servicing between 101 and 500 people. For the reporting period, the scheme was partially non-compliant with the treatment and distribution requirements. Compliance results are summarised as follows:</p> <p><b>Bacterial:</b></p> <ul style="list-style-type: none"> <li><b>Treatment (T2) Rules – Monitoring:</b> 94% compliance, with non-conformances primarily due to insufficient free available chlorine (FAC) concentration leaving the water treatment plant.</li> <li><b>Treatment (T2) Rules – Chlorine:</b> 87% compliance, again reflecting insufficient FAC concentration leaving the water treatment plant.</li> <li><b>Distribution (D2) Rules:</b> 67% compliance, with non-conformances linked to an inadequate water quality sampling regime (noting that sampling frequency and timing are constrained by island flight schedules). Additional issues include the absence of FAC monitoring at reservoir outlets, insufficient FAC concentration within the network, and inadequate testing of backflow prevention devices.</li> </ul>

Measure	Target	Result
		<p><b>Protozoa:</b></p> <ul style="list-style-type: none"> <li>• <b>Treatment (T2) Rules – Monitoring:</b> 94% compliance, with non-conformances primarily due to insufficient free available chlorine (FAC) concentration leaving the water treatment plant.</li> <li>• <b>Treatment (T2) Rules – Filtration:</b> 100% compliance.</li> <li>• <b>Treatment (T2) Rules – UV:</b> 100% compliance</li> </ul> <p>The Kaingaroa Water Scheme is classified as a level 1 supplier, servicing between 26 and 100 people. The scheme meets all targeted treatment and distribution requirements for its classification. However, it remains partially non-compliant with certain Drinking Water Quality Assurance rules, specifically:</p> <p><b>Bacterial:</b></p> <ul style="list-style-type: none"> <li>• <b>Treatment (T1) Rules:</b> 70% compliance, with non-conformances primarily relating to the UV treatment unit, which is currently operating outside the range it is validated for due to inadequate organics removal.</li> <li>• <b>Distribution (D1) Rules:</b> 100% compliance.</li> </ul> <p><b>Protozoa:</b></p> <ul style="list-style-type: none"> <li>• <b>Treatment (T1) Rules:</b> 70% compliance, with non-conformances primarily relating to the UV treatment unit, which is currently operating outside the range it is validated for due to inadequate organics removal.</li> </ul> <p>Council has assessed the Kaingaroa Water Scheme as not achieving the Drinking Water Quality Assurance rules as the water treatment plant has several issues requiring remedial or improvement works. If left unaddressed, these may lead to a heightened risk of non-compliance,</p>

<b>Measure</b>	<b>Target</b>	<b>Result</b>
		<p>particularly in relation to insufficient FAC concentration in the network and elevated chlorate levels.</p> <p>In the previous year, the Council was non-compliant with the former Drinking Water Standards for New Zealand (DWSNZ) at both the Waitangi and Kaingaroa supplies. The non-compliance primarily stemmed from funding limitations, monitoring constraints, treatment challenges and other logistical issues. Council continues to actively pursue funding and operational improvements to ensure its drinking water supplies are safe to drink and compliant with current regulation requirements.</p>
Achievement classified as: all met – 100%, almost met – 95–99.9%, partially met – 1–94.9% and none met – 0%		
Number of temporary advisory notices to boil water (as determined in consultation with Taumata Arowai ), indicating that water supplied by Council water schemes is drinking i.e. safe to drink.	Zero	<p><b>Not achieved</b></p> <p>No new boil water notices were put in place for Waitangi or Kaingaroa for the 2024/25 financial year, but one boil water notice continued related to the prior financial year.</p> <p>In 2023/24 one boil water notice and one do not drink notice was put in place for Kaingaroa. The do not drink notice was in place in May 2024 due to detection of chlorate above the maximum acceptable value and was lifted in October 2024, with consecutive results below the acceptable value due to mitigation measures employed by the operator.</p>
Percentage of real water loss from Council's networked reticulation system is managed at an acceptable level.	Does not exceed 20%	<p><b>Not measured</b></p> <p>Information was not collected this year as data was not available. However, no incidences of water loss were reported that exceeded 20%. Water meters are read quarterly to monitor water usage and to highlight any potential issues. This is consistent with the situation in the prior financial year.</p>
Percentage of residents connected to a Council water	50%	<p><b>Not achieved</b></p>

Measure	Target	Result
<p>scheme who are very satisfied or satisfied with the service.</p> <p><i>Measured by annual survey of residents. Satisfaction is defined as whether residents consider the quality and quantity of our drinking water supply is appropriate for funding allocated.</i></p>		<p>The 2024/25 annual resident's survey shows 40% of five respondents who are connected to a water scheme being satisfied or very satisfied with the water scheme. This survey captures a very small percentage of the Chatham Islands population. In 2023/24 31% of respondents were satisfied or very satisfied with the result.</p> <p>Council acknowledges that water infrastructure requires further capital investment for our services to improve and be fully compliant with legislation.</p>
<p>Percentage of responses to reports of faults that meet the agreed median response times when attending a call-out in response to a fault or unplanned interruption to the networked reticulation system:</p> <ul style="list-style-type: none"> <li>Attendance for urgent call-outs: the time from when the Council receives notification to when service personnel reach the site does not exceed two hours</li> <li>Resolution of urgent call-outs: the time from when the Council receives notification to when service personnel confirm resolution of the fault or</li> </ul>	100%	<p><b>Achieved</b></p> <p>The following median response times were measured in 2024/25:</p> <ul style="list-style-type: none"> <li>No urgent call-outs occurred during the year (2023/24 one urgent call out, which was attended to within two hours).</li> <li>No non-urgent call-outs were received (2023/24 one due to water discolouration at Kaingaroa, this was attended to within two hours).</li> </ul> <p>All urgent and non-urgent issues were resolved within eight hours (2023/24 all issues resolved within targeted timeframes).</p>

Measure	Target	Result
<ul style="list-style-type: none"> <li>interruption does not exceed eight hours</li> <li>Attendance of non-urgent call-outs: the time from when the Council receives notification to when service personnel reach the site does not exceed two hours</li> <li>Resolution of non-urgent call-outs: the time from when Council receives notification to when service personnel confirm resolution of the fault or interruption does not exceed eight hours.</li> </ul>		
<p>Percentage of residents dissatisfied with drinking water quality and supply, measured by the total number of complaints received about any of the following:</p> <ul style="list-style-type: none"> <li>Drinking water clarity</li> <li>Drinking water taste</li> <li>Drinking water odour</li> <li>Drinking water pressure or flow</li> <li>Continuity of supply</li> </ul> <p>Council's response to any of these issues</p>	<p>Does not exceed 2% of properties connected (or approximately two complaints for all connected properties)</p>	<p><b>Achieved</b></p> <p>Two complaints (1.75% of 114 connections) were received during the 2024/25 financial year related to the Waitangi or Kaingaroa water supply. These were sent to the CEO and Mayor and were dealt with via email.</p> <p>Two complaints were received in the 2023/24 financial year, due to water shortage and/or water discolouration at Kaingaroa.</p> <p>Council continues to seek funding to improve the reliability of its drinking water supply in terms of quantity and quality.</p>

Measure	Target	Result
<i>A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure.</i>		
Average consumption of drinking water per day per resident, within the territorial authority district, as a measure of demand management.	Less than 500L/person/day	<p><b>Achieved</b></p> <p>Average annual usage in 2024/25 was:</p> <ul style="list-style-type: none"> <li>• 290L/person/day in Waitangi (2023/24: 280L/ person/day) and</li> <li>• 190L/person/day in Kaingaroa (2023/24: 220L/person/day)</li> </ul>

## Financial impact statement

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	Actual 2024/25 \$000	Long-Term Plan 2024/25 \$000	Actual 2023/24 \$000
<b>Source of operating funding</b>			
General rates, rates penalties	-	-	-
Targeted rates	90	96	76
Subsidies and grants for operating purposes	206	214	207
Local Authorities fuel tax, fines, infringement fees, and other receipts	10	9	9
<b>Total operating funding</b>	<b>306</b>	<b>319</b>	<b>292</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	280	344	236
Finance costs	-	-	-
Internal charges and overheads applied	56	50	51
<b>Total application of operating funding</b>	<b>336</b>	<b>394</b>	<b>287</b>
<b>Surplus / (deficit) of operating funding</b>	<b>(30)</b>	<b>(75)</b>	<b>5</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
<b>Total source of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	1	-	-
Increase / (decrease) in reserves	(31)	(75)	5
<b>Total application of capital funding</b>	<b>(30)</b>	<b>(75)</b>	<b>5</b>
<b>Surplus / (deficit) of operating funding</b>	<b>30</b>	<b>75</b>	<b>(5)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	66	64	48

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

Measure	Target	Result
<p>Percentage of residents who are very satisfied or satisfied with the wastewater system.</p> <p><i>Measured by annual survey of residents. Satisfaction is defined as whether residents consider the wastewater system is appropriate for funding allocated.</i></p>	50%	<p><b>Achieved</b></p> <p>The 2024/25 annual resident's survey shows 100% of respondents who are connected to a wastewater/ sewage scheme being satisfied or very satisfied with the wastewater or sewage scheme, compared with 43% satisfaction in the prior year – noting this result was influenced by the small sample size.</p> <p>Council acknowledges that wastewater infrastructure requires further capital investment for our services to improve.</p>
<p>Percentage of resident dissatisfied with wastewater services, measured by the total number of complaints received about any of the following:</p> <ul style="list-style-type: none"> <li>• Sewage odour</li> <li>• Wastewater system faults</li> <li>• Wastewater system blockages</li> <li>• Council's response to any of these issues as a measure of the wastewater system meeting community requirements</li> </ul> <p><i>A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure.</i></p>	Does not exceed 2% of properties connected (or approximately two complaints for all connected properties)	<p><b>Achieved</b></p> <p>One complaint (less than 1% of the 130 connections) regarding the sewerage system were received in 2024/25 about water run off onto property. In 2023/24 no complaints were received.</p> <p>Council continues to seek funding to carry out remedial and upgrade works to maintain an appropriate level of service.</p>
<p>Percentage of connections that experience dry-weather sewage overflows from the wastewater system, as a measure of the wastewater system meeting community requirements</p> <p><i>A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure.</i></p>	Does not exceed 2% of properties connected	<p><b>Achieved</b></p> <p>In September 2024, one dry-weather overflow (less than 1% of the 130 connections) occurred at the wastewater pump station due to pump failure. In 2023/24 there were no dry-weather sewerage overflows or complaints.</p>

Measure	Target	Result
<p>Number of reports of non-compliance with resource consent conditions, annually, for discharge from Council's wastewater system:</p> <ul style="list-style-type: none"> <li>• Abatement notices</li> <li>• Infringement notices</li> <li>• Enforcement orders</li> <li>• Convictions</li> </ul>	No more than two	<p><b>Achieved</b>  In 2024/25 there were no notices or orders issued. This is consistent with 2023/24.</p> <p>The treated wastewater discharge complied with quantity and quality limits in the 2024/25 financial year, except for E.coli and nitrogen. Mitigating action taken includes remedial works associated with the land application system, which will reduce treated wastewater concentrations prior to reaching groundwater.</p> <p>Further funding is required to strengthen resilience and enable compliance.</p>
<p>Percentage of reports of sewage overflows resulting from a blockage or other fault in the Council's wastewater system responded to in agreed timeframes.</p> <p><i>Attendance time: the time from when the Council receives notification to when the service personnel reach the site does not exceed 12 hours.</i></p> <p><i>Resolution time: the time from when the Council receives notification to when the service personnel confirms resolution of the blockage or other fault does not exceed 24 hours.</i></p>	100%	<p><b>Achieved</b>  No incidences of blockages or faults occurred in 2024/25. This is consistent with the prior financial year.</p>

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

Measure	Target	Result
The median response time to flooding events, measured from the time that Council receives notification to the time that the service personnel reach the site.	No more than two hours	<b>Achieved</b> No flooding events occurred. This result is consistent with that in the prior financial year.
Number of reports of non-compliance with resource consent conditions, annually, for discharge from Council's storm water system measured by the number of: <ul style="list-style-type: none"> <li>• Abatement notices</li> <li>• Infringement notices</li> <li>• Enforcement orders</li> <li>• Convictions</li> </ul>	Three or fewer reports of non-compliance	<b>Not measured</b> No discharge notices were issued, or other non-compliance events noted in the current financial year. The Council does not have a resource consent related to stormwater infrastructure. This result is consistent with that in the prior financial year.
Percentage of properties connected from which complaints received about the performance of storm water management, indicating residents' satisfaction.  <i>A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure.</i>	Not exceeding 2% of properties connected	<b>Achieved</b> One complaint (less than 1% of the 130 wastewater connections) was received in the current financial year regarding stormwater overflow from two locations.
Number of flooding events	Not exceeding two per year	<b>Achieved</b> 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.
Percentage of habitable properties affected by each flooding  <i>A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure.</i>	Not exceeding 2% of properties connected	<b>Achieved</b> No flooding events occurred in the current and prior financial year.

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<b>Source of operating funding</b>			
General rates, rates penalties	-	-	-
Targeted rates	105	109	105
Subsidies and grants for operating purposes	154	120	116
Local Authorities fuel tax, fines, infringement fees, and other receipts	13	11	12
<b>Total operating funding</b>	<b>272</b>	<b>240</b>	<b>233</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	182	197	130
Finance costs	-	-	-
Internal charges and overheads applied	72	64	65
<b>Total application of operating funding</b>	<b>254</b>	<b>261</b>	<b>195</b>
<b>Surplus / (deficit) of operating funding</b>	<b>18</b>	<b>(21)</b>	<b>38</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
<b>Total source of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	1	-	-
Increase / (decrease) in reserves	17	(21)	38
<b>Total application of capital funding</b>	<b>18</b>	<b>(21)</b>	<b>38</b>
<b>Surplus / (deficit) of operating funding</b>	<b>(18)</b>	<b>21</b>	<b>(38)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	84	82	62

*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.

### Council's priority activities and our rationale for providing these services

Our priority activities include:

- Provide a good waste management service, that meets community expectations
- Reduced environmental impacts (such as lowering greenhouse gas emissions) through improved waste management strategies and processes
- Minimising waste going to landfill and increase the amount that is recycled.

### Community outcomes

Rubbish and recycling collection services ensure our environment is functional, pleasant and safe. We promote the sustainable use of resources and provide sustainable alternatives to landfill disposal.

We protect our natural environment by providing waste disposal services for our communities and minimising the impact of climate change on our environment. We reduce the impact of landfill disposal by providing other services to divert waste from landfill and reduce waste production.

Our facilities comply with resource consents, and we ensure that we have operational plans for our services and site management plans for the facilities we operate.

### What we delivered

Council achieved six of the eight measures for waste management and minimisation. Though we exceeded the benchmark of the amount of waste going to the Owenga landfill site, the result was lower than last year's.

Council acknowledges the community expresses concerns and a lack of satisfaction in this area and we continue to strive to improve waste management services for the community.



## Level of service: Provide efficient and effective waste minimisation activities and services

Measure	Target	Result
Amount of waste going to landfill  <i>Benchmark volume of 300 tonne established in 2022/23.</i>	Less than 300 tonnes	<b>Not achieved</b>  In the 2024/25 financial year, 330.5 tonnes of waste material was received at the Owenga landfill site. This is lower than the previous year's result of 367 tonnes, but above the benchmarked target of 300 tonnes. The result was impacted from a significant increase in construction waste arising from ongoing work at the Chatham Island Airport.  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.
Percentage of total waste diverted from landfills through recycling collection.	Establish baseline	<b>Achieved</b>  This is a new target for the 2025 financial year, with the establishment of a baseline. For 2025 the percentage of waste diverted to be recycled was 86%. This diversion percentage is high as all waste entering a transfer station on the island is sorted into bins for recycling where possible and transferred to landfill where alternative waste management treatment is not possible. Consequently, given the waste diversion success of the current approach, a prudent baseline target of 70% has been set.
Frequency of information about waste management and minimisation activities and projects circulated in our monthly Council e-newsletter.	Monthly	<b>Achieved</b>  Regular messaging about waste management and minimisation was circulated within the community. This is similar to what was provided last year.
Availability of staff at the Te One transfer station to help residents unload rubbish and educate them on the significance of separating recyclables during opening hours.	100%	<b>Achieved</b>  The 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 achieved last year.
Percentage of landfill activities, facilities and services managed to comply with resource	100%	<b>Achieved</b>

Measure	Target	Result
consent conditions, landfill management plans (developed in partnership with Imi and Iwi), and appropriate legislative requirements.		No non-compliance issues or other environmental impacts were noted at the landfill site based on monitoring completed in 2024/25. This result is consistent with that of 2023/24. Ensuring our landfills remain compliant remains important to Council. We work 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.
Percentage of potential or actual waste-related non-compliance issues responded to within five working days.	100%	<p><b>Achieved</b></p> <p>All (100%) waste related complaints were responded to within five working days. There was no waste related compliance issues noted within 2024/25 financial year. To ensure Council provides efficient and effective waste minimisation activities and services, a summary of all waste related complaints is provided to our contractor as they occur. This result is consistent with the prior financial year, noting the performance measure is new for this financial year.</p>
Percentage of times Council staff provide response to written requests or complaints regarding waste management within five working days of receipt.	95%	<p><b>Achieved</b></p> <p>There were no complaints related to waste management during the 2024/25 financial year. In the prior financial year, one complaint was received about dumping at Te Awainanga bridge, which was responded to within five working days.</p>
<p>Percentage of residents very satisfied or satisfied with the landfill and recycling service and ease of use</p> <p><i>Measured by annual survey of residents. Satisfaction is defined as whether residents consider the landfill and recycling service is appropriate for funding allocated.</i></p>	65%	<p><b>Not achieved</b></p> <p>In the 2024/25 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, this is the same as the 2023/24 result of 50%. 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 managing waste coming on and off the island along with wider opening hours and collection sites as areas of service improvement, which Council will investigate further in the next financial year.</p>

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	Actual 2024/25 \$000	Long-Term Plan 2024/25 \$000	Actual 2023/24 \$000
<b>Source of operating funding</b>			
General rates, rates penalties	-	-	-
Targeted rates	97	99	100
Subsidies and grants for operating purposes	884	663	643
Local Authorities fuel tax, fines, infringement fees, and other receipts	16	12	16
<b>Total operating funding</b>	<b>998</b>	<b>774</b>	<b>759</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	860	754	727
Finance costs	-	-	-
Internal charges and overheads applied	40	36	37
<b>Total application of operating funding</b>	<b>900</b>	<b>790</b>	<b>764</b>
<b>Surplus / (deficit) of operating funding</b>	<b>97</b>	<b>(16)</b>	<b>(5)</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
<b>Total source of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	-	-	-
Increase / (decrease) in reserves	97	(16)	(5)
<b>Total application of capital funding</b>	<b>97</b>	<b>(16)</b>	<b>(5)</b>
<b>Surplus / (deficit) of operating funding</b>	<b>(97)</b>	<b>16</b>	<b>5</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	173	175	120

## 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 emergency management services. These contribute to the development of a healthy, active, functioning community.

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

### **Council's priority activities and our rationale for providing these services**

Our priority activities include:

- Providing good community facilities, that meets community needs and expectations
- Promotion of community development through recreation, the arts, and encouraging the sharing of our heritage
- Staff and volunteers are trained and feel ready to respond to an emergency event
- More emergency management communication
- Emergency response facility – no targets set, paused pending funding becoming available.

### **Contribution to community outcomes**

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

We provide community open spaces and facilities enabling our community to participate in recreational and cultural opportunities. The library provides resources that support educational, creative, cultural and business activities.

We provide financial assistance to community groups to support cultural, heritage and other benefits within our community.

Areas of cultural significance are managed and protected. Our community is aware and involved in conservation and restoration work.

We provide facilities that enable communities to celebrate their heritage and creativity. Cemeteries provide a location for remembrance.

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.

Our Civil Defence and Emergency Management system promotes safety of people and a resilient community. Council can respond and recover from the impact of emergency events. Ensuring appropriate strategies are in place to manage and reduce the impact of harm to the environment when an emergency event occurs.

### What we delivered

Council achieved two of the six measures for community services and emergency management. In line with the overall trend, community satisfaction had decreased in these areas as well.



Fishing and tourism contribute a large amount to our Islands' economic prosperity. Supporting economic development, sustainability and resilience of these activities will be key to our Islands' growth and recovery after any emergency event.

Council responded to all enquiries and complaints within 24 hours.

Though there has been minimal communications to the community regarding emergency management, the community did respond that they feel prepared in the case of an emergency.



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

Measure	Target	Result
<p>Percentage of residents very satisfied or satisfied with community services, including library and dog and animal control services</p> <p><i>Measured by annual survey of residents. Satisfaction is defined as whether residents consider the community services are appropriate for funding allocated.</i></p>	70%	<p><b>Not achieved</b></p> <p>In 2024/25, the annual resident's satisfaction survey showed 57% of the respondents were satisfied or very satisfied with our community services, this was a decrease to the 73% satisfaction result in 2023/24. Council is unable to draw definitive conclusions regarding the decline from the current to prior year results. Survey results can vary depending on respondent makeup and sentiment at the time of completion. While no specific cause has been identified, feedback indicates that dog and stock control may be an area requiring further focus.</p>
<p>Percentage of complaints about operations and facilities investigated within one working day, with major faults remedied within 24 hours of notification.</p>	100%	<p><b>Achieved</b></p> <p>During the 2024/25 financial year, 424 enquiries or complaints were received, 368 related to stock or dogs. All (100%) enquires were responded to within 24 hours, but 43 non-urgent complaints remained unresolved after 24 hours, due to the complaint relating to ongoing stock management issues. This result is consistent with the prior year, where all 442 enquiries or complaints were responded to within 24 hours. Council considers the target to have been achieved, as all major faults were resolved within 24 hours. Outstanding issues mainly related to recurring wandering stock, which is an ongoing issue than is unable to be addressed within 24 hours.</p>
<p>Percentage of residents able to identify at least three key services provided by Council, e.g. dog/animal control, library and recreational services</p> <p><i>Measured by annual survey of residents.</i></p>	75%	<p><b>Not achieved</b></p> <p>This year, the survey approach required participating respondents to record a response, as opposed to ticking a box. Consequently, only 10% of respondents identified three or more services provided by the Council, with 76% of respondents leaving the field blank or not answering the question. In 2023/24 94% of the respondents could identify three or more services Council provides.</p>

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

Measure	Target	Result
Frequency of information about emergency management circulated in our monthly Council e-newsletter.	At least quarterly	<p><b>Not achieved</b></p> <p>No information about emergency management was circulated by Council on social media or in the monthly Council e-newsletter due to staff availability and pressing priorities. In the prior year, 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.</p>
Percentage of residents who feel prepared or well prepared and know what to do in an emergency. <i>Measured by annual survey of residents.</i>	70%	<p><b>Achieved</b></p> <p>In 2024/25, 90% of the residents who completed the annual resident's satisfaction survey felt they were prepared or well prepared for an emergency, which is an improvement on year's result of 74%. Council cannot draw firm conclusions on the movement between years, as survey results can vary depending on who responds and their sentiment at the time.</p>
Percentage of staff and volunteers who feel confident in relation to readiness to respond to an emergency event. <i>Measured by annual staff and emergency response volunteers survey.</i>	70%	<p><b>Not measured</b></p> <p>This is a new performance measure for the 2024/25 financial year, and as such a survey was not available to be completed at the time of the emergency response event due to staff availability and work priorities.</p>

## Financial impact statement

The Council is required to include Funding Impact Statements in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

	Actual 2024/25 \$000	Long-Term Plan 2024/25 \$000	Actual 2023/24 \$000
<b>Source of operating funding</b>			
General rates, rates penalties	417	381	334
Targeted rates	-	-	-
Subsidies and grants for operating purposes	906	612	683
Local Authorities fuel tax, fines, infringement fees, and other receipts	848	315	330
<b>Total operating funding</b>	<b>2,171</b>	<b>1,308</b>	<b>1,347</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,300	870	643
Finance costs	5	-	3
Internal charges and overheads applied	747	663	676
<b>Total application of operating funding</b>	<b>2,052</b>	<b>1,533</b>	<b>1,322</b>
<b>Surplus / (deficit) of operating funding</b>	<b>119</b>	<b>(225)</b>	<b>25</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Increase / (decrease) in debt	(19)	(22)	(19)
Gross proceeds from sale of assets	103	-	-
<b>Total source of capital funding</b>	<b>84</b>	<b>(22)</b>	<b>(19)</b>
<b>Applications of capital funding</b>			
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	120	-	-
Increase / (decrease) in reserves	83	(247)	6
<b>Total application of capital funding</b>	<b>203</b>	<b>(247)</b>	<b>6</b>
<b>Surplus / (deficit) of operating funding</b>	<b>(119)</b>	<b>225</b>	<b>(25)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	156	87	44

## 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.

### Council's priority activities and our rationale for providing these services

Our priority activities include:

- Effective pest management control of identified pest species including Swan, Canada Geese and feral cattle
- Aim to implement government direction in relation to essential freshwater
- To maintain an adequate monitoring network for water quality and quantity

- For water quality and quantity information to be easily accessible.

### Contribution to community outcomes

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

We work with imi and iwi to ensure that appropriate regard is made to miheke/taonga and to retain our unique island biodiversity. 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.

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

We monitor and investigate the state of our environment and identify trends, risks, and pressures our environment faces. Particularly in relation to land, soils and water. We use this information to make better decisions in our planning. We work to

educate people and provide information to enable more sustainable and resilient living.

Our planning framework ensures that identified sites of importance including imi and iwi sites of cultural significance, are considered when planning decisions are made. We work with landowners to enhance biodiversity, helping to protect our natural heritage values.

Effective resource planning processes help ensure appropriate and efficient infrastructure and resources are available to meet the demands of our communities, both now and for future generations.

Compliance monitoring can ensure fair and equal opportunities for all. We actively encourage people to adopt best practice in relation to their use of land and water resources.

We develop policies and plans that promote sustainable management of our natural and physical resources and minimise the impact of climate change and drought on our environment.

We monitor and regulate activities that could, over time, put pressure on our environment and resources, and take preventative action through education and enforcement.

We provide licenses to ensure alcohol sales and consumption are safe, and control dogs and stock, so as not to adversely affect our community's quality of life.

Areas of cultural significance are managed and protected through our regulatory practices.

Our regulatory practices are managed in a manner that contributes to the economic well-being in our community.

We have a dog and stock control officer, who assists with educating owners on appropriate housing of animals, limiting negative effects on native fauna

## What we delivered

Council achieved all the measures related to the biosecurity and consenting and compliance services, but did not achieve the measures related to essential freshwater and monitoring and providing data on water quality and quantity.

We have continued to feature our biosecurity work regularly in the Council monthly newsletter to keep the community informed with

the work we're doing in this space and all resource consents were processed on time.

Due to legislative changes coming out of central government, Council is unable to establish priorities. Council paused water quantity monitoring while considering funding limitations.

### Pest management



### Freshwater management



### Water monitoring



### Consenting and compliance



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

Measure	Target	Result
<p>Review and update Pest Management strategy and Predator Free 2050 Strategy to identify location sites of interest and species for pest management work.</p> <p><i>To be undertaken in partnership with Imi, Iwi and the Department of Conservation.</i></p>	By 30 June 2025	<p><b>Achieved</b></p> <p>Consideration was given to whether the Pest Management Strategy and Predator Free 2050 Strategy were required to be updated, with no formal update required during the period, as both strategies remain current and continue to provide a relevant framework for operational delivery.</p> <p>Key elements of these strategies were actively implemented, in partnership with imi, iwi and other partner organisations; including pest control efforts at the border and in identified priority locations. This ensured that pest management activities remained aligned with our strategic objectives despite no formal update occurring.</p> <p>This is a new measure for the current financial year, but the result is consistent with the prior financial year.</p>
<p>Frequency of environmental awareness programmes, community engagement events or community messages on our website or Facebook page to educate and involve the community in environmental protection efforts, including the importance of not bringing pests to the Island.</p>	At least quarterly	<p><b>Achieved</b></p> <p>Biosecurity articles were included in the monthly Chatham Islands Council e-newsletter. Articles focused on topical issues related to biosecurity matters on the Chathams including border biosecurity and how important the community is regarding supporting biosecurity outcomes.</p> <p>These articles were highlighted on the Chatham Islands Council Facebook page three times over the year, and there was a specific post regarding the great pest hunt in February. This result is consistent with the previous year.</p>

**Levels of service: Partner with imi, iwi and engage with the community to implement the government direction in relation to essential freshwater**

Measure	Target	Result
Establish priorities for changes to the regulatory framework. To be established in partnership with imi and iwi.	By 30 June 2025	<p><b>Not achieved</b></p> <p>Due to ongoing changes to central government direction, priorities for changes to the regulatory framework have not been established. Going forward, it is unlikely the Essential Freshwater Package will need to be implemented.</p> <p>Council will continue to not achieve this target until replacement legislation of the Resource Management Act is enacted, along with new and amended National Policy Statements and National Environmental Standards. Once this revised framework is in place, Council will consider changes required to the regulatory framework.</p> <p>The Chatham Islands Resource Management Document is currently compliant with all legislation. New legislation and national direction is likely to be in place in the 2025/26 financial year and will require changes to the Chatham Islands Resource Management Document.</p>
Present priorities for changes to the regulatory framework (identified above) to Government for approval.	Not applicable, to be set once the priorities for the regulatory framework have been established. Expected by 30 June 2026.	<p><b>Not measured</b></p> <p>Priorities for changes to the regulatory framework will be set once the Resource Management Act replacement legislation and new and amended national direction is in place, likely by the end of 2025.</p>

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

Measure	Target	Result
Review and confirm priority sites for river flow, lagoon levels and climate rainfall measurements and water quality site network, install monitoring equipment if required.	By 30 June 2025	<p><b>Not achieved</b></p> <p>There has been no review in the 2024/25 financial year to identify priority monitoring sites for river flow, lagoon levels and climate rainfall measurements. The last assessment was completed as part of an on-island workshop in November 2023.</p> <p>Limited staff availability and other pressing priorities have impacted Council's ability to confirm programme changes and identify priority sites.</p>
Maintain water quantity (river flow, lagoon levels and climate rainfall) telemetered sites and quality sites.	N/A - existing sites will continue to be maintained while the review is being undertaken and as the transition to a new set of sites occurs.	<p><b>Not achieved</b></p> <p>Hydrometric recording sites to monitor water quantity for rivers (four sites), lake levels (two sites) and climate (rainfall – six sites) remained in place, but have not been maintained/calibrated during the year. Council has paused its water quantity monitoring activity while it assesses the future application given its current funding limitations.</p> <p>The impact of not completing site maintenance visits during the year has resulted in several data collation sites now failing and satellite communications of collated data now becoming unreliable. Consequently, the accuracy and timing of information may not be complete.</p> <p>Regardless, all data generated from these recording sites continue to be uploaded to the Council website providing "real-time" (unaudited) results. In 2023/24 five validation/calibration visits occurred.</p>
Report sampled water quantity (river flow, lagoon levels and climate rainfall) and	Annually	<b>Not achieved</b>

Measure	Target	Result
<p>quality information from priority sites (identified above) on:</p> <ul style="list-style-type: none"> <li>• The Chatham Islands Council website and</li> <li>• National LAWA (Land, Air, Water Aotearoa) website – once reporting ability is available.</li> </ul>		<p>Sampled water quantity (river flow, lagoon levels and climate rainfall) data is displayed on the Chatham Islands Council website. Council continues to progress reporting of water quality information on the national LAWA (Land, Air, Water Aotearoa) website. This approach will enable consistent national data reporting of Chathams data, and comparison of this data with the rest of New Zealand.</p>

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

Measure	Target	Result
Applications for resource consents are processed within statutory timeframes.	80%	<p><b>Achieved</b></p> <p>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.</p>
Percentage of significant non-compliance incidents where action is taken.	75%	<p><b>Not achieved</b></p> <p>An island wide compliance audit under the Resource Management Act 1991 and Chatham Islands Resource Management Document 2020 was undertaken in February 2025. Significant non-compliance was found at various sites around the island and was reported in the Compliance Audit Reports. Except for letters of assessment being sent to landowners for voluntary remediation, no (0%) further compliance action was undertaken for the 2025 financial year. Council prefers to take a collaborative approach with landowners to resolve issues of non-compliance in the first instance before other further action is taken. In the prior financial year, no compliance monitoring activity occurred due to financial limitations restricting assessments to every two years.</p>

## Financial impact statement

The Council is required to include Funding Impact Statements in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

	Actual 2024/25 \$000	Long-Term Plan 2024/25 \$000	Actual 2023/24 \$000
<b>Source of operating funding</b>			
General rates, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	1,132	1,301	1,216
Local Authorities fuel tax, fines, infringement fees, and other receipts	257	143	112
<b>Total operating funding</b>	<b>1,390</b>	<b>1,444</b>	<b>1,328</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	907	1,144	1,023
Finance costs	-	-	-
Internal charges and overheads applied	354	314	320
<b>Total application of operating funding</b>	<b>1,261</b>	<b>1,458</b>	<b>1,343</b>
<b>Surplus / (deficit) of operating funding</b>	<b>129</b>	<b>(14)</b>	<b>(15)</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
<b>Total source of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	4	-	-
Increase / (decrease) in reserves	125	(14)	(15)
<b>Total application of capital funding</b>	<b>129</b>	<b>(14)</b>	<b>(15)</b>
<b>Surplus / (deficit) of operating funding</b>	<b>(129)</b>	<b>14</b>	<b>15</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excludes depreciation</i>	10	2	7

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

The statement of service performance is formally classified from pages 6 to 49.

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 2025. The statement was authorised for issue by Chatham Islands Council on 10 December 2025.

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 2024-2034 Long-Term 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 gives a rounded picture of the non-financial performance of Chatham Islands Council.

Each activity has a set of metrics that were identified through the 2024-2034 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. With a small sample size, trend data or robust reasons behind a survey result may be difficult to extrapolate.

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.

The statement of service performance utilises data from one community survey-based questionnaire conducted annually in July/August, overseen by contractors familiar with preparing and collating online surveys.

The survey received a total of 21 responses (2023/24 36 responses). Given the Island's population size, and the exclusion of Councillors and staff members, or those who share a household with staff or Councillors, a smaller response rate is likely.

Please note that:

- Because the sample size is low, the findings should be treated with some caution. This survey only captures a very small percentage of the Chatham Islands population.
- In some cases, respondents chose to answer 'I have no opinion' or did not respond, rather than rate a service or facility. Where this is the case, these responses have been removed from the analysis and the subtotal of respondents calculated.
- One of the community services questions in previous years was a question with a list of services, asking respondents to check which boxes they were aware Council was responsible for. This year, that question was exchanged for an open text question, asking respondents to name services they were aware Council provided. Most respondents left this field blank.

The Council also expected to prepare a second survey focused on assessing how confident staff and emergency response volunteers felt in relation to readiness to respond to an emergency event.

The survey was expected to be completed subsequent to the emergency response training event. However, due to staff availability and work priorities, a survey was not prepared in time.

### **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.

# 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 2024-34 Long-Term Plan sets out Chatham Islands Council's 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 2024/25 \$000	Long-Term Plan 2024/25 \$000	Actual	Annual Plan
			2023/24 \$000	2023/24 \$000
Surplus/(deficit) of operating funding	882	64	340	359
Subsidies and grants for capital expenditure	2,713	3,298	2,053	3,314
Proceeds from sale of assets	103	-	-	-
Depreciation	(2,590)	(2,210)	(2,506)	(2,484)
Investment in associate	(237)	109	124	-
<b>Surplus/(deficit) per financial statements</b>	<b>871</b>	<b>1,261</b>	<b>11</b>	<b>1,189</b>

## Council financial impact statement

	Actual 2024/25 \$000	Long-Term Plan 2024/25 \$000	Actual 2023/24 \$000	Annual Plan 2023/24 \$000
<b>Source of operating funding</b>				
General rates, rates penalties	417	381	384	358
Targeted rates	426	436	402	400
Subsidies and grants for operating purposes	6,546	5,916	7,268	6,520
Interest and dividends from investments	17	42	91	16
Local authorities fuel tax, fines, infringement fees, and other receipts	1,353	683	1,464	611
<b>Total operating funding</b>	<b>8,760</b>	<b>7,458</b>	<b>9,610</b>	<b>7,905</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	5,629	7,393	6,884	7,543
Finance costs	5	1	6	3
Other operating funding applications	2,243	-	2,379	-
<b>Total application of operating funding</b>	<b>7,877</b>	<b>7,394</b>	<b>9,269</b>	<b>7,546</b>
<b>Surplus / (deficit) of operating funding</b>	<b>882</b>	<b>64</b>	<b>340</b>	<b>359</b>
<b>Source of capital funding</b>				
Subsidies and grants for capital expenditure	2,713	3,298	2,053	3,314
Increase / (decrease) in debt	(19)	(22)	-	(19)
Gross proceeds from sale of assets	103	-	-	-
<b>Total source of capital funding</b>	<b>2,797</b>	<b>3,276</b>	<b>2,053</b>	<b>3,295</b>
<b>Applications of capital funding</b>				
Capital expenditure - to improve the level of service	-	1,045	-	1,420
Capital expenditure - to replace existing assets	3,216	2,703	2,977	2,822
Increase / (decrease) in reserves	463	(408)	(584)	(588)
<b>Total application of capital funding</b>	<b>3,679</b>	<b>3,340</b>	<b>2,393</b>	<b>3,654</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(882)</b>	<b>(64)</b>	<b>(340)</b>	<b>(359)</b>
<b>Funding balance</b>	-	-	-	-

# 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 local infrastructure, local public services for community or social benefit, and regulatory functions to the community. The Council does not operate to make a financial return. As a 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, as outlined in the Local Government Act 2002 and complies with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The Councillors and management of Chatham Islands Council confirm the financial statements have been prepared to comply with Public Benefit Entity Accounting Standards (PBE accounting standards) for a Tier 2<sup>1</sup> entity and were authorised for issue by the Council on 10 December 2025.

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 2025. This timeframe was not met.

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<sup>1</sup> A Tier 2 entity is defined as having no public accountability, having total expenditure between \$5 and \$33 million and elects to be in Tier 2

## 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 2025, and the results of its operations, cash flows and the service performance achievements for the year ended on that date.

**Greg Horler**

Mayor

10 December 2025



**Paul Eagle**

Chief Executive

10 December 2025



# Financial statements

## Statement of comprehensive revenue and expense for the year ended 30 June 2025

	Note	Actual 2024/25 \$000	Long-Term Plan 2024/25 \$000	Actual 2023/24 \$000
<b>Revenue</b>				
Rates	1	843	817	787
Grants & subsidies	2	9,259	9,214	9,499
Council Dues		264	309	270
Petrol	3	446	-	454
User pays, fees & charges		175	144	166
Interest		17	42	91
Other revenue		571	230	396
<b>Total revenue</b>		<b>11,575</b>	<b>10,756</b>	<b>11,663</b>
<b>Expenditure</b>				
Depreciation and amortisation	9	2,590	2,210	2,506
Personnel costs	4	1,070	1,060	1,134
Financial costs		5	1	6
Other expenditure	5	6,802	6,333	8,130
<b>Total expenditure</b>		<b>10,467</b>	<b>9,604</b>	<b>11,776</b>
Share of surplus / (deficit) of associate	15	(237)	109	126
<b>Total surplus / (deficit)</b>		<b>871</b>	<b>1,261</b>	<b>13</b>
<b>Comprehensive revenue and expense</b>				
Increase / (decrease) in revaluation reserve	9, 12	63	-	-
<b>Total other comprehensive revenue and expense</b>		<b>63</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive revenue and expense</b>	-	<b>934</b>	<b>1,261</b>	<b>13</b>

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

## Statement of changes in equity for the year ended 30 June 2025

	Note	Actual 2024/25 \$000	Long-Term Plan 2024/25 \$000	Actual 2023/24 \$000
<b>Equity at the start of the year</b>		<b>98,508</b>	<b>100,941</b>	<b>98,495</b>
Total comprehensive revenue and expense	12	934	1,261	13
<b>Equity at the end of the year</b>		<b>99,442</b>	<b>102,202</b>	<b>98,508</b>

## Statement of financial position as at 30 June 2025

	Note	Actual 2024/25 \$000	Long-Term Plan 2024/25 \$000	Actual 2023/24 \$000
<b>Current assets</b>				
Cash & cash equivalents	6	237	-	43
Cash funds held in trust	6	345	-	345
Cash investments		-	187	-
Receivables and other financial assets	7	639	732	1,679
Inventory	8	50	-	1
<b>Total current assets</b>		<b>1,271</b>	<b>919</b>	<b>2,068</b>
<b>Non-current assets</b>				
Investment in associate	15	131	351	368
Property, equipment & intangible assets	9	99,965	102,509	99,308
<b>Total non-current assets</b>		<b>100,096</b>	<b>102,860</b>	<b>99,676</b>
<b>Total assets</b>		<b>101,367</b>	<b>103,779</b>	<b>101,744</b>
<b>Current liabilities</b>				
Bank overdraft	6	-	189	499
Payables and other financial liabilities	10	1,835	1,298	2,632
<b>Total current liabilities</b>		<b>1,835</b>	<b>1,487</b>	<b>3,132</b>
<b>Non-current liabilities</b>				
Other long term financial liabilities	11	90	90	104
<b>Total non-current liabilities</b>		<b>90</b>	<b>90</b>	<b>104</b>
<b>Total liabilities</b>		<b>1,925</b>	<b>1,577</b>	<b>3,236</b>
<b>Total public equity</b>	12	<b>99,442</b>	<b>102,202</b>	<b>98,508</b>

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

## Statement of cash flows for the year ended 30 June 2025

	Note	Actual 2024/25 \$000	Long-Term Plan 2024/25 \$000	Actual 2023/24 \$000
<b>Cash flow from operating activities</b>				
Receipts from rates revenue		834	816	748
Receipts from grants and subsidies		9,843	9,204	9,379
Receipts from Council Dues		262	309	291
Interest received		17	42	91
Receipts from other revenue		1,889	372	330
Payments made to employees		(1,048)	(1,060)	(1,154)
Interest paid		(5)	(1)	(6)
Other payments to suppliers		(7,483)	(5,945)	(7,334)
<b>Net cash flow from operating activities</b>		<b>4,308</b>	<b>3,737</b>	<b>2,345</b>
<b>Cash flow from investing activities</b>				
Purchase of fixed assets		(3,699)	(3,748)	(2,595)
Sale/(purchase) of other assets		103	-	206
<b>Net cash flow from investing activities</b>		<b>(3,596)</b>	<b>(3,748)</b>	<b>(2,389)</b>
<b>Cash flow from financing activities</b>				
Loans raised		-	-	-
Repayment of loans		(19)	(22)	(17)
<b>Net cash flow from financing activities</b>		<b>(19)</b>	<b>(22)</b>	<b>(17)</b>
<b>Increase / (decrease) in cash held</b>		<b>693</b>	<b>(33)</b>	<b>(60)</b>
Opening cash balance		(111)	31	(51)
<b>Closing cash balance</b>	6	<b>582</b>	<b>(2)</b>	<b>(111)</b>

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

## Significant notes & 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) except for remuneration and disclosures in note 4, which are disclosed to the nearest dollar. 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.

### **New or amended standards 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:

### **Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)**

Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1) has been adopted in the preparation of these financial statements. The amendment changes the required disclosures for fees for services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. This new disclosure is included in Note 5.

### **Other changes in accounting policies**

There have been no significant changes in accounting policies during the 2025 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.

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

### **We received more than was expected by \$0.8 million**

Council continued its temporary role of transporting and supplying petrol to the Island. Petrol 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, rather fees subject to fluctuation, such as user-pays charges were higher than budget.

### **We spent more than was expected by \$0.9 million**

Petrol costs of \$0.5 million were unbudgeted. Further information on petrol is included in note 3.

Depreciation and amortisation charges were \$0.4 million higher than budgeted, with the variance related to the value of Council's property plant and equipment and additions.

Remaining variance relates to Council overheads being above expectation, reflective of higher operating costs.

## **NOTE 1: RATES REVENUE**

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

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

	<b>Actual 2024/25 \$000</b>	<b>Actual 2023/24 \$000</b>
General rates	392	355
Targeted rates	426	403
Penalties and other adjustments	25	29
<b>Total rates revenue</b>	<b>843</b>	<b>787</b>

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

	<b>30 June 2024</b>
The number of rating units	697
The total land value of rating units	100,041,250
The total capital value of rating units	252,816,550

## NOTE 2: GRANTS REVENUE

For the Council, the main grants and subsidies are received 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 2024/25 financial year related to various water services reform support packages. The Crown's annual contribution in 2024/25 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 the New Zealand Transport Agency 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 88% of actual costs incurred. Council currently funds any New Zealand Transport Agency Waka Kotahi shortfalls 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.

A summary of our significant grants and subsidies and the agencies that provide this support is provided in the following table:

	<b>Actual 2024/25 \$000</b>	<b>Actual 2023/24 \$000</b>
Department of Internal Affairs	4,688	4,975
Waka Kotahi roading subsidy	4,419	3,903
Tourism Infrastructure Fund	113	98
National Emergency Management Agency	-	31
Other	39	492
<b>Total grants &amp; subsidies</b>	<b>9,259</b>	<b>9,499</b>

### **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 2023, 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 mark-up to provide this service to the community on a cost recovery basis. The Council is looking to find another supplier on the Island to take responsibility for this activity.

Revenue recognised in the Annual Report related to the supply of petrol amounts to \$446,000, which is matched with the cost to supply petrol of \$480,000, including administrative time and costs. Petrol expenditure exceeds revenue for the year due to timing of purchases.

### **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 2023/24 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 2025 (as of 30 June 2024, 10). 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 2024/25	Actual 2023/24
Monique Croon	Mayor	57,408	58,934
Keri Day	Deputy Mayor	24,270	24,270
Celine Gregory-Hunt	Councillor	18,218	18,218
Graeme Hoare	Councillor	18,218	18,218
Gregory Horler	Councillor	18,218	18,218
Richard Joyce	Councillor	18,218	18,218
Judith Kamo	Councillor	18,218	18,218
Nigel Ryan	Councillor	18,218	18,218
Amanda Seymour	Councillor	18,218	18,218
<b>Total elected representatives' remuneration</b>		<b>209,204</b>	<b>210,730</b>
Chief executive remuneration:			
Owen Pickles - to January 2024		-	174,439
Paul Eagle		250,744	164,437
<b>Total key management personnel remuneration</b>		<b>459,948</b>	<b>544,862</b>

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 2025, the Council employed seven full-time and two full-time equivalent employees (as at 30 June 2024, eight full-time and two 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 are five or less staff in a band.

	Actual 2024/25		Actual 2023/24
		< \$59,999	3
< \$59,999	4	\$60,000 - \$99,999	6
\$60,000 - \$259,999	6	\$100,000 - \$259,999	2
<b>Total</b>	<b>10</b>	<b>Total</b>	<b>11</b>

## NOTE 5: OTHER SIGNIFICANT EXPENDITURE

Expenses are recognised in the period to which they relate.

The Council's financial statements and service performance information for the year ended 30 June 2025 is audited by Audit New Zealand on behalf of the Auditor-General. The audit fee disclosed for the financial report represents the fee for the annual statutory audit engagement carried out under the Auditor-General's auditing standards, as described in the audit report on pages 88 and 93. This fee also includes the audit of the summary annual report, also a statutory requirement, which is completed in conjunction with this engagement and not billed separately.

The Council recognizes the following notable items of expenditure recognised:

	<b>Actual 2024/25 \$000</b>	<b>Actual 2023/24 \$000</b>
Audit fees - Financial Report	114	109
Other audit fees - Long-Term Plan	-	64
Donations	137	171
Bad debts	-	-
Lease expense	389	410

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

### Current assets are higher than expected by \$0.4 million

Timing issues associated with the recognition of grant income has had a favorable impact on the cash position of Council.

### Non-current assets are lower than expected by \$2.8 million

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

### Current liabilities are higher than expected by \$0.3 million

This was primarily due to receipt of grants, which will be utilised in the next financial year, meaning these funds have not been recognized as revenue, and transferred to revenue in advance.

### There is no significant difference between non-current liabilities compared with budget

Council has historically experienced difficulties paying creditors over the year-end period with annual appropriation funds ending.

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. This approach is incorporated into the budgeted estimations of year-end creditor balance. Council was fortunate to receive grant funding close to year end, which assisted with Council's cash flow, allowing all creditors to be paid within contractual timeframes.

## 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.

	Actual 2024/25 \$000	Actual 2023/24 \$000
Cash at bank and on hand	237	43
Funds held in trust	345	345
Bank overdraft	-	(499)
<b>Total cash and cash equivalents</b>	<b>582</b>	<b>(111)</b>

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

The Council holds funds in trust, representing unspent grant money provided to the Council for the Norman Kirk Memorial. These funds are held in a separate account from the Council's current operating account and are subject to restrictions.

The 2024/25 Annual Plan forecast a closing cash overdraft balance (including investments and funds held in trust) of \$2,000. The Council's deteriorating cash position is due to higher compliance costs and insufficient external support secured. The Council has an overdraft arrangement in place with its banking facility to cover any overdrafts, which includes the ability to provide adequate security against any required short-term borrowing or increased overdraft limit. The council remains reliant on external funding to meet operating requirements and any asset upgrades.

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

## NOTE 7: RECEIVABLES AND OTHER FINANCIAL ASSETS

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

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

Rates are "written-off" where rates cannot be 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 2024/25 or 2023/24 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 subsidised by our general funds.

	<b>Actual 2024/25 \$000</b>	<b>Actual 2023/24 \$000</b>
Rates	157	134
Other receivables or financial assets	482	1,545
<b>Total current receivables and other financial assets</b>	<b>639</b>	<b>1,679</b>
<b>Total non-current receivables and other financial assets</b>	<b>-</b>	<b>-</b>

## NOTE 8: INVENTORY

Inventories are held for distribution or for use in the provision of goods and services. The Council holds petrol inventory associated with the supply of petrol to the community. Petrol inventory is recognized based on the lower of cost or net realizable value.

The Council recognizes within the receivables and other financial assets figure petrol stock on hand of \$50,000 (2023/24, \$1,000). Petrol stock on hand was low last year, due to limited shipping service in June 2024 rationing petrol supply to the community.

## NOTE 9: PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

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

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

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

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

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

After initial recognition, certain asset classes are revalued to fair value. Where there is no active market for an asset, fair value is determined by optimised depreciated replacement cost. Optimised depreciated replacement cost is a valuation methodology where the value of an asset is based on the cost of replacement. The remaining life 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 amortization, is provided on a straight-line basis on all assets. Rates are calculated to allocate the asset's cost or valuation less estimated residual value over their estimated useful life, as follows:

Asset	Years
<b>Operational assets</b>	
Buildings	8-50 years
Office equipment	1-15 years
Vehicles	5-10 years
Parks and reserves	20-25 years
<b>Infrastructure assets</b>	
<b>Roading network</b>	
Sealed pavement surface	5-10 years
Sealed pavement layers (first coat seals, basecourse, subbase)	45-60 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
<b>Drainage, reticulation systems for potable water and wastewater</b>	
Treatment plant and pump stations	1-26 years
Reservoirs	25-35 years
Pumps, valve, hydrants and other reticulation assets	15-55 years
<b>Waste management</b>	
Landfill, transfer stations and other assets	5-45 years
<b>Intangible assets</b>	
Computer software	5 years

**Movements within the carrying value for each significant class of our property, equipment and intangible assets are as follows for 2024/25:**

	Opening cost \$000	Accumulated depreciation \$000	Carrying value at the start of the year \$000	Additions \$000	Disposals and other adjustments at cost \$000	Depreciation \$000	Accumulated depreciation on disposals and other adjustments \$000	Closing accumulated depreciation \$000	Carrying value at the end of year \$000
<b>Operational assets</b>									
Land	278	-	278	-	(30)	-	-	-	248
Buildings	2,357	(914)	1,443	133	(11)	(124)	-	(1,038)	1,442
Office equipment	374	(183)	191	3	40	(46)	19	(210)	189
Vehicles	397	(191)	206	-	(71)	(38)	21	(208)	97
Parks and Reserves	222	(94)	128	-	60	(7)	72	(29)	181
<b>Total operational assets</b>	<b>3,628</b>	<b>(1,382)</b>	<b>2,246</b>	<b>136</b>	<b>(12)</b>	<b>(215)</b>	<b>112</b>	<b>(1,485)</b>	<b>2,157</b>
<b>Infrastructural assets</b>									
Transportation - Roading & Coastal networks	95,205	(4,017)	91,188	3,081	-	(2,074)	-	(6,091)	92,198
Waste management	2,717	(324)	2,393	-	37	(156)	(11)	(491)	2,274
Waste Water	1,518	(178)	1,340	-	-	(82)	1	(259)	1,258
Potable Water	2,283	(142)	2,141	-	-	(64)	-	(206)	2,078
<b>Total infrastructural assets</b>	<b>101,723</b>	<b>(4,661)</b>	<b>97,062</b>	<b>3,081</b>	<b>37</b>	<b>(2,376)</b>	<b>(10)</b>	<b>(7,047)</b>	<b>97,808</b>
Work in progress	-	-	-	-	-	-	-	-	-
<b>Property, Plant and Equipment</b>	<b>105,351</b>	<b>(6,043)</b>	<b>99,308</b>	<b>3,217</b>	<b>25</b>	<b>(2,591)</b>	<b>102</b>	<b>(8,532)</b>	<b>99,965</b>

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 2024/25**

	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
<b>Water</b>				
Treatment Plants and Facilities	735	-	-	1,163
Other Assets	1,343	-	-	2,125
<b>Wastewater</b>				
Treatment Plants and Facilities	736	-	-	1,690
Other Assets	522	-	-	1,197

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

	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
<b>Stormwater</b>				
Storm drainage	-	-	-	-
<b>Roads and footpaths</b>				
Roads and footpaths	91,198	3,081	-	114,765
<b>Total</b>	<b>95,534</b>	<b>3,081</b>	<b>-</b>	<b>120,940</b>

**Movements within the carrying value for each significant class of our property, equipment and intangible assets are as follows for 2023/24:**

	Opening cost \$000	Accumulated depreciation \$000	Carrying value at the start of the year \$000	Additions \$000	Disposals and other adjustments at cost \$000	Depreciation \$000	Accumulated depreciation on disposals and other adjustments \$000	Closing accumulated depreciation \$000	Carrying value at the end of year \$000
<b>Operational assets</b>									
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
<b>Total operational assets</b>	<b>3,310</b>	<b>(1,608)</b>	<b>1,702</b>	<b>660</b>	<b>50</b>	<b>(157)</b>	<b>(9)</b>	<b>(1,382)</b>	<b>2,245</b>
<b>Infrastructural assets</b>									
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
<b>Total infrastructural assets</b>	<b>99,454</b>	<b>(2,299)</b>	<b>97,155</b>	<b>2,317</b>	<b>(147)</b>	<b>(2,323)</b>	<b>61</b>	<b>(4,661)</b>	<b>97,062</b>
Work in progress	-	-	-	-	-	-	-	-	-
<b>Property, Plant and Equipment</b>	<b>102,764</b>	<b>(3,907)</b>	<b>98,857</b>	<b>2,977</b>	<b>(98)</b>	<b>(2,480)</b>	<b>52</b>	<b>(6,043)</b>	<b>99,308</b>

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**

	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
<b>Water</b>				
Treatment Plants and Facilities	757	-	-	1,163
Other Assets	1,384	-	-	2,125
<b>Wastewater</b>				
Treatment Plants and Facilities	784	-	-	1,690
Other Assets	556	-	-	1,197

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

	Closing book value \$000	Additions \$000	Vested \$000	Replacement cost \$000
<b>Stormwater</b>				
Storm drainage	-	-	-	-
<b>Roads and footpaths</b>				
Roads and footpaths	91,191	2,309	-	111,684
<b>Total</b>	<b>94,672</b>	<b>2,309</b>	<b>-</b>	<b>117,859</b>

## NOTE 9: PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

Insurance of Assets, Council only insures operational assets due to cost constraints, with Council electing to self-insure infrastructure assets. In the event of a natural disaster, it is assumed that New Zealand Transport Agency Waka Kotahi will contribute to any remedial work required on our roading assets. Council also assumes any rebuild costs of other infrastructure assets (drainage, reticulation systems for potable water and wastewater and waste management assets) arising from an emergency event, will be funded by way of Central Government contributions.

Council has the ability to utilise an overdraft facility to cover any initial outlays required in an emergency event. Any cash outlays related to an emergency event, would expect to be recovered from Central Government.

	Actual 2024/25 \$000	Actual 2023/24 \$000
Total value of assets covered by insurance contracts	2,834	2,272
The maximum amount to which assets are insured under Council insurance policies	15,171	15,251

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.

## 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 is made for the estimated refunds 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.

A total of \$212,000 was received in June 2025 from the Lotteries commission as a grant to support Kāhui Manu Tāiko administration and complete a feasibility study for a cover for the netball court at Norman Kirk Memorial Reserve. No funds were spent during the year related to these projects, so the full grant value has been transferred to revenue in advance.

	Actual 2024/25 \$000	Actual 2023/24 \$000
Payables and accrued expenses under exchange transactions	1,030	2,244
Funds held for distribution	300	300
Revenue in advance	382	-
Employee leave and other accrued benefits	106	84
Provisions	17	-
<b>Total payables and other financial liabilities</b>	<b>1,835</b>	<b>2,628</b>

## NOTE 11: OTHER LONG TERM FINANCIAL LIABILITIES

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

The Council maintains a prudent borrowings position given our equity and annual revenue. Council will only borrow where there is sufficient assurance 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.

Deferred revenue is generally non-interest bearing and is settled on agreed terms. Therefore, the carrying value of deferred revenue approximates their fair value. 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.

## 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 objective of managing these components 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.

Our general funds are managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings. 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 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:
  - Emergency Services Reserve - Funds are set aside for emergency events such as natural disasters, note this reserve was closed in 2023/24.
  - 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.

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.

	Actual 2024/25 \$000	Actual 2023/24 \$000
<b>General funds</b>		
Opening balance	19,954	19,691
Adjust for net surplus/(loss) for the year	871	13
Adjust for transfer (to)/from other reserves	-	250
<b>Closing balance</b>	<b>20,825</b>	<b>19,954</b>
<b>Emergency services reserve</b>		
Opening balance	-	250
Adjust for transfer (to)/from other reserves	-	(250)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Mayoral relief reserve</b>		
Opening balance	25	25
Adjust for transfer (to)/from other reserves	-	-
<b>Closing balance</b>	<b>25</b>	<b>25</b>
<b>Asset revaluation reserve</b>		
Opening balance	78,529	78,529
Revaluation/(impairments)	63	-
<b>Closing balance</b>	<b>78,592</b>	<b>78,529</b>
<b>Total equity at year end</b>	<b>99,442</b>	<b>98,508</b>

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.

## NOTE 13: COMMITMENTS

The Council has no contractual capital commitments for the acquisition of property, plant and equipment at 30 June 2025 (30 June 2024, 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 along with funding availability, 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 a building space. The lease terms are for terms less than 30 years and are renewable at the end of the lease period at market rates.

	Actual 2024/25 \$000	Actual 2023/24 \$000
Not later than 1 year	416	415
Between 1 and 5 years	1,664	1,661
More than 5 years	8,019	8,444
<b>Total</b>	<b>10,099</b>	<b>10,520</b>

*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 at 30 June 2025, for Council or any associates (30 June 2024, nil).

## 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, at a market based rental rate, as approved by Council.

Council is one of the four Kāhui Manu Tāiko entities responsible for delivering the Chatham Islands Community Strategy, which sets out

the Islands' collective priority projects. Council acts as the fund holder for Kāhui Manu Tāiko.

During the year, the Council sought funding of \$80,000 through the Lottery Community Grants scheme to engage an administrator to record committee minutes and assist with actions arising from committee decisions. The position was openly advertised, shortlisted, and appointed by the Kāhui Manu Tāiko Chair alongside a representative from the Regional Public Service Commission. The successful applicant is a close family member of the Council's key management personnel. Remuneration was set in the approved grant application prior to recruitment. The role is contracted, reports directly to the Kāhui Manu Tāiko Chair, and all payments are approved by the Chair. The first claim from the Advisor was received in September 2025, of which \$3,600 was incurred before 30 June 2025. Council considers the arrangement to be arms-length and on standard terms consistent with a non-related-party appointment.

### 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 2025, the housing trust recognized an impairment loss of \$972,260 due to the termination of a building contract, specifically seven sections and units under construction at the time of termination. As at 31 March 2024, the Housing Trust had \$1 million committed to the construction of five houses, to be paid upon completion of the project. 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 2025, the entity was dormant

and had no assets or liabilities, nor did the entity make any transactions during the year. This situation is consistent with the 2024 financial year. Therefore, the parent and group accounts are the same.

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

### **NOTE 16: GOING CONCERN**

Chatham Islands Council is the smallest local authority in New Zealand, with approximately 600 residents and less than one thousand rateable units. This makes the Council unique in that funding sources available to other councils, such as rate increases, growth, or debt are not considered financially sustainable options for the Chatham Islands Council, as this would unfairly burden our ratepayers. Consequently, there is a dependency on the Government in the form of the annual Crown contribution and the roading subsidy from the New Zealand Transport Agency Waka Kotahi to ensure the Council remains operating one year after the annual report is signed, also known as the going concern assumption.

The Chatham Islands Council has indicated to the Government for over two decades that the annual appropriation is insufficient for us to deliver our statutory obligations. The Council's approach to prudently managing finances is to reduce expenditure to match expected funding allocations, meaning some areas will not comply with good practice or

legislative requirements, as Council cannot afford to meet the additional costs of compliance.

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.

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, bridges and culverts, the wharves, and managing solid waste.

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 without input from the Government.

Our 2024-34 Long-Term Plan identified that our base line budget was not sustainable on an ongoing basis, due to higher costs particularly related to inflationary pressures and increases in the cost of living and our primary form of financial support from the Department of Internal Affairs Annual Appropriation, not adjusting to reflect these inflationary movements along with additional compliance costs.

After hearing from our community, Council considered the best method to address these cost pressures was to both increase our income and decrease our expenditure. Council has increased rates by an additional 3.5% above expected inflationary adjustments for the island. The rates increase proposed for 2025/26 of 7.25% allows Council to ensure rate consistency with other New Zealand councils over time.

The 2025/26 budget, adopted through the Annual Plan process, requires further savings and cost efficiencies to ensure the Council remains within its overdraft limit by 30 June 2026. Council is actively assessing its options, with support from the Department of Internal Affairs, and has little choice but to scale back regional council activities in the interim to both allow for a transition to a new provider and maintain prudent cashflow management. Council will need to draw on its overdraft facility on a temporary basis to manage cash shortfalls, including timing gaps between revenue and expenditure.

The Council is currently negotiating with an organisation to assist with regional council and corporate service support after 30 June 2026, when service with our current provider will cease. There are likely to be some additional transition costs associated with the change of service provider, with the exact amounts and timing remaining uncertain. These costs have not been incorporated into the financial forecast for the year ending 30 June 2026, any impacts are likely to be funded by deferring expenditure where possible or potentially delaying payment to key contractors until the annual appropriation is received in July 2026.

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 2025 annual report, the Chatham Islands Council's cash balances will likely be in an overdraft position at 30 June 2026. 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 2026/27 Annual Appropriation funding is received in July 2026. 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 2025.

The council acknowledges there is minimal allowance within its forecasts one year from the adoption of the 30 June 2025 annual report and therefore notes the material uncertainty associated with the going concern assessment. This limited cash allowance, 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 deliver a minimal level of service, and that we will not incur any additional unexpected expenditure above that currently forecasted for 2025/26, or if such expenditure occurs, we will be able to utilise delayed payment arrangements with our key suppliers or secure additional grant support.

## **NOTE 17: EVENTS AFTER THE END OF THE REPORTING PERIOD - IMPACT OF LOCAL WATER DONE WELL PROGRAMME**

The Government has enacted the new Local Water Done Well legislation, to address New Zealand's water infrastructure challenges. Under this legislation councils are required to develop Water Services Delivery Plans outlining their intended approach to future service delivery.

Chatham Islands Council submitted its Delivery Plan by the statutory deadline of 3 September 2025. The plan proposes continuing a Council-delivered model for Waitangi and Kaingaroa, in which water services remain directly owned and operated by Council, ensuring accountability to the local community. The water service delivery plan suggests a significant escalation of funding requirement for both operating and capital expenditure from the Crown.

The Secretary for Local Government has rejected the plan due to insufficient detail on asset conditions and concerns over whether the plan demonstrates financial sustainability, and therefore the future service delivery arrangements and their financial implications remain uncertain. The Council will need to complete an asset condition report by 30 June 2026 and submit a revised plan by 30 June 2028.

The Council's Three Waters infrastructure is aging, with a significant backlog of critical renewals and upgrades. Limited funding means the network is largely maintained through reactive repairs, constraining service improvement and growth. Council also continues to face challenges meeting existing drinking-water standards, and additional external funding will be required to achieve higher levels of compliance under the new regulatory framework, potentially requiring additional support from outside Council to achieve.

As decisions on funding, regulation, and implementation are still to be finalised, it is not yet possible to estimate the full impact of the Council's future delivery model.

#### **NOTE 18: EVENTS AFTER THE END OF THE REPORTING PERIOD - OTHER**

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 2025. This timeframe was not met.

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

# Financial prudence graphs

## Annual Report disclosure statement for the year ended 30 June 2025

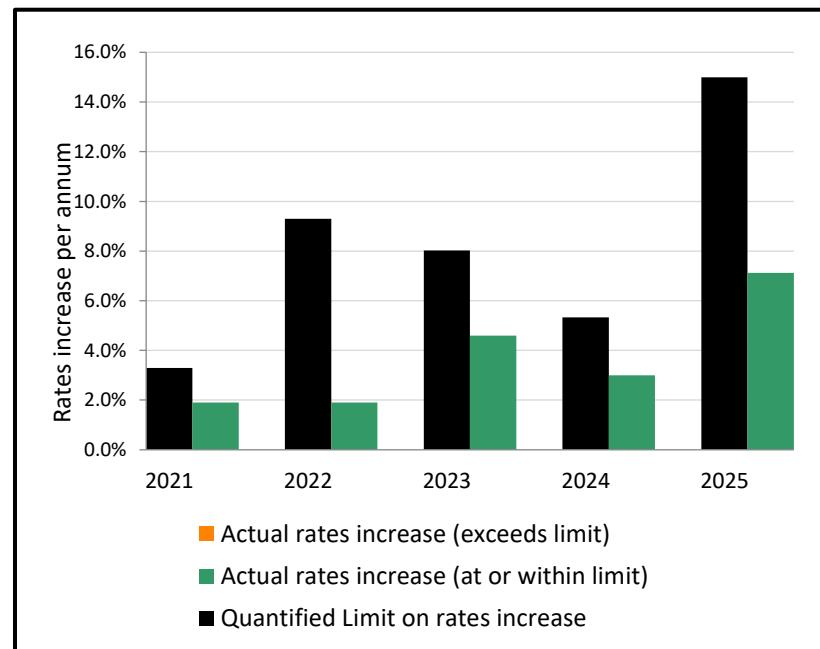
### What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings. The Council 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 increases equal or are less than each quantified limit on rates increases.

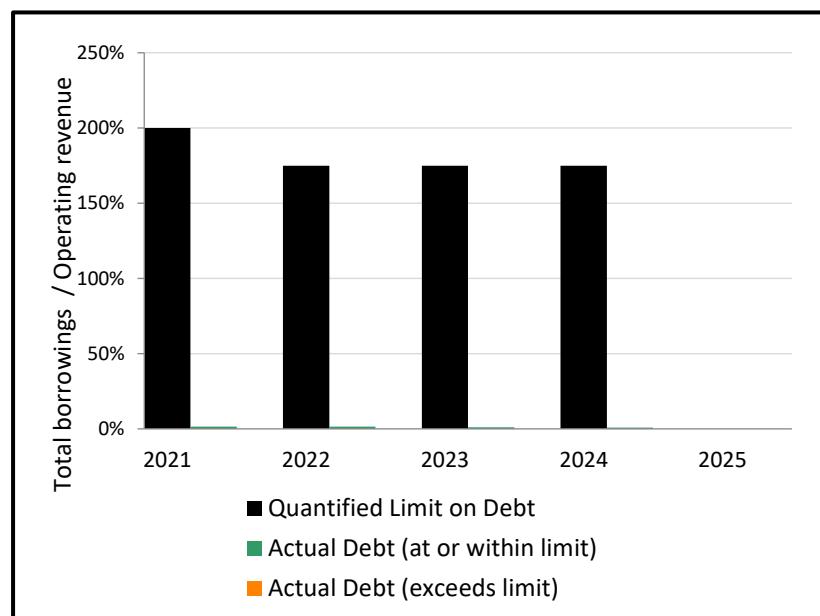
The graph compares the Council's actual rates increases with a quantified limit on rates increases contained in the Financial Strategy included in the Council's Long-Term Plan. An annual rate increase limit of 15% has been set by Council, to be used at Council's discretion in cases where an adjustment is necessary to reflect movements with other comparable councils.



## Debt affordability benchmark

The graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Long-Term Plan. The Council's long-term borrowing limits are set at 0%, unless there is a funding arrangement in place to support the repayment.

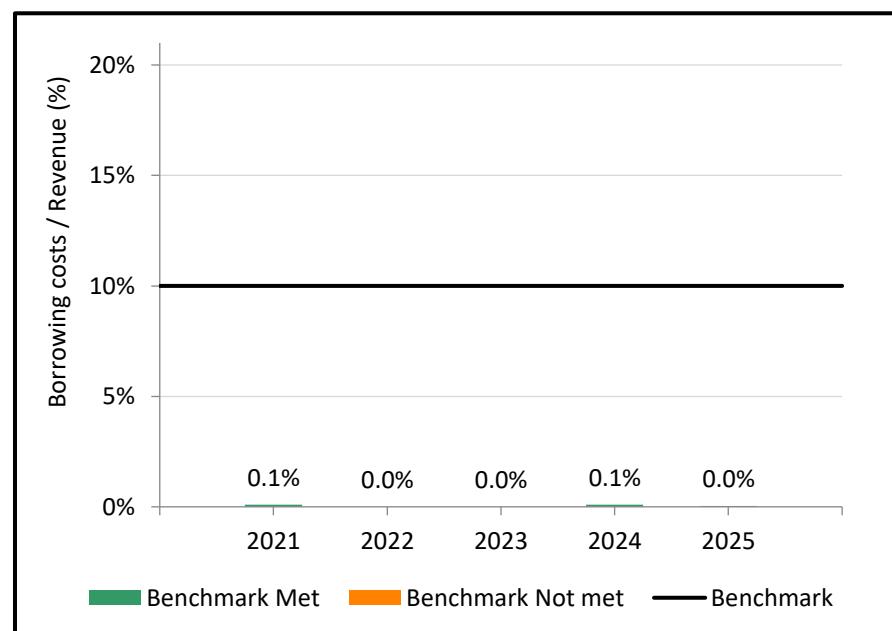
Council's cash balance may fluctuate between a positive and overdraft balance during a year; particularly at the end of the financial year where payments to suppliers may be delayed and interest charges incurred on the overdraft facility, the graph below includes the year end cash overdraft. As the nature of the overdraft is temporary and Council expects an influx of cash in July, Council considers the borrowing limit is complied with.



## Debt servicing benchmark

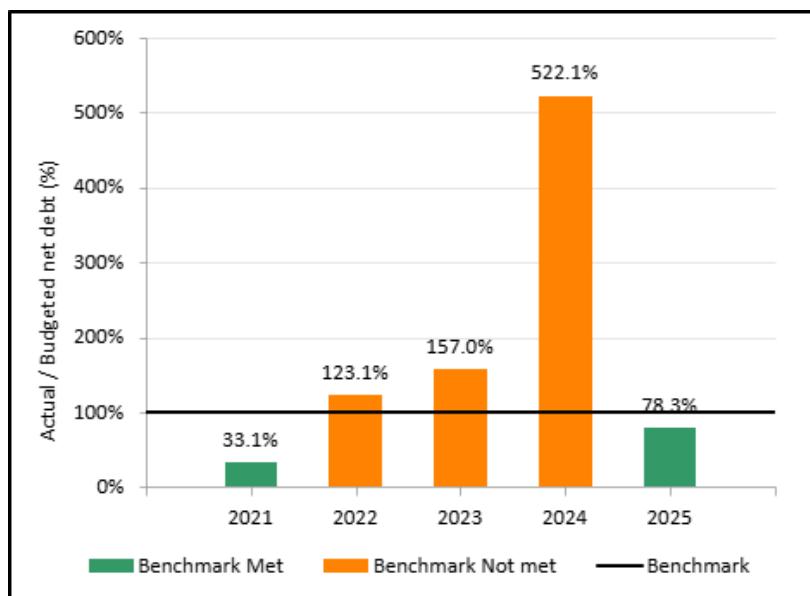
The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment).

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. Council does not enter into debt, unless a funding arrangement is in place to enable Council to make repayments; however, interest on the Council's bank overdraft may occur.



## Debt control benchmark

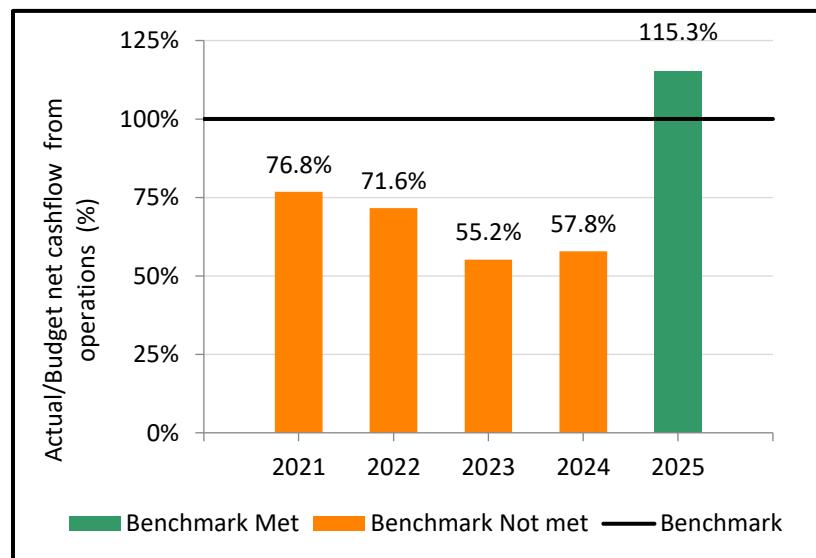
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than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



The debt control financial prudence benchmarks have been restated. Discrepancies were identified in how we calculated this benchmark compared to the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014. Correction of the discrepancies has resulted in restatement to the comparative numbers.

## Operations control benchmark

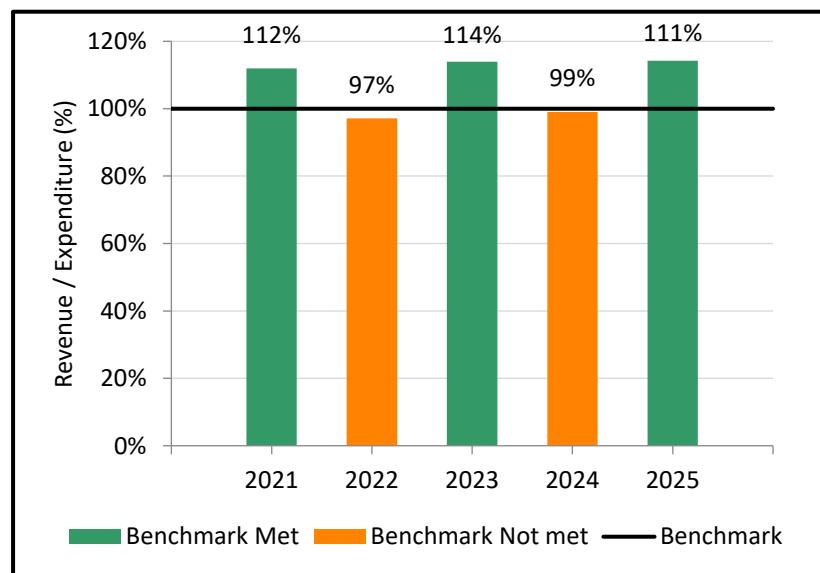
This graph displays the Council's actual net cash flows from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



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.

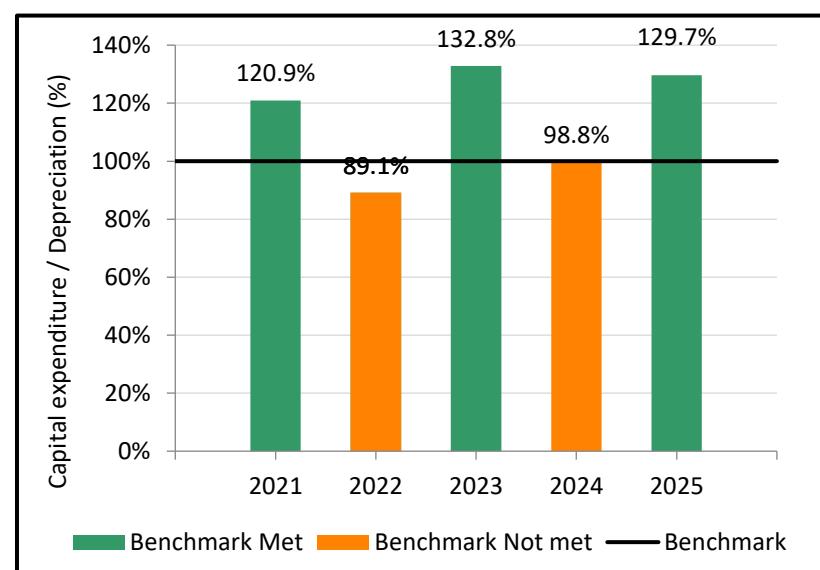
## Balanced budget benchmark

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.



# Independent Auditor's report

## To the readers of Chatham Islands Council's annual report of for the year ended 30 June 2025

The Auditor-General is the auditor of Chatham Islands Council (the Council). The Auditor-General has appointed me, Yvonne Yang, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf.

We have audited the information in the annual report of the Council that we are required to audit in accordance with the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

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

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

### Opinion on the audited information

In our opinion:

- the financial statements of the Council on pages 58 to 83:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2025;
    - 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 the Public Benefit Entity Reporting Standards Reduced Disclosure Regime;
- the Council's statement of service performance for the year ended 30 June 2025 on 7 to 49:
  - provides an appropriate and meaningful basis to enable readers to assess the Council's actual service provision for each group of activities; determined in accordance with generally accepted accounting practice in New Zealand;

- fairly presents, in all material respects, the Council's actual levels of service for each group of activities, 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 in accordance with the Public Benefit Entity Reporting Standards Reduced Disclosure Regime;
- the statement comparing actual capital expenditure to budgeted capital expenditure for each group of activities of the Council for the year ended 30 June 2025 on pages 12, 19, 29, 33, 37, 42 and 50 has been prepared, in all material respects, in accordance with clause 24 of Schedule 10 to the Act;
- the funding impact statement for each group of activities of the Council for the year ended 30 June 2025 on pages 12, 19, 29, 33, 37, 42 and 50 has been prepared, in all material respects, in accordance with clause 26 of Schedule 10 to the Act;
- the funding impact statement of the Council for the year ended 30 June 2025 on pages 54 to 55, has been prepared, in all material respects, in accordance with clause 30 of Schedule 10 to the Act.

### **Report on the disclosure requirements**

We report that:

- the Council has complied with the information disclosure requirements of Part 3 of Schedule 10 to the Act for the year ended 30 June 2025; and
- the Council's disclosures about its performance against benchmarks required by Part 2 of the Regulations for the year ended 30 June 2025 are complete and accurate.

### **Date**

We completed our work on 10 December 2025. This is the date on which we give our opinion on the audited information and our report on the disclosure requirements.

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

## **Material uncertainty related to going concern**

Note 16 on pages 80-82 outlines how insufficient funding to meet increased costs continues to weaken the 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 the Council's ability to continue as a going concern.

## **Emphasis of Matter - Future of water delivery**

Note 17 on pages 82-83 outlines that the Secretary for Local Government has rejected the Council's water services delivery plan. In that plan, the Council had proposed to deliver water, wastewater and stormwater services itself directly from 1 July 2027.

Following this decision, the Council is required to amend their plan and resubmit it in two stages, with the final resubmitted plan due by 30 June 2028. There is therefore uncertainty about future delivery of water services on the islands, the level of services the Council can continue to provide to its community, and the financial implications of the eventual delivery model.

## **Basis for our opinion on the audited information and the disclosure requirements**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): The Audit of

Service Performance Information issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor for the audited information and the disclosure requirements section of our 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 and our report on the disclosure requirements.

## **Responsibilities of the Council for the audited information and the disclosure requirements**

The Council is responsible for preparing the audited information and the disclosure requirements in accordance with the Act.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the audited information and the disclosure requirements that are free from misstatement, whether due to fraud or error.

In preparing the audited information and the disclosure requirements 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 merge or to terminate the activities of the Council, or there is no realistic alternative but to do so.

### **Responsibilities of the auditor for the audited information and the disclosure requirements**

#### **Responsibilities 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 a report that includes our opinion.

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We evaluate whether the statement of service performance includes all groups of activities that we consider are likely to be material to the readers of the annual report.
- We evaluate whether the measures selected and included in the statement of service performance for groups of activities present an appropriate and meaningful basis that will enable readers to assess the Council's actual performance. We make

our evaluation by reference to generally accepted accounting practice in New Zealand.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

## **Responsibilities for the disclosure requirements**

Our objective is to provide reasonable assurance about whether the Council has complied with the disclosure requirements. To assess whether the Council has met the disclosure requirements we undertake work to confirm that:

- the Council has made all of the disclosures required by Part 3 of Schedule 10 to the Act and Part 2 of the Regulations; and
- the disclosures required by Part 2 of the Regulations accurately reflect information drawn from the Council's audited information and, where applicable, the Council's long-term plan and annual plans.

Our responsibilities for the audited information and for the disclosure requirements 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 all the information included in the annual report other than the audited information and the disclosure requirements, and our auditor's report thereon.

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

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

### **Independence**

We are independent of the Council in accordance with the 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) issued by the New Zealand Auditing and Assurance Standards Board.

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

A handwritten signature in blue ink that reads "Yvonne Yang". The signature is fluid and cursive, with "Yvonne" on the top line and "Yang" on the bottom line.

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



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

