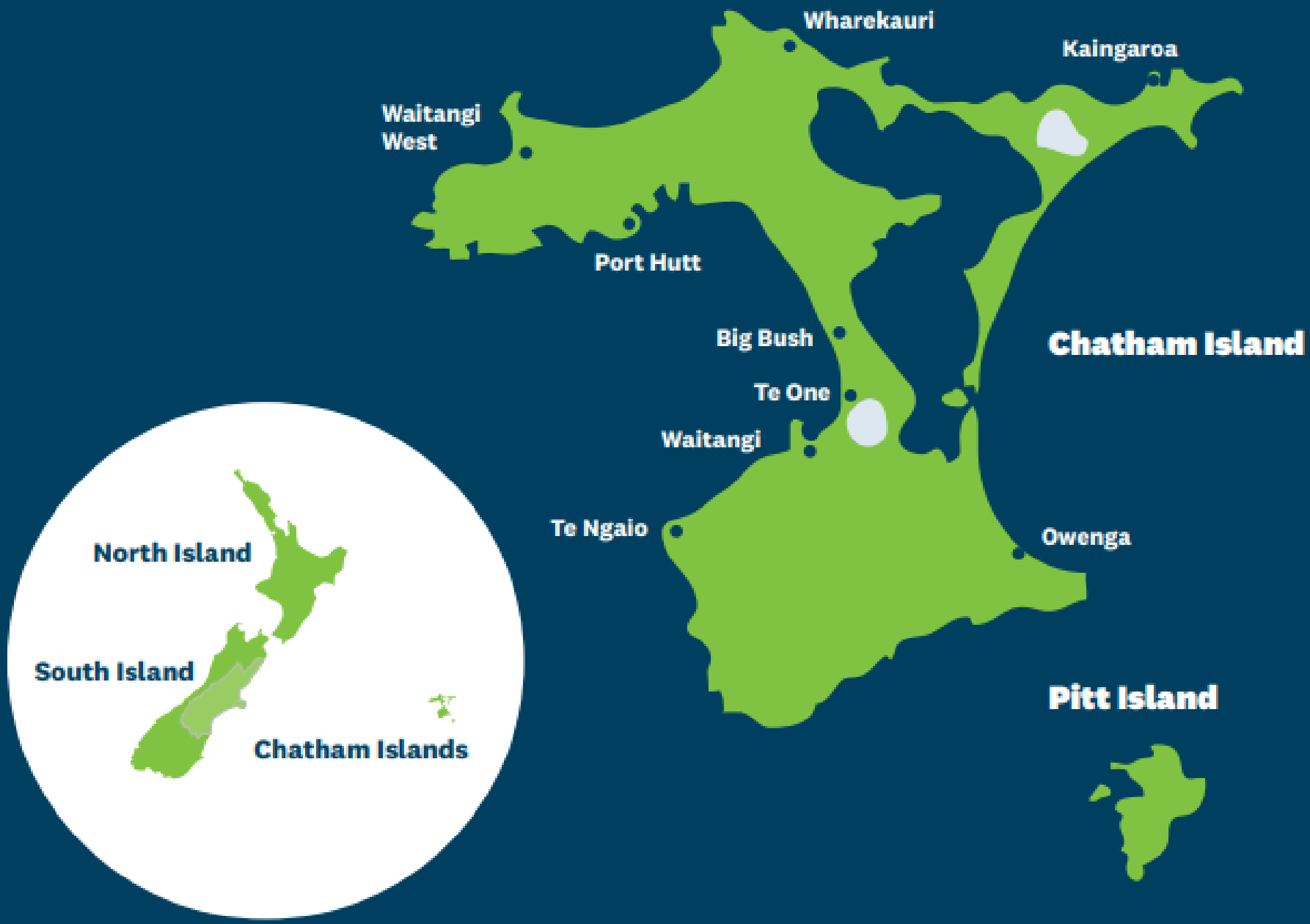
Chatham Islands Council

Annual Report 2025/26



chatham islands council

Our people, our Islands, our future


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

Contents

2025/26 in review 4

Moriori and Māori engagement 5

The Council's vision 6

What we delivered 6

Leadership and community partnerships 7

Transportation, roading and coastal networks 12

Three waters supply and treatment 19

Waste management and minimisation 32

Community services and emergency management 36

Environmental management, protection and monitoring 41

Critical judgements, assumptions and policies used in the statement of service performance 49

Council funding impact statement 52

Statement of compliance and responsibility 54

Financial statements 56

Statement of comprehensive revenue and expense for the year ended 30 June 2026 56

Statement of changes in equity for the year ended 30 June 2026 57

Statement of financial position as at 30 June 2026 57

Significant notes & accounting policies 59

Financial prudence graphs 82

Independent Auditor's report 86

2025/26 in review

Kīoranga, kia ora

I am pleased to present the Chatham Islands Council Annual Report for 2025/26. This was a significant year for Council, with substantial progress made in strengthening the organisation, improving its financial position and rebuilding confidence with our community, partners and central government.

As a small and remote council, we continue to face unique challenges in delivering essential infrastructure, regulatory services and community facilities. Our small rating base cannot meet these costs alone, so strong and constructive relationships with central government and local partners remain critical.

A major focus during the year was strengthening Council's governance, financial management, systems and controls in response to matters raised through the Office of the Auditor-General's review. This work has improved transparency, accountability and organisational discipline and has placed Council in a stronger position for the future.

The financial turnaround during the second half of the year was particularly encouraging. Council moved from a forecast year-end deficit to ultimately record a surplus, reflecting tighter financial oversight, careful management of expenditure and a stronger focus on priorities.

Leadership continuity was also important. I acknowledge the support of the Chatham Islands Enterprise Trust in enabling its Group Chief Executive, Bob Penter, to also serve as Interim Chief Executive of Council from March 2026. This provided stability at an important time and demonstrated the benefits of Council and the Trust working closely together for the Islands.

Council also renewed its focus on relationships with Ministers and government agencies. The work undertaken during 2025/26 helped lay the foundation for the subsequent announcement of $15 million of new Regional Infrastructure Fund investment for Chatham Islands wharves, livestock infrastructure and fuel facilities.

Council also secured a one-year extension of contracted services from Environment Canterbury. This will provide continuity while allowing for an orderly transition to new providers and future service arrangements.

The progress made during 2025/26 leaves Council financially stronger, organisationally more resilient and better positioned to deliver for the community. I thank Councillors, staff, contractors, the Chatham Islands Enterprise Trust, iwi and imi, government agencies and our community partners for their contribution during the year.

Most importantly, I thank the people of Rēkohu, Wharekauri and the Chatham Islands for their continued support as we work together toward a resilient and sustainable future.



Greg Horler,

Mayor



Bob Penter,

Chief Executive

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 summaries of 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 2025/26 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.

Though still lower than what we'd like, results of the Annual Residents Satisfaction Survey showed an increase in confidence that Council decisions are made in the best interest of the community. We hope to build on that increase in trust and continue to improve.



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	**Achieved** 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.
Frequency of engagement with Government and Island partners. *Island partners include Chatham Islands Enterprise Trust, Imi, Iwi and Central Government organisations operating on the Chatham Islands – for example the Department of Conservation.*	At least twice each year	**Achieved** The stakeholder group Kāhui Manu Taiko met 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. This result is consistent with that in the prior financial year. In addition, 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. CIC hosted the November 2025 hui held in Wellington, with the May 2026 on island hui being postponed.
Frequency of opportunities for Imi and Iwi to: • Contribute to the decision-making processes of the Council • Identify potential joint projects with shared efficiencies for discussion with island partner groups Engage with a designated staff member	At least annually	**Achieved** 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. This result is consistent with that in the prior financial year.

Measure	Target	Result
Frequency of community meetings hosted by the Chief Executive and Council to provide opportunities for community voices to be heard.	At least quarterly	**Not achieved** Due to changes in councillors and leadership halfway through the year, other tasks were prioritised higher, and conflicting schedules led to community meetings not being held. In the prior financial year, community engagement was supported through a number of question-and-answer sessions held across Chatham and Pitt Islands. However, as these sessions were not held quarterly, the target was not achieved.
Percentage of the community that are satisfied with the level of Council engagement. *Measured by annual survey of residents. Satisfaction is defined as whether residents consider information supplied by Council was sufficient to provide rationale behind Council's decisions*	73%	**Not achieved** The 2025/26 annual residents' satisfaction survey found that 60% of respondents considered the level of Council engagement to be sufficient or more than sufficient. This result is similar to the 57% recorded in 2024/25, but remains below the target of 73%. Given the survey sample size and the comments received, the results should be interpreted with caution and cannot be reliably extrapolated to the wider community. Council will continue to focus on improving community engagement and the information provided to support Council decision-making.
Percentage of the community that are confident Council decisions are well-informed and made in the best interests of the community. *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.*	67% confident or very confident	**Not achieved** In 2025/26, the annual residents' satisfaction survey showed 57% of the respondents were confident or very confident that the Council decisions were made in the best interest of the community, an increase on last year's result of 42%. 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.

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 2025/26 $000	Long-Term Plan 2025/26 $000	Long-Term Plan 2024/25 $000
Source of operating funding			
General rates, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	1,120	902	877
Local Authorities fuel tax, fines, infringement fees, and other receipts	142	127	121
Total operating funding	**1,262**	**1,029**	**998**
Applications of operating funding			
Payments to staff and suppliers	296	289	281
Finance costs	-	-	-
Internal charges and overheads applied	637	704	685
Total application of operating funding	**933**	**993**	**966**
Surplus / (deficit) of operating funding	**329**	**36**	**32**
Source of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Total source of capital funding	**-**	**-**	**-**
Applications of capital funding			
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	4	-	-
Increase / (decrease) in reserves	325	36	32
Total application of capital funding	**329**	**36**	**32**
Surplus / (deficit) of operating funding	**(329)**	**(36)**	**(32)**
Funding balance	**-**	**-**	**-**
Excludes depreciation	22	4	5

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 are proud to have met seven of ten of the measures for the transportation, roading and coastal networks group of activities.

A strong majority of residents expressed their satisfaction with the sealed road network, a noticeable increase from last year. Satisfaction with the unsealed road network has improved, though remained only 50%.

Targets regarding resealing and resurfacing were well exceeded and all planned footpath maintenance was carried out in full.

All customer requests were actioned or responded to within five working days.



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.	2% of the sealed network strengthened	**Achieved** During 2025/26, 8.7% (1.15 km) of the sealed road network was strengthened. As sealed pavement strengthening is undertaken on a three-year cycle, this equates to an average annual achievement of 2.9% (0.38 km), exceeding the target of 2%. The proportion strengthened was lower than in 2022/23, when 12.9% (1.7 km) of the sealed network was strengthened. This reflects the cyclical nature of the programme, with a greater focus in 2025/26 on resealing sections strengthened in previous years. The next major sealed network strengthening programme is scheduled for 2028/29.
Length of unsealed roading network resurfaced.	9.5% of the unsealed network	**Achieved** During 2025/26, 9.9% of the unsealed network was resurfaced (16.3km of 166km). This is consistent with the resurfacing completed in the 2024/25 financial year, when 9.8% (16.3km) of the unsealed network was resurfaced.
Percentage of planned footpath maintenance completed (aligning with the roading asset management plan).	>95% footpaths maintained to the expected level of service	**Achieved** All (100%) footpaths were maintained to the required standard as set out in the Roading Activity Management Plan. This result is consistent with the 2024/25 result.
Average quality of ride on the sealed and unsealed network measured by the National Association of Australia State Road Authorities (NAASRA). *NAASRA ratings provide an indication of road ride quality, with lower scores reflecting a smoother and more comfortable driving experience.*	At or below 70 (sealed) and 120 (unsealed)	**Not Achieved** The performance measure was not achieved because the average NAASRA rating for the unsealed road network was 147, exceeding the target of 120 or below. The sealed road network achieved a rating of 30, well below the target of 70 or below. The variability in the unsealed network result reflects the influence of localised defects and environmental conditions. Due to the small size of the network, relatively minor areas of deterioration can have a noticeable impact on the overall average. The sealed network showed a significant improvement from 63 in 2024/25 to 30 in 2025/26. The unsealed network result was slightly higher than the previous year's rating of 137.

Measure	Target	Result
Number of fatal or serious injury crashes on the road network.	No more than two per year	**Achieved** One fatal or serious injury crash was reported in 2025/26. The crash did not result in a fatality, and post-crash analysis has not been undertaken. This is similar to the 2024/25 result, where one fatal crash was reported.
Percentage of residents very satisfied or satisfied with the quality and safety of the sealed road network. *Measured by annual survey of residents. Satisfaction is defined as whether residents consider the quality and safety of our sealed roads is appropriate for funding allocated.*	60%	**Achieved** The annual satisfaction survey for 2025/26 showed 81% of respondents were either satisfied or very satisfied with the quality and safety of chip sealed roads. This result has increased from last year's 67% 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 and community satisfaction with the quality and safety of the sealed road network. Council monitors quality and safety of our roads by maintaining a complaints and enquiries register and monitoring the monthly roading reports from our engineers. Any updates or important information regarding the quality or safety of our roading network for community attention is communicated through social media and newsletters.
Percentage of residents very satisfied or satisfied with the quality and safety of the unsealed road network. *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.*	50%	**Achieved** The annual satisfaction survey for 2025/26 reported that 50% of respondents were satisfied or were very satisfied with the quality and safety of the unsealed road network. This result has increased from last year's 38% result. 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.

Measure	Target	Result
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%	**Achieved** 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 2024/25 financial year.
Number of times Council encourages residents to report poor road conditions, road accidents for rectification and communicates planned maintenance schedules to residents for awareness.	At least twice each year	**Not achieved** The target was not achieved, as no formal communications were issued during 2025/26 encouraging residents to report poor road conditions, road safety concerns, or accidents, nor were maintenance schedules promoted through Council's usual communication channels. During the year, the risk posed by roaming cattle on roads was considered to have been significantly reduced following the Ministry for Primary Industries-funded cattle cull completed in 2024. As a result, targeted road safety messaging was not prioritised. However, Council staff continue to encourage residents to formally report any roading issues requiring attention through their day-to-day interactions with the community. This result is unchanged from 2024/25, when the target was also not achieved. Council intends to strengthen its road safety communications and public awareness activities in 2026/27 to encourage greater reporting of road-related issues and increase community awareness of planned maintenance activities.
Identification and mapping of roadside boundary fences that pose a risk of allowing stock to access roads	Annually	**Not achieved** The target was not achieved, as a formal programme to identify and map roadside boundary fences that may allow stock access to roads was not completed during 2025/26 due to staffing and resource constraints. This is consistent with the 2024/25 financial year, when a formal mapping programme was also not undertaken.

Measure	Target	Result
Communication with landowners, where problem areas identified, to encourage remedial action.	At least annually	Although the target was not met, Council continued to work proactively with landowners to address stock-related road safety risks. During the year, eight complaints relating to wandering cattle were received, involving four properties. Council staff engaged directly with the affected landowners to discuss fencing issues and encourage remedial action. The Dog and Stock Control Officer also continued to identify fencing concerns in the field and notify property owners where maintenance or repairs were required. Council remains committed to reducing the risk of stock accessing the roading network and improving road safety for all road users.

Financial impact statement

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	Actual 2025/26 $000	Long-Term Plan 2025/26 $000	Long-Term Plan 2024/25 $000
Source of operating funding			
General rates, rates penalties	-	-	-
Targeted rates	145	141	133
Subsidies and grants for operating purposes	2,453	2,366	2,212
Local Authorities fuel tax, fines, infringement fees, and other receipts	113	116	113
Total operating funding	**2,711**	**2,623**	**2,458**
Applications of operating funding			
Payments to staff and suppliers	2,002	2,030	1,873
Finance costs	-	-	-
Internal charges and overheads applied	167	184	179
Total application of operating funding	**2,169**	**2,214**	**2,052**
Surplus / (deficit) of operating funding	**542**	**409**	**406**
Source of capital funding			
Subsidies and grants for capital expenditure	2,494	3,586	3,298
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Total source of capital funding	**2,494**	**3,586**	**3,298**
Applications of capital funding			
Capital expenditure - to improve the level of service	-	350	1,045
Capital expenditure - to replace existing assets	2,834	3,725	2,703
Increase / (decrease) in reserves	202	(80)	(44)
Total application of capital funding	**3,036**	**3,995**	**3,704**
Surplus / (deficit) of operating funding	**(542)**	**(409)**	**(406)**
Funding balance	**-**	**-**	**-**
Excludes depreciation	2,238	1,914	1,793

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 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 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 achieved 11 of the 17 total measures in the supply and treatment of three waters.

Council acknowledges that water infrastructure requires further capital investment for our services to improve and be fully compliant with legislation. There was a boil water notice and the residents survey captured low satisfaction regarding potable water infrastructure.

All wastewater targets were achieved. We are pleased to report no flooding events or discharge notices required 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
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. *The Department of Internal Affairs updated this mandatory performance measure after publication of the Long-Term Plan.* *The revised Drinking Water Quality Assurance Rules (DWQAR), effective from 1 January 2025, continue to assess bacterial and protozoal compliance but now reference specific provisions of the Drinking Water Quality Assurance Rules 2022. Accordingly, Council reports against the updated rules.*	The target is full compliance with the applicable treatment, monitoring, distribution, bacterial and protozoal requirements of the revised Drinking Water Quality Assurance Rules. *Chatham Islands Council is not currently fully compliant with the DWQAR and will be unable to achieve full compliance without additional funding.*	**Not achieved** Council was not fully compliant with the revised Drinking Water Quality Assurance Rules at either the Waitangi or Kaingaroa water schemes during 2025/26. ***Waitangi Water Scheme*** The Waitangi Water Scheme is a Level 2 supplier serving between 101 and 500 people. **Bacterial compliance:** • **T2 Monitoring Rules:** 95% (2024/25: 94%), with non-conformances mainly due to instrument faults, missed monthly sampling caused by flight delays, and insufficient free available chlorine (FAC) levels. • **T2 Chlorine Rules:** 93% (2024/25: 87%), primarily due to insufficient FAC leaving the treatment plant. • **D2 Distribution Rules:** 67% (2024/25: 67%), mainly due to insufficient sampling, low FAC levels within the network, and inadequate backflow prevention testing. **Protozoa compliance:** • **T2 Monitoring Rules:** 100% (2024/25: 94%). • **T2 Filtration Rules:** 100% (2024/25: 100%). • **T2 UV Rules:** 100% (2024/25: 100%). ***Kaingaroa Water Scheme*** The Kaingaroa Water Scheme is a Level 1 supplier serving between 26 and 100 people.

Measure	Target	Result
		Bacterial compliance: • **T1 Rules:** 100% (2024/25: 70%). • **D1 Distribution Rules:** 100% (2024/25: 100%). **Protozoa compliance:** • **T1 Rules:** 33% (2024/25: 70%). The T1 non-conformances relate primarily to the UV treatment unit operating outside its validated range due to inadequate removal of organic material. Non-compliance across both schemes is primarily driven by funding constraints, monitoring limitations, treatment challenges and logistical issues. Council continues to pursue funding and operational improvements to support compliance with current drinking water regulations while maintaining safe drinking water supplies.
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	**Not achieved** One advisory notice was issued for the Kaingaroa Water Scheme in the 2025/26 financial year. The advisory notice contained a caution about chlorate levels and a boil water notice. The advisory notice was in place in March 2026 and was lifted in April 2026, with consecutive results below the acceptable value due to mitigation measures employed by the operator. In the previous financial year (2024/25), no new boil water notices were put in place for Waitangi or Kaingaroa, but one boil water notice continued related to the prior financial year.

Measure	Target	Result
Percentage of real water loss from Council's networked reticulation system is managed at an acceptable level.	Does not exceed 20%	**Not measured** 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.
Percentage of residents connected to a Council water scheme who are very satisfied or satisfied with the service. *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.*	50%	**Not achieved** The 2025/26 annual residents' survey showed that 33% of respondents connected to a Council water scheme were satisfied or very satisfied with the service, compared with 40% in 2024/25. The result excludes respondents who selected "I have no opinion", which represented 40% of all responses to this question in 2025/26. Consequently, the result reflects a very small sample of the Chatham Islands population and should be interpreted with caution. Council acknowledges that further investment in water infrastructure is required to improve service levels and achieve full legislative compliance.

Measure	Target	Result
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: • Attendance for urgent call-outs: the time from when the Council receives notification to when service personnel reach the site does not exceed two hours • Resolution of urgent call-outs: the time from when the Council receives notification to when service personnel confirm resolution of the fault or interruption does not exceed eight hours • Attendance of non-urgent call-outs: the time from when the Council receives notification to when service personnel reach the site does not exceed two hours • Resolution of non-urgent call-outs: the time from when Council receives notification to when service personnel confirm resolution of the fault or interruption does not exceed eight hours.	100%	**Not Achieved** The following median response times were measured in 2025/26: • One urgent call-out occurred during the year for a supply interruption at the Kaingaroa Water Supply Scheme. The call out was attended within 12hours. There were no urgent callouts during the previous (2024/25) financial year. • Two non-urgent callouts were received. The call outs were resolved within 48hours. There were no non-urgent callouts during the previous (2024/25) financial year. Not all urgent and non-urgent issues were resolved within targeted timeframe. In the 2024/25 financial year all issues were resolved within targeted timeframes

Measure	Target	Result
Percentage of residents dissatisfied with drinking water quality and supply, measured by the total number of complaints received about any of the following: • Drinking water clarity • Drinking water taste • Drinking water odour • Drinking water pressure or flow • Continuity of supply Council's response to any of these issues *A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure.*	Does not exceed 2% of properties connected (or approximately two complaints for all connected properties)	**Achieved** One complaint (0.9% of 114 connections) was received in the 2025/26 financial year related to the Kaingaroa water supply pump failure. Two complaints (1.75% of 114 connections) were received during the 2024/25 financial year related to the Waitangi or Kaingaroa water supply. Council continues to seek funding to improve the reliability of its drinking water supply in terms of quantity and quality.
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	**Achieved** Average annual usage in 2025/26 was: • 280 L/person/day in Waitangi (2024/25: 290L/ person/day) and • 170 L/person/day in Kaingaroa (2024/25: 190L/person/day)

Financial impact statement

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	Actual 2025/26 $000	Long-Term Plan 2025/26 $000	Long-Term Plan 2024/25 $000
Source of operating funding			
General rates, rates penalties	-	-	-
Targeted rates	97	102	96
Subsidies and grants for operating purposes	518	213	207
Local Authorities fuel tax, fines, infringement fees, and other receipts	10	9	9
Total operating funding	**625**	**324**	**312**
Applications of operating funding			
Payments to staff and suppliers	510	356	344
Finance costs	-	-	-
Internal charges and overheads applied	47	51	50
Total application of operating funding	**557**	**407**	**394**
Surplus / (deficit) of operating funding	**68**	**(83)**	**(82)**
Source of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Total source of capital funding	**-**	**-**	**-**
Applications of capital funding			
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	-	-	-
Increase / (decrease) in reserves	68	(83)	(82)
Total application of capital funding	**68**	**(83)**	**(82)**
Surplus / (deficit) of operating funding	**(68)**	**83**	**82**
Funding balance	**-**	**-**	**-**
Excludes depreciation	63	54	64

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

Measure	Target	Result
Percentage of residents who are very satisfied or satisfied with the wastewater system. *Measured by annual survey of residents. Satisfaction is defined as whether residents consider the wastewater system is appropriate for funding allocated.*	50%	**Achieved** The 2025/26 annual resident's survey shows 75% of respondents who are connected to a wastewater/ sewage scheme being satisfied or very satisfied with the wastewater or sewage scheme, compared with 100% satisfaction in the prior year. Note that there were only four respondents who were connected to a scheme in 2026. Council acknowledges that wastewater infrastructure requires further capital investment for our services to improve.
Percentage of resident dissatisfied with wastewater services, measured by the total number of complaints received about any of the following: • Sewage odour • Wastewater system faults • Wastewater system blockages • Council's response to any of these issues as a measure of the wastewater system meeting community requirements *A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure.*	Does not exceed 2% of properties connected (or approximately two complaints for all connected properties)	**Achieved** No complaints were received during the 2025/26 financial year. One complaint (less than 1% of the 130 connections) regarding water run off onto property was received during the 2024/25 financial year. Council continues to seek funding to carry out remedial and upgrade works to maintain an appropriate level of service.
Percentage of connections that experience dry-weather sewage overflows from the wastewater system, as a measure of the wastewater system meeting community requirements *A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure.*	Does not exceed 2% of properties connected	**Achieved** One wastewater network blockage occurred during 2025/26, resulting in a dry-weather overflow upstream of the wastewater pump station. The incident affected less than 1% of the network's 130 connections and remained within the performance target. This result is consistent with 2024/25, when one dry-weather overflow occurred due to a pump failure.

Measure	Target	Result
Number of reports of non-compliance with resource consent conditions, annually, for discharge from Council's wastewater system: • Abatement notices • Infringement notices • Enforcement orders • Convictions	No more than two	**Achieved** In 2025/26 there were no notices or orders issued. This is consistent with 2024/25. The treated wastewater discharge complied with quantity and quality limits in the 2025/26 financial year, except for E.coli and nitrogen. Further funding is required to strengthen resilience and enable compliance.
Percentage of reports of sewage overflows resulting from a blockage or other fault in the Council's wastewater system responded to in agreed timeframes. *Attendance time: the time from when the Council receives notification to when the service personnel reach the site does not exceed 12 hours.* *Resolution time: the time from when the Council receives notification to when the service personnel confirms resolution of the blockage or other fault does not exceed 24 hours.*	100%	**Achieved** No sewage overflow occurred in the 2025/26 financial year (0% of the 130 connections). In the previous financial year (2024/25), one dry-weather overflow (less than 1% of the 130 connections) occurred at the wastewater pump station due to pump failure.

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	**Achieved** 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: • Abatement notices • Infringement notices • Enforcement orders • Convictions	Three or fewer reports of non-compliance	**Not measured** 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. *A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure.*	Not exceeding 2% of properties connected	**Achieved** Two complaints were received in the 2025/26 financial year (1.6% of the 130 wastewater connections). One complaint was received during the previous (2024/25) financial year.
Number of flooding events	Not exceeding two per year	**Achieved** No flooding events occurred in the current financial year. This result is consistent with that in the prior financial year.
Percentage of habitable properties affected by each flooding *A percentage has been used as the Council coverage (the number of connections) is below the per 1,000 mandatory measure.*	Not exceeding 2% of properties connected	**Achieved** No flooding events occurred in the current nor prior financial year.

Financial impact statement

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	Actual 2025/26 $000	Long-Term Plan 2025/26 $000	Long-Term Plan 2024/25 $000
Source of operating funding			
General rates, rates penalties	-	-	-
Targeted rates	113	116	109
Subsidies and grants for operating purposes	128	120	116
Local Authorities fuel tax, fines, infringement fees, and other receipts	13	11	11
Total operating funding	**254**	**247**	**237**
Applications of operating funding			
Payments to staff and suppliers	157	204	197
Finance costs	-	-	-
Internal charges and overheads applied	59	65	63
Total application of operating funding	**216**	**269**	**260**
Surplus / (deficit) of operating funding	**38**	**(22)**	**(24)**
Source of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Total source of capital funding	**-**	**-**	**-**
Applications of capital funding			
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	-	-	-
Increase / (decrease) in reserves	38	(22)	(24)
Total application of capital funding	**38**	**(22)**	**(24)**
Surplus / (deficit) of operating funding	**(38)**	**22**	**24**
Funding balance	**-**	**-**	**-**
Excludes depreciation	87	82	82

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. We remain committed to working alongside the community to promote sustainable waste management practices and regularly publish public notices to encourage recycling.

Looking ahead, we plan to expand our recycling education initiatives by engaging with local schools and teaching children about the importance of recycling and environmental responsibility.



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

Measure	Target	Result
Amount of waste going to landfill *Benchmark volume of 300 tonne established in 2022/23.*	Less than 300 tonnes	**Not Achieved** During 2025/26, 532 tonnes of waste were received at the Owenga Landfill, exceeding the benchmark target of less than 300 tonnes. The increase was primarily due to the disposal of waste materials previously stored in the Mitre 12 building, along with higher volumes of residential and commercial waste. This compares with 331 tonnes received in 2024/25. While the target was not met, recyclable materials continued to be diverted from landfill through local recycling initiatives. Council remains committed to reducing the amount of waste sent to landfill by promoting waste minimisation, recycling, and resource recovery across the community. In 2026/27, Council plans to expand its recycling education programme by working with local schools to raise awareness of recycling and environmental responsibility among young people.
Percentage of total waste diverted from landfills through recycling collection.	Increase of 1% on baseline annually *The baseline target is 70% diverted.*	**Achieved** Approximately 85% of waste was diverted from landfill through recycling and resource recovery activities in 2025/26, exceeding the target of 71% (a 1% increase on the 70% baseline target established in 2024/25). Based on an estimated annual waste tonnage of 534 tonnes, 527.87 tonnes was processed through diversion and resource recovery activities. Despite a major transfer station clean-up increasing the volume of material classified as waste, Council maintained strong recycling performance. For comparison, the diversion rate was 86% in 2024/25. Council will continue to improve diversion outcomes through enhanced waste separation initiatives, including better utilisation of the Mitre 12 facility and the introduction of a new skip bin.
Frequency of information about waste management and minimisation activities and projects circulated in our monthly Council e-newsletter.	Monthly	**Achieved** Regular messaging about waste management and minimisation was circulated within the community. This is similar to last year.

Measure	Target	Result
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%	**Achieved** 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 consent conditions, landfill management plans (developed in partnership with Imi and Iwi), and appropriate legislative requirements.	100%	**Achieved** No non-compliance issues or other environmental impacts were noted at the landfill site based on monitoring completed in 2025/26. This result is consistent with that of 2024/25. 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%	**Achieved** No waste-related complaints were received, and no compliance issues were identified during the 2025/26 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.
Percentage of times Council staff provide response to written requests or complaints regarding waste management within five working days of receipt.	95%	**Achieved** There were no complaints related to waste management during the 2025/26 or 2024/25 financial years.
Percentage of residents very satisfied or satisfied with the landfill and recycling service and ease of use *Measured by annual survey of residents. Satisfaction is defined as whether residents consider the landfill and recycling service is appropriate for funding allocated.*	60%	**Not achieved** In the 2025/26 financial year, 50% of the respondents who completed the annual residents' 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 2024/25 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.

Financial impact statement

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	Actual 2025/26 $000	Long-Term Plan 2025/26 $000	Long-Term Plan 2024/25 $000
Source of operating funding			
General rates, rates penalties	-	-	-
Targeted rates	105	105	99
Subsidies and grants for operating purposes	984	661	643
Local Authorities fuel tax, fines, infringement fees, and other receipts	24	13	13
Total operating funding	**1,113**	**779**	**755**
Applications of operating funding			
Payments to staff and suppliers	783	780	754
Finance costs	-	-	-
Internal charges and overheads applied	33	37	36
Total application of operating funding	**816**	**817**	**790**
Surplus / (deficit) of operating funding	**297**	**(38)**	**(35)**
Source of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Total source of capital funding	**-**	**-**	**-**
Applications of capital funding			
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	-	-	-
Increase / (decrease) in reserves	297	(38)	(35)
Total application of capital funding	**297**	**(38)**	**(35)**
Surplus / (deficit) of operating funding	**(297)**	**38**	**35**
Funding balance	**-**	**-**	**-**
Excludes depreciation	164	175	175

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.

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.

What we delivered

Council achieved four of the six measures for community services and emergency management. Resident satisfaction with community services has increased and Council responded to all enquiries and complaints within 24 hours.

Though there have been minimal communications to the community regarding emergency management, the community continues to feel prepared in the case of an emergency.

Community services



Emergency management



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

Measure	Target	Result
Percentage of residents very satisfied or satisfied with community services, including library and dog and animal control services *Measured by annual survey of residents. Satisfaction is defined as whether residents consider the community services are appropriate for funding allocated.*	70%	**Achieved** In 2025/26, the annual residents' satisfaction survey showed that 86% of respondents were satisfied or very satisfied with Council's community services, compared with 63% in 2024/25. The result also exceeded our target of 70%. While the reasons for the increase cannot be determined from the survey, it may reflect improved communication and engagement with the community prior to the survey taking place.
Percentage of complaints about operations and facilities investigated within one working day, with major faults remedied within 24 hours of notification.	100%	**Achieved** During the 2025/26 financial year, 266 enquiries or complaints were received, 208 related to stock or dogs. All (100%) enquires were responded to within 24 hours, but 45 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 424 enquiries or complaints were responded to within 24 hours. Outstanding issues mainly related to recurring wandering stock, which is an ongoing issue that is unable to be addressed within 24 hours.
Percentage of residents able to identify at least three key services provided by Council, e.g. dog/animal control, library and recreational services *Measured by annual survey of residents.*	75%	**Achieved** Following the poor response of survey respondents in the 2024/25 survey to filling an open text box (10%), we returned to the tick box option for respondent to select whether they were familiar with services Council provides. 88% of respondents ticked three or more boxes, indicating their familiarity with the services Council provides.

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	**Not achieved** 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. This is consistent with the prior year's performance.
Percentage of residents who feel prepared or well prepared and know what to do in an emergency. *Measured by annual survey of residents.*	70%	**Achieved** In 2025/26, 87% of the residents who completed the annual residents' satisfaction survey felt they were prepared or well prepared for an emergency. This is a decrease from last year's 90%. 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.
Percentage of staff and volunteers who feel confident in relation to readiness to respond to an emergency event. *Measured by annual staff and emergency response volunteers survey.*	70%	**Not measured** The annual survey of staff and emergency response volunteers was not completed in either 2025/26 or 2024/25 due to staff availability and competing operational priorities. As a result, Council was unable to measure performance against this target. While the survey was not undertaken, Council considers staff and volunteers to be appropriately prepared to respond to an emergency event. This is supported by annual emergency response training exercises, which help build confidence, test response procedures, and maintain operational readiness.

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Source of operating funding			
General rates, rates penalties	456	406	381
Targeted rates	-	-	-
Subsidies and grants for operating purposes	276	611	595
Local Authorities fuel tax, fines, infringement fees, and other receipts	1,094	325	315
Total operating funding	**1,826**	**1,342**	**1,291**
Applications of operating funding			
Payments to staff and suppliers	1,158	894	870
Finance costs	5	-	-
Internal charges and overheads applied	616	681	663
Total application of operating funding	**1,780**	**1,575**	**1,533**
Surplus / (deficit) of operating funding	**47**	**(233)**	**(242)**
Source of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Increase / (decrease) in debt	-	(5)	(22)
Gross proceeds from sale of assets	-	-	-
Total source of capital funding	**-**	**(5)**	**(22)**
Applications of capital funding			
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	4	-	-
Increase / (decrease) in reserves	43	(238)	(264)
Total application of capital funding	**47**	**(238)**	**(264)**
Surplus / (deficit) of operating funding	**(47)**	**233**	**242**
Funding balance	**-**	**-**	**-**
Excludes depreciation	159	84	87

Environmental management, protection and monitoring

Council has responsibilities under legislation to protect public health, safety and wellbeing.

Biodiversity, biosecurity and regulatory functions, including pest management, consent processing, bylaw enforcement and liquor licensing, help protect our environment and support our communities.

The Chatham Islands' isolation has helped keep many pests found elsewhere in New Zealand from establishing here. The Islands are also home to unique native plants, animals and ecosystems, many of which are found nowhere else in the world and remain vulnerable to the impacts of pests and invasive species.

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, embracing diversity and building growth community outcomes by planning, regulating and monitoring the use of our natural and physical resources, while protecting our unique culture, heritage and biodiversity and responding to the impacts of climate change and drought.

We work with imi, iwi and landowners to protect miheke/taonga, enhance biodiversity and manage pests that threaten our environment. Protecting our unique natural heritage helps create opportunities for sustainable growth, including tourism. Through stewardship, t'chiekitanga and kaitiakitanga, we safeguard the Islands' unique ecosystems, landscapes and indigenous biodiversity for future generations. We monitor environmental trends and pressures, particularly relating to land, soil and water, and use this information to inform planning and support more resilient communities.

Our planning and regulatory processes ensure sites of cultural significance are recognised and protected, while helping provide the infrastructure and resources needed by current and future generations. We promote best practice in land and water management through education, monitoring and compliance activities. We also regulate activities that may impact the environment, issue alcohol licences, and manage dog and stock control to support public safety, community wellbeing and economic prosperity. Our Dog and Stock Control Officer works with owners to encourage responsible animal management and minimise impacts on native fauna.

What we delivered

Council achieved three of the five applicable performance measures for the year, including all biosecurity measures and one of the two water monitoring, consenting and compliance measures.

Council continued to undertake biosecurity activities and provide regular updates to the community through its monthly newsletter. In addition, all resource consent applications were processed within statutory timeframes.

Three previously reported measures relating to pest management and freshwater management were not applicable during the 2025/26 financial year and have therefore been excluded from this assessment. Legislative changes affecting freshwater management also meant Council was unable to establish the priorities required to assess certain freshwater management targets.

Pest 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
Review and update Pest Management strategy and Predator Free 2050 Strategy to identify location sites of interest and species for pest management work. *To be undertaken in partnership with Imi, Iwi and the Department of Conservation.*	Not applicable	**Not assessed** 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. This result is consistent with the prior financial year. 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.
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.	At least quarterly	**Achieved** 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. These articles were highlighted on the Chatham Islands Council Facebook page twice over the year. This result is consistent with the previous year.

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.	Not applicable	**Not assessed** 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. 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. 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 2026/27 financial year and will require changes to the Chatham Islands Resource Management Document.
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.	**Not assessed** 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 2026/27 financial year.

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.	Not applicable	**Not assessed** There has been no review in the 2025/26 nor 2024/25 financial years 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. Limited staff availability and other pressing priorities have impacted Council's ability to confirm programme changes and identify priority sites.
Maintain water quantity (river flow, lagoon levels and climate rainfall) telemetered sites and quality sites.	At least twice a year	**Not achieved** 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. 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. Regardless, all data generated from these recording sites continue to be uploaded to the Council website providing "real-time" (unaudited) results. This result is consistent with the prior year.

Measure	Target	Result
Report sampled water quantity (river flow, lagoon levels and climate rainfall) and quality information from priority sites (identified above) on: • The Chatham Islands Council website and • National LAWA (Land, Air, Water Aotearoa) website – once reporting ability is available.	Annually	**Achieved*** Water quantity data, including river flows, lagoon levels, and rainfall information, continued to be published on the Chatham Islands Council website during 2025/26. In addition, Council's water quality monitoring data became publicly available on the national Land, Air, Water Aotearoa (LAWA) website in September 2025, enabling comparison with environmental data from across New Zealand. This represents an improvement on 2024/25, when environmental information was available on the Council website but had not yet been published on the LAWA platform. **While water quality and quantity information was publicly reported throughout the year, the accuracy of the data cannot be fully assured, as monitoring equipment was not maintained or calibrated during 2025/26.*

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%	**Achieved** 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.
Percentage of significant non-compliance incidents where action is taken.	75%	**Not achieved** 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, which was reported to Council 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 2025/26 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. The next compliance audit is planned for March 2027.

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 2025/26 $000	Long-Term Plan 2025/26 $000	Long-Term Plan 2024/25 $000
Source of operating funding			
General rates, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	811	1,301	1,265
Local Authorities fuel tax, fines, infringement fees, and other receipts	120	148	143
Total operating funding	**931**	**1,449**	**1,408**
Applications of operating funding			
Payments to staff and suppliers	492	892	1,084
Finance costs	-	-	-
Internal charges and overheads applied	292	323	314
Total application of operating funding	**784**	**1,215**	**1,398**
Surplus / (deficit) of operating funding	**147**	**234**	**10**
Source of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Total source of capital funding	**-**	**-**	**-**
Applications of capital funding			
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	2	-	-
Increase / (decrease) in reserves	145	234	10
Total application of capital funding	**147**	**234**	**10**
Surplus / (deficit) of operating funding	**(147)**	**(234)**	**(10)**
Funding balance	**-**	**-**	**-**
Excludes depreciation	10	2	2

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

The statement of service performance is formally classified from pages 6 to 48.

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 2026. The statement was authorised for issue by Chatham Islands Council on 29 October 2026.

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 26 responses (2024/25 21 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. Last 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. This year, we returned to the tick box method, as the open text field did not accurately reflect respondents' knowledge of services.

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 2025/26 $000	Annual Plan 2025/26 $000	Actual 2024/25 $000	Annual Plan 2024/25 $000
Surplus/(deficit) of operating funding	1,469	29	882	64
Subsidies and grants for capital expenditure	2,494	3,586	2,713	3,298
Proceeds from sale of assets	-	-	103	-
Depreciation	(2,743)	(2,317)	(2,590)	(2,210)
Investment in associate	-	136	(237)	109
Surplus/(deficit) per financial statements	**1,220**	**1,434**	**871**	**1,261**

Council financial impact statement

	Actual 2025/26 $000	Annual Plan 2025/26 $000	Actual 2024/25 $000	Annual Plan 2024/25 $000
Source of operating funding				
General rates, rates penalties	456	409	417	381
Targeted rates	460	464	426	436
Subsidies and grants for operating purposes	6,290	6,087	6,546	5,916
Interest and dividends from investments	51	47	17	42
Local authorities fuel tax, fines, infringement fees, and other receipts	1,466	1,162	1,353	683
Total operating funding	**8,723**	**8,169**	**8,760**	**7,458**
Applications of operating funding				
Payments to staff and suppliers	5,398	6,187	5,629	7,393
Finance costs	5	-	5	1
Other operating funding applications	1,851	1,953	2,243	-
Total application of operating funding	**7,254**	**8,140**	**7,877**	**7,394**
Surplus / (deficit) of operating funding	**1,469**	**29**	**882**	**64**
Source of capital funding				
Subsidies and grants for capital expenditure	2,494	3,586	2,713	3,298
Increase / (decrease) in debt	-	-	(19)	(22)
Gross proceeds from sale of assets	-	-	103	-
Total source of capital funding	**2,494**	**3,586**	**2,797**	**3,276**
Applications of capital funding				
Capital expenditure - to improve the level of service	-	-	-	1,045
Capital expenditure - to replace existing assets	2,844	4,075	3,216	2,703
Increase / (decrease) in reserves	1,119	(460)	463	(408)
Total application of capital funding	**3,963**	**3,615**	**3,679**	**3,340**
Surplus / (deficit) of capital funding	**(1,469)**	**(29)**	**(882)**	**(64)**
Funding balance	**-**	**-**	**-**	**-**

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[1] entity and were authorised for issue by the Council on 29 October 2026.

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 2026.

[1] *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 2026, and the results of its operations, cash flows and the service performance achievements for the year ended on that date.



Greg Horler

Mayor

29 October 2026



Bob Penter

Chief Executive

29 October 2026

Financial statements

Statement of comprehensive revenue and expense for the year ended 30 June 2026

	Note	Actual 2025/26 $000	Annual Plan 2025/26 $000	Actual 2024/25 $000
Revenue				
Rates	1	916	873	843
Grants & subsidies	2	8,784	9673	9,259
Council Dues		287	291	264
Petrol	3	470	553	446
User pays, fees & charges		106	177	175
Interest		51	47	17
Other revenue		603	141	571
Total revenue		**11,217**	**11,755**	**11,575**
Expenditure				
Depreciation and amortisation	8	2,743	2,317	2,590
Personnel costs	4	925	969	1,070
Financial costs		5	-	5
Other expenditure	5	6,324	7171	6,802
Total expenditure		**9,997**	**10,457**	**10,467**
Share of surplus / (deficit) of associate	15	-	136	(237)
Total surplus / (deficit)		**1,220**	**1,434**	**871**
Comprehensive revenue and expense				
Increase / (decrease) in reserves	8, 11	9,218	-	63
Total other comprehensive revenue and expense		**9,218**	**-**	**63**
Total comprehensive revenue and expense		**10,438**	**1,434**	**934**

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 2026

	Note	Actual 2025/26 $000	Annual Plan 2025/26 $000	Actual 2024/25 $000
Equity at the start of the year		**99,442**	**100,223**	**98,508**
Total comprehensive revenue and expense	11	10,438	1,434	934
Equity at the end of the year		**109,880**	**101,657**	**99,442**

Statement of financial position as at 30 June 2026

	Note	Actual 2025/26 $000	Annual Plan 2025/26 $000	Actual 2024/25 $000
Current assets				
Cash & cash equivalents	6	742	-	237
Cash funds held in trust	6	345	-	345
Cash investments		-	-	-
Receivables and other financial assets	7	748	764	639
Inventory		-	-	50
Total current assets		**1,835**	**764**	**1,271**
Non-current assets				
Investment in associate	14	131	487	131
Property, equipment & intangible assets	8	109,288	102,605	99,965
Total non-current assets		**109,419**	**103,092**	**100,096**
Total assets		**111,254**	**103,856**	**101,367**
Current liabilities				
Bank overdraft	6	-	510	-
Payables and other financial liabilities	9	1,284	1,599	1,835
Total current liabilities		**1,284**	**2,109**	**1,835**
Non-current liabilities				
Other long term financial liabilities	10	90	90	90
Total non-current liabilities		**90**	**90**	**90**
Total liabilities		**1,374**	**2,199**	**1,925**
Total public equity	11	**109,880**	**101,657**	**99,442**

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 2026

	Note	Actual 2025/26 $000	Annual Plan 2025/26 $000	Actual 2024/25 $000
Cash flow from operating activities				
Receipts from rates revenue		904	834	834
Receipts from grants and subsidies		8,765	9,554	9,843
Receipts from Council Dues		218	312	262
Interest received		51	47	17
Receipts from other revenue		1,220	838	1,889
Payments made to employees		(986)	(949)	(1,048)
Interest paid		(5)	-	(5)
Other payments to suppliers		(6,663)	(6,973)	(7,484)
Net cash flow from operating activities		**3,504**	**3,663**	**4,308**
Cash flow from investing activities				
Purchase of fixed assets		(2,999)	(4,261)	(3,699)
Sale/(purchase) of other assets		-	-	103
Net cash flow from investing activities		**(2,999)**	**(4,261)**	**(3,596)**
Cash flow from financing activities				
Loans raised		-	-	-
Repayment of loans		-	(22)	(19)
Net cash flow from financing activities		**-**	**(22)**	**(19)**
Increase / (decrease) in cash held		**505**	**(620)**	**693**
Opening cash balance		582	110	(111)
Closing cash balance	6	**1,087**	**(510)**	**582**

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 15 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

There are no new amendments or standards required to be applied this year.

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:

2024 Omnibus Amendments to PBE Standards (amendments to PBE IPSAS 1)

This amendment clarifies the principles for classifying a liability as current or non-current. The amendment is effective for the year ending 30 June 2027.

These amendments are not expected to have a significant impact on the Council's financial statements.

PBE IFRS 17: Insurance contracts

PBE IFRS 17 establishes principles for recognising, measuring, presenting, and disclosing insurance contracts, and will replace PBE IFRS 4. This standard is effective for the year ending 30 June 2027.

The Council has not yet assessed in detail the impact of this standard.

Other changes in accounting policies

There have been no significant changes in accounting policies during the 2026 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 changed from what we expected to spend and receive during the year?

We received $0.5 million less than expected

Grant income was $0.9 million lower than budget. This was mainly due to roading works being lower than planned during the year, with some projects deferred to the following year. As a result, the related subsidy funding was also lower than expected.

There were no other significant variances to budget. However, user charges and other income were $0.4 million higher than budget.

We spent $0.5 million less than expected

Depreciation and amortisation expenses were $0.4 million higher than budget. This variance was primarily due to changes in the value of Council's property, plant and equipment, including asset additions during the year.

Other expenditure was $0.1 million lower than budget. When the 2025/26 budget was adopted, it was recognised that significant cash savings would be required to ensure the Council's bank overdraft limit was not exceeded by year end. These savings were largely achieved through a reduced scope of services provided by the contractor delivering regional council services. The remaining savings resulted from lower expenditure across a range of Council activities.

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.

	Actual 2025/26 $000	Actual 2024/25 $000
General rates	426	392
Targeted rates	460	426
Penalties and other adjustments	30	25
Total rates revenue	**916**	**843**

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

	30 June 2025
The number of rating units	698
The total land value of rating units	99,564,250
The total capital value of rating units	253,402,550

NOTE 2: GRANTS REVENUE

For Council, the most significant grants and subsidies are received from the following agencies:

- **The Department of Internal Affairs** provides an annual contribution to support the Council in meeting its statutory obligations. The annual contribution for the year was $4.2 million, and this level of funding is expected to continue for the foreseeable future. During the 2025/26 financial year, Council also received additional funding from the water services reform support packages.

  While this support is appreciated, it is not sufficient to fully meet Council's operating requirements and does not provide funding for the depreciation of infrastructure assets. This limits Council's ability to effectively plan for and invest in infrastructure renewal and development. Council continues to work with central government and other organisations to secure additional long-term funding 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:

	Actual 2025/26 $000	Actual 2024/25 $000
Department of Internal Affairs	4,492	4,688
Waka Kotahi roading subsidy	4,219	4,419
Tourism Infrastructure Fund	-	113
Other	73	39
Total grants & subsidies	**8,784**	**9,259**

NOTE 3: OTHER SIGNIFICANT REVENUE ITEMS

Other revenue from operating activities is generally measured at the fair value of the consideration received or receivable. Council undertakes a range of activities as part of its normal operations that generate revenue. These revenue streams are classified as non-exchange transactions.

Council previously agreed to temporarily facilitate the supply of petrol to the Chatham Islands after the previous supplier ceased operations and the service was no longer considered financially viable. Since that time, Council has been responsible for the purchase, storage, and transportation of petrol to the Islands on a cost-recovery basis.

During the 2025/26 financial year, an organisation was identified to assume responsibility for this activity. On 30 June 2026, arrangements were underway to transfer the operation to this new provider. While some transition-related costs are expected to continue into the 2026/27 financial year, these are anticipated to be minimal. Council's involvement in the supply of petrol is expected to cease once the transfer is complete.

Revenue recognised from petrol sales was $470,000. Due to the timing of fuel purchases and sales, revenue does not directly align with the associated fuel costs of $356,000 (excluding administration costs and staff time).

Included within receivables and other financial assets is petrol inventory on hand valued at $nil as all stock was transferred to the new service provider prior to 30 June 2026 (2024/25: $50,000).

NOTE 4: GOVERNANCE AND EMPLOYMENT EXPENDITURE

Governance costs relate to the remuneration paid to elected members, including the Mayor and Councillors. Employment costs relate to remuneration paid to employees, including salaries, wages, and other employee benefits such as KiwiSaver contributions.

Governance and employment expenditure includes all monetary and non-monetary benefits provided directly or indirectly during the reporting period. This excludes reimbursements for authorised work-related expenses and the provision of work-related equipment, such as mobile phones and laptops.

During the 2025/26 financial year, payments totalling $27,500 were made in relation to the departure of the former Chief Executive. These payments comprised an additional seven days of bereavement leave, together with relocation costs for the shipment of personal belongings to New Zealand and legal services associated with formal review processes undertaken during the Chief Executive's tenure. The relocation and legal costs formed part of a settlement arrangement and were paid directly to service providers rather than to the former Chief Executive. This disclosure is made in accordance with the severance payment disclosure requirements of the Local Government Act 2002. No other payments were made to elected members or employees outside normal contractual arrangements during the year (2024/25: nil).

The Remuneration Authority is responsible for determining the remuneration of elected members. Elected members receive an annual salary and do not receive meeting fees or other non-monetary benefits. During the year, no elected members were appointed to external boards or organisations for the purpose of

representing Council's interests. Remuneration disclosures for key management personnel, including the Chief Executive, are provided in the tables that follow.

Remuneration of key management personnel is disclosed below:

Name	Position	Actual 2025/26	Actual 2024/25
Gregory Horler	Mayor - from October 2025	51,070	18,218
Monique Croon	Mayor - until October 2025	23,476	57,408
Celine Gregory-Hunt	Deputy Mayor - from October 2025	28,075	18,218
Keri Lea Day	Deputy Mayor - until October 2025	23,573	24,270
Bridget Gibb	Councillor from October 2025	13,404	-
Graeme Hoare	Councillor	20,912	18,218
Jenna Hoverd	Councillor from October 2025	13,404	-
Richard Joyce	Councillor until October 2025	7,463	18,218
Judith Kamo	Councillor until October 2025	7,463	18,218
Nigel Ryan	Councillor until October 2025	7,463	18,218
Amanda Seymour	Councillor until October 2025	7,463	18,218
Jacqui Southcombe	Councillor from October 2025	13,404	-
Pita Thomas	Councillor from October - February 2026	6,387	-
Nathaniel Whaitiri	Councillor from October 2025	13,404	-
Total elected representatives' remuneration		**236,961**	**209,204**
Chief executive remuneration:		**Actual 2025/26**	**Actual 2024/25**
Bob Penter	Seconded from March 2026	- *	-
Paul Eagle	Until February 2026	266,031	250,744
Total key management personnel remuneration		**502,992**	**459,948**

** During 2025/26, an Interim Chief Executive was seconded from the Chatham Islands Enterprise Trust while recruitment for a permanent Chief Executive was undertaken. The Interim Chief Executive remained employed and remunerated by the Trust, with no remuneration paid directly by the Council. In recognition of the secondment arrangement, the Council transferred a surplus vehicle to Chatham Islands Management Limited for nil consideration.*

Subsequent to year end, Council confirmed the appointment of its Chief Executive during September 2026. The appointment is based on a Joint Chief Executive arrangement between Council and the Enterprise Trust. The Joint Chief Executive remuneration is therefore shared between the organisations and will result in a saving for both. Mr Bob Penter has been appointed as the Joint Chief Executive.

Key management personnel comprise the Mayor, Councillors, and the Chief Executive. The total number of key management personnel was 10 as at 30 June 2026 (30 June 2025: 10).

The full-time equivalent (FTE) of key management personnel has been assessed using headcount, as it is not practicable to determine an FTE measure for the Mayor and Councillors given the nature of their roles.

Remuneration includes all salary and non-financial benefits paid or payable during the year, including any outstanding leave entitlements paid as part of final salary settlements.

As at 30 June 2026, Council employed six full-time employees and four employees in part-time roles, equivalent to two full-time positions (30 June 2025: seven full-time employees and two employees in part-time roles, equivalent to two full-time positions).

The Local Government Act 2002 requires councils to disclose the number of employees receiving annual remuneration below $60,000 and those receiving remuneration above $60,000 in $20,000 bands.

To protect employee privacy and reduce the risk of identification, remuneration bands with five or fewer employees have been combined, as permitted by the Act.

	Actual 2025/26		Actual 2024/25
< $59,999	7	< $59,999	4
$60,000 - $99,999	3	$60,000 - $259,999	6
Total	**10**	**Total**	**10**

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 2026 were audited by The Audit Office on behalf of the Auditor-General. The audit fee disclosed in these financial statements relates to the annual statutory audit, which was conducted in accordance with the Auditor-General's auditing standards and is described in the Independent Auditor's Report on pages 86 to 91.

The disclosed audit fee also includes the audit of the Summary Annual Report, which is a statutory requirement and is completed as part of the annual audit engagement. No separate fee is charged for this work.

	Actual 2025/26 $000	Actual 2024/25 $000
Audit fees - Financial Report	165	114
Other audit fees - Long-Term Plan	-	-
Donations	182	137
Bad debts	2	-
Lease expense	422	389

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

Current assets were $1.1 million higher than expected

This variance is primarily due to a stronger cash position than anticipated, resulting from significantly lower cash expenditure during the year compared with budget.

Non-current assets were $6.3 million higher than expected

This was mainly driven by the asset revaluation completed during the year, which increased the value of Council's assets by $9.3 million. This was partially offset by capital projects that were either delivered below budget or deferred to future years.

Current liabilities were $0.8 million lower than expected

This reflects lower overall expenditure during the year, which resulted in a lower accounts payable balance at year end than originally budgeted.

There was no significant difference between non-current liabilities and budget

Historically, Council has faced challenges in managing creditor payments over the year-end period due to the timing of annual appropriation funding, which is received in July. In previous years, this has resulted in some creditor payments being deferred until funding was received. This approach has been reflected in the budgeted year-end creditor balances. During 2025/26, Council reduced expenditure levels and improved cash management. As a result, Council was able to meet its creditor obligations at year end without experiencing the same funding pressures encountered in previous years.

NOTE 6: CASH AND CASH EQUIVALENTS

Our cash and cash equivalents comprise cash on hand, funds held in bank accounts, short-term deposits, and other highly liquid investments with original maturities of three months or less. Bank overdrafts are presented within current liabilities in the Statement of Financial Position.

Cash and cash equivalent balances are subject to expected credit loss requirements. However, no loss allowance has been recognised, as the estimated amount is not material.

Investments with original maturities greater than three months are classified as cash investments. These investments are initially recognised at the amount invested and subsequently adjusted for interest earned.

	Actual 2025/26 $000	Actual 2024/25 $000
Cash at bank and on hand	742	237
Funds held in trust	345	345
Bank overdraft	-	-
Total cash and cash equivalents	**1,087**	**582**

The Council holds short-term deposits with ANZ Bank, which provides the only banking services available on the Chatham Islands. These deposits are held as part of Council's investment and liquidity management programme and help maintain access to local banking facilities. Interest-bearing balances earn interest at prevailing floating deposit rates.

The Council also holds funds in trust representing unspent grant funding received for the Norman Kirk Memorial. These funds are held in a separate bank account from Council's operating funds and are subject to specific restrictions on their use.

Council's cash position has come under increasing pressure in recent years due to rising compliance costs and insufficient external funding to fully support operating activities. To manage short-term funding requirements, Council maintains an overdraft facility with its bank and can provide security if additional borrowing capacity is required.

Council remains reliant on external funding to meet a portion of its operating costs and to support investment in infrastructure and other capital projects.

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash and cash equivalent balances, net of any bank overdrafts outstanding at year end.

NOTE 7: RECEIVABLES AND OTHER FINANCIAL ASSETS

Short-term receivables are recognised at the amount due, less any allowance for expected credit losses. Council applies the simplified expected credit loss model, which requires lifetime expected credit losses to be recognised for all short-term receivables.

For the purpose of assessing expected credit losses, receivables are grouped into rates receivables and other receivables, as these categories share similar credit risk characteristics. Expected credit losses are assessed collectively using a provision matrix based on historical loss experience and adjusted for current and forward-looking information relevant to the debtor and the wider economic environment.

Rates are written off when they are considered unrecoverable or are remitted in accordance with Council's rates remission policy.

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

No allowance for expected credit losses has been recognised during either the current or prior financial year, as Council has not identified any material credit losses.

Other financial assets are initially recognised at fair value.

Council's revenue transactions are primarily classified as non-exchange transactions. Non-exchange receivables arise when Council receives value from another party without providing approximately equal value directly in return.

NOTE 7: RECEIVABLES AND OTHER FINANCIAL ASSETS (CONTINUED)

This reflects the nature of many Council activities, which are funded from general rates and other public funding sources. Examples of non-exchange transactions include rates revenue, grants, infringement fees, and certain user charges.

Non-exchange transactions are classified as either taxes or transfers. Transfers include grants that do not contain conditions requiring repayment if specified outcomes are not achieved.

Exchange receivables arise when Council provides goods or services directly to another party and receives approximately equal value in return through an arm's-length transaction.

Examples include commercial sales and fees for services that are not subsidised by general rates or other public funding.

	Actual 2025/26 $000	Actual 2024/25 $000
Rates	167	157
Other receivables or financial assets	581	482
Total current receivables and other financial assets	**748**	**639**
Total non-current receivables and other financial assets	**-**	**-**

NOTE 8: PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

Expenditure is capitalised when it creates a new asset or enhances the future economic benefits or service potential of an existing asset. Costs that do not meet the capitalisation criteria are expensed as incurred. Assets acquired through non-exchange transactions for nil or nominal consideration are initially recognised at fair value when control is obtained. Work in progress is recorded at cost less any impairment losses and is not depreciated.

Property, plant and equipment and intangible assets comprise operational assets, infrastructure assets, and intangible assets.

Operational assets include land, buildings, and equipment. Land and buildings are carried at deemed cost based on Government Valuation values as at 1 July 1989, with subsequent additions recognised at cost. Other operational assets are measured at cost less accumulated depreciation and impairment.

Infrastructure assets include the roading network, stormwater, drinking water and wastewater systems, and waste management assets. The latest independent valuation was completed by Stantec NZ as at 31 March 2026 using the depreciated replacement cost (DRC) methodology. Additions since the valuation date are recorded at cost.

Intangible assets primarily comprise computer software and are measured at cost less accumulated amortisation and impairment.

Following initial recognition, selected asset classes are carried at fair value. Where an active market does not exist, fair value is determined using optimised depreciated replacement cost, which estimates replacement cost adjusted for age, condition, and remaining useful life.

Infrastructure assets are generally revalued every five years. Revaluation increases are recognised in the relevant asset revaluation reserve, while decreases are recognised against that reserve to the extent available, with any excess charged to the Statement of Comprehensive Revenue and Expense.

Key assumptions used in depreciated replacement cost valuations include:

- Unit rates are based on engineering assessments, previous valuations, and recent contract pricing. Where local pricing is unavailable, mainland New Zealand rates are adjusted for remoteness and logistics costs.
- Remaining useful lives are based on an asset's expected life and age. Where asset age is unknown, engineering judgement and local knowledge are applied.

Valuations exclude land, including land beneath roads.

NOTE 8: PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

The Council revalued its infrastructure assets as at 31 March 2026. Following the valuation, some cost indices, including the NZTA Maintenance Index, increased significantly due to oil price volatility associated with the conflict in Iran. After consulting its valuer, Council concluded these increases were temporary and did not reflect a long-term change in replacement costs. Consequently, the higher index values were not incorporated into the 31 March 2026 valuation or through a further adjustment at 30 June 2026. Council will continue to monitor cost movements as part of future valuations.

Assets are impaired when their carrying amount exceeds their recoverable amount. For revalued assets, impairment losses are recognised against the relevant revaluation reserve where available, with any remaining loss recognised in the Statement of Comprehensive Revenue and Expense. For assets carried at cost, impairment losses are recognised directly in the Statement of Comprehensive Revenue and Expense.

As part of the 31 March 2026 infrastructure valuation and the asset condition assessment undertaken to support the Local Water Done Well programme, the Council assessed its water supply and wastewater assets for impairment. While no evidence of a material impairment was identified, a comprehensive condition assessment of all assets has not yet been completed due to financial and practical constraints, creating some uncertainty in the assessment. Management considered this uncertainty and concluded that any unrecognised impairment is unlikely to be material to the financial statements. Accordingly, no impairment loss has been recognised at 30 June 2026.

Depreciation and amortisation are calculated on a straight-line basis, allocating cost or valuation less residual value over the asset's estimated useful life, as follows:

Asset	Years
Operational assets	
Buildings	8-50 years
Office equipment	1-15 years
Vehicles	5-10 years
Parks and reserves	20-25 years
Infrastructure assets	
Roading network	
Sealed pavement surface	5-12 years
Sealed pavement layers (first coast seals, basecourse, subbase)	45-60 years or not depreciated
Unsealed pavement layers (wearing course, subbase)	4 years, or not depreciated for subbase
Drainage	45-50 years
Footpaths	20-25 years
Minor structures (including signs, railings and streetlights)	2-35 years
Retaining walls	20-25 years
Bridges, bridge culverts and wharves	30-45 years
Drainage, reticulation systems for potable water and wastewater	
Treatment plant and pump stations	1-50 years
Reservoirs	25-35 years
Pumps, valve, hydrants and other reticulation assets	15-50 years
Waste management	
Landfill, transfer stations and other assets	5-45 years
Intangible assets	
Computer software	5 years

NOTE 8: PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

Due to financial constraints, Council insures its operational assets and self-insures its infrastructure assets. In the event of a natural disaster, Council expects New Zealand Transport Agency Waka Kotahi to contribute towards the repair and restoration of roading assets. Council also anticipates that any significant rebuild costs for other infrastructure assets, including stormwater, drinking water and wastewater networks, and waste management facilities, would be supported through central government assistance.

Council maintains an overdraft facility to provide access to funding for any immediate response and recovery costs arising from an emergency event. It is expected that eligible expenditure incurred in responding to such events would subsequently be recovered through central government funding arrangements.

	Actual 2025/26 $000	Actual 2024/25 $000
Total value of assets covered by insurance contracts	2,801	2,834
The maximum amount to which assets are insured under Council insurance policies	15,171	15,171

The Council is not a participant in any financial risk-sharing arrangements relating to its assets. No property, plant and equipment or intangible assets have been pledged as security for liabilities, and there are no restrictions on the Council's ownership or use of these assets.

Movements within the carrying value for each significant class of our property, equipment and intangible assets are as follows for 2025/26:

	Opening cost $000	Accumulated depreciation $000	Carrying value at the start of the year $000	Additions $000	Revaluation and other adjustments $000	Depreciation $000	Revaluation accumulated depreciation and other adjustments $000	Closing accumulated depreciation $000	Carrying value at the end of year $000
Operational assets									
Land	248	-	248	-	-	-	-	-	248
Buildings	2,480	(1,038)	1,442	7	265	(137)	-	(1,175)	1,577
Office equipment	399	(210)	189	-	22	(46)	-	(256)	165
Vehicles	305	(208)	97	-	5	(41)	-	(249)	61
Parks and Reserves	210	(29)	181	4	-	(7)	-	(36)	178
Total operational assets	**3,642**	**(1,485)**	**2,157**	**11**	**292**	**(231)**	**-**	**(1,716)**	**2,229**
Infrastructural assets									
Transportation - Roading & Coastal networks	98,289	(6,091)	92,198	2,833	891	(2,232)	7,712	(612)	101,401
Waste management	2,765	(491)	2,274	-	(780)	(133)	624	(0)	1,985
Waste Water	1,517	(259)	1,258	-	(86)	(85)	308	(36)	1,395
Potable Water	2,284	(206)	2,078	-	30	(61)	231	(36)	2,278
Total infrastructural assets	**104,855**	**(7,047)**	**97,808**	**2,833**	**55**	**(2,512)**	**8,875**	**(684)**	**107,059**
Work in progress	-	-	-	-	-	-	-	-	-
Property, Plant and Equipment	**108,497**	**(8,532)**	**99,965**	**2,844**	**347**	**(2,743)**	**8,875**	**(2,400)**	**109,288**

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Core assets 2025/26

	Closing book value $000	Additions $000	Vested $000	Replacement cost $000
Water				
Treatment Plants and Facilities	806	-	-	1,296
Other Assets	1,472	-	-	2,367
Wastewater				
Treatment Plants and Facilities	817	-	-	1,883
Other Assets	578	-	-	1,334

Included within the infrastructure assets are the following core Council assets

	Closing book value $000	Additions $000	Vested $000	Replacement cost $000
Stormwater				
Storm drainage	-	-	-	-
Roads and footpaths				
Roads and footpaths	101,402	2,833	-	126,907
Total	**105,075**	**2,833**	-	**133,787**

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
Operational assets									
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
Total operational assets	**3,628**	**(1,382)**	**2,246**	**136**	**(12)**	**(215)**	**112**	**(1,485)**	**2,157**
Infrastructural assets									
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
Total infrastructural assets	**101,723**	**(4,661)**	**97,062**	**3,081**	**37**	**(2,376)**	**(10)**	**(7,047)**	**97,808**
Work in progress	-	-	-	-	-	-	-	-	-
Property, Plant and Equipment	**105,351**	**(6,043)**	**99,308**	**3,217**	**25**	**(2,591)**	**102**	**(8,532)**	**99,965**

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
Water				
Treatment Plants and Facilities	735	-	-	1,163
Other Assets	1,343	-	-	2,125
Wastewater				
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
Stormwater				
Storm drainage	-	-	-	-
Roads and footpaths				
Roads and footpaths	92,198	3,081	-	114,765
Total	**95,534**	**3,081**	-	**120,940**

NOTE 9: PAYABLES AND OTHER FINANCIAL LIABILITIES

Short-term creditors and other payables are measured at the amount payable. Due to their short-term nature, the carrying value of payables approximates fair value.

Payables arising from exchange transactions, transfers, and taxes are generally non-interest bearing and are typically settled within 30 days. Council's trade payables are recognised as exchange transactions because they arise from arm's-length arrangements in which approximately equal value is exchanged between the parties. Non-exchange payables are classified as either transfers payable, such as grants, or taxes payable, such as PAYE.

Other provisions are recognised where Council has a present obligation arising from a past event, settlement is probable, and the amount can be reliably estimated. Provisions are measured at the expenditure expected to be required to settle the obligation. Liabilities and provisions expected to be settled more than 12 months after balance date are measured at their present value.

In June 2025, Council received a grant of $212,000 from the New Zealand Lottery Grants Board to support Kāhui Manu Tāiko administration and undertake a feasibility study for a roof over the netball court at the Norman Kirk Memorial Reserve. As at 30 June 2026, $54,000 had been spent on Kāhui Manu Tāiko administration. The remaining $158,000 has been recognised as revenue received in advance and will be recognised as revenue as the related project expenditure is incurred.

A liability is recognised for employee entitlements, including annual leave and accrued remuneration, as these benefits are earned by employees. The liability is measured based on employees' actual entitlements at balance date. Council does not provide retirement or long-service leave benefits and does not recognise a liability for sick leave.

A provision has been recognised for the estimated refund of outstanding Council Dues payable to the Pitt Island Barge Society. These dues are refundable upon the annual provision of audited financial statements by the Society.

	Actual 2025/26 $000	Actual 2024/25 $000
Payables and accrued expenses under exchange transactions	765	1,030
Funds held for distribution	300	300
Revenue in advance	157	382
Employee leave and other accrued benefits	45	106
Provisions	17	17
Total payables and other financial liabilities	**1,284**	**1,835**

NOTE 10: OTHER LONG TERM FINANCIAL LIABILITIES

Borrowings are initially recognised at the amount borrowed, including any directly attributable transaction costs. Interest incurred is accrued and added to the carrying value of the borrowing. Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement for at least 12 months after balance date. Due to their short-term nature, the carrying value of borrowings repayable within one year approximates fair value.

Council maintains a prudent approach to borrowing, taking into account its equity position and annual revenue. Borrowing is generally undertaken only where there is reasonable certainty that funding will be available to meet future repayment obligations. Borrowings are primarily used to fund capital investment, including the acquisition of new assets and upgrades to existing assets.

Interest costs associated with borrowings are disclosed in the Statement of Comprehensive Revenue and Expense.

Deferred revenue is generally non-interest bearing and is settled in accordance with agreed funding terms. As a result, its carrying value approximates fair value.

Council holds a $90,000 suspensory loan from Kāinga Ora - Homes and Communities (formerly Housing New Zealand). The loan is subject to specified conditions and would become repayable if those conditions are not met before 2029. Given the uncertainty associated with satisfying the funding conditions, Council has not recognised the loan as revenue. The funding will only be recognised as revenue when there is sufficient certainty that all conditions will be met.

NOTE 11: EQUITY

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

Council manages equity in accordance with the principle of intergenerational equity, as promoted by the Local Government Act 2002. This principle aims to ensure that current ratepayers fund the services and assets they use, while sharing the cost of long-term assets with future generations who will also benefit from them.

General funds are managed through Council's overall financial activities, including revenue, expenditure, assets, liabilities, and investments. Council also maintains asset management plans for major asset classes to guide renewals and maintenance, helping to ensure costs are shared fairly over time.

The components of equity are:

- **Retained earnings (general funds):** Funds accumulated to support future Council activities and development.
- **Restricted reserves:** Reserves set aside for specific purposes identified by Council. These reserves are established by Council policy rather than legal requirement and may be amended by Council at its discretion. Restricted reserves include: the Mayoral Relief Reserve, which sets funds aside to support emergency relief initiatives on the Chatham Islands.
- **Asset Revaluation Reserve:** Reserves arising from the revaluation of property, plant and equipment and other assets.

Council has the following equity reserves:

	Actual 2025/26 $000	Actual 2024/25 $000
General funds		
Opening balance	20,825	19,954
Adjust for net surplus/(loss) for the year	1,220	871
Adjust for transfer (to)/from other reserves	-	-
Closing balance	**22,045**	**20,825**
Mayoral relief reserve		
Opening balance	25	25
Adjust for transfer (to)/from other reserves	(5)	-
Closing balance	**20**	**25**
Asset revaluation reserve		
Opening balance	78,592	78,529
Revaluation/(impairments)	9,223	63
Closing balance	**87,815**	**78,592**
Total equity at year end	**109,880**	**99,442**

Capital management

The Local Government Act 2002 requires Council to manage its finances prudently and promote the current and future interests of the community. The Act also requires Council to make adequate provision through its Long-Term Plan to meet the costs of delivering services and maintaining infrastructure. Funding sources for these activities are outlined in Council's funding and financial policies.

NOTE 12: COMMITMENTS

The Council had no contractual commitments for the acquisition of property, plant and equipment as at 30 June 2026 (30 June 2025: nil). Council maintains contracts with external service providers for the maintenance of infrastructure assets. As the scope and timing of future work depend on Council priorities and funding availability, no commitment has been disclosed.

At balance date, Council had two non-cancellable operating lease arrangements: one for land used as a landfill site and one for building premises. Both leases have terms of less than 30 years and are renewable at market rates upon expiry.

	Actual 2025/26 $000	Actual 2024/25 $000
Not later than 1 year	416	416
Between 1 and 5 years	1,664	1,664
More than 5 years	7,603	8,019
Total	**9,683**	**10,099**

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

NOTE 13: CONTINGENCIES

Contingent assets and liabilities are disclosed when a potential asset or obligation exists and the outcome remains uncertain. Contingent assets are disclosed when the realisation of economic benefits is considered probable, while contingent liabilities are disclosed unless the likelihood of an outflow of resources is remote.

As at 30 June 2026, Council was not aware of any contingent assets or liabilities, for either the Council or its associates (30 June 2025: nil).

NOTE 14: RELATED PARTY DISCLOSURE

Related parties include Council-controlled entities, associates, and key management personnel, comprising the Mayor, Councillors, and the Chief Executive.

Given the small size of the Chatham Islands community, relationships between Council, elected members, employees, contractors, and community organisations are common. Council has policies and procedures in place to identify, disclose, and manage actual, potential, and perceived conflicts of interest, ensuring decisions are made transparently and in the best interests of the community.

During the year, Council entered into transactions with related parties as part of its normal operations. These transactions were undertaken on terms and conditions consistent with those expected between independent parties dealing at arm's length.

Council also owns a residential property held for staff accommodation. The property was vacant at 30 June 2026 pending recruitment to a future role. Previous tenancies were charged at market rates approved by Council. Subsequent to year end, Council appointed a Joint Chief Executive in partnership with the Chatham Islands Enterprise Trust. As a result, the accommodation is no longer required for this purpose, and Council will consider future use options for the property.

Council's interest with key management personnel

Council is one of four Kāhui Manu Tāiko entities responsible for delivering the Chatham Islands Community Strategy and acts as the group's fund holder. During 2024/25, Kāhui Manu Tāiko received $80,000 of Lottery Community Grants funding to engage administrative support. Following a public recruitment process, the position was filled by a close family member of a member of Council's key management personnel. The role was contracted directly by Kāhui Manu Tāiko, reported to the Chair, and all payments were approved by the Chair. Costs of $3,600 were incurred in 2024/25 and $54,000 in 2025/26.

The employee subsequently resigned and, as at 30 June 2026, no related conflict of interest existed. Council considers the appointment and remuneration arrangements to have been conducted on normal commercial terms, with any potential conflicts appropriately disclosed and managed. Following the resignation, administrative support has been provided through existing Council staff. The remaining Lottery Community Grants funding will be used for Kāhui Manu Tāiko initiatives and other community strategy activities in accordance with the funding purpose.

Council's interest in an associate

Associates are entities over which Council has significant influence but not control and are accounted for using the equity method. Council holds a 25% interest in Chatham Islands Housing Partnership Trustee Limited, one of four shareholders each entitled to appoint a director. This shareholding provides Council with significant influence and the investment is therefore accounted for as an associate.

NOTE 14: RELATED PARTY DISCLOSURE (CONTINUED)

The trustee company holds no assets or liabilities and acts solely as trustee for the Chatham Islands Housing Partnership (the Housing Trust). Accordingly, Council recognises its 25% interest in the wider associate group, including the Housing Trust.

The Housing Trust's purpose is to relieve hardship arising from isolation and limited access to housing on the Chatham Islands. The Trust has a 31 March reporting date, and there are no significant restrictions on its ability to transfer funds to Council through distributions or loan repayments.

As at 31 March 2026, there were no significant changes in the Housing Trust's financial position, including in relation to the impairment loss of $972,260 recognised in 2024/25 following the termination of a building contract for seven housing units under construction. Council's share of the associate's surplus or deficit is recognised in the Statement of Comprehensive Revenue and Expense.

Council's interest in Council Controlled Organisations
Council has one Council-Controlled Organisation, the Chatham Islands Mayoral Disaster Relief Fund Trust. The Trust's purpose is to receive and distribute funding in response to emergency events affecting the Chatham Islands.

The Trust remained dormant during the year ended 30 June 2026 and held no assets or liabilities. No transactions occurred during the year, consistent with the prior financial year. As a result, there is no difference between the parent and group financial statements. Council has exempted the Trust from reporting under section 7 of the Local Government Act 2002.

NOTE 15: FINANCIAL SUSTAINABITY & GOING CONCERN

Chatham Islands Council is New Zealand's smallest local authority, serving a population of approximately 600 residents and fewer than 1,000 rateable properties. Due to its small rating base and limited ability to increase revenue through population growth or borrowing, Council remains reliant on Central Government funding, including its annual Crown appropriation and NZ Transport Agency Waka Kotahi funding for roading activities.

During 2025/26, Council actively managed expenditure and prioritised essential services within available funding. While the year began with a forecast cash deficit of $620,000, Council achieved a positive cash movement of $506,000 and a stronger cash position at 30 June 2026 than previously anticipated. Subsequent to year end, Council implemented organisational and service delivery changes, including a joint Chief Executive arrangement and revised support service arrangements, to improve efficiency and reduce operating costs.

Despite these improvements, Council continues to face significant long-term financial sustainability challenges. Funding levels have not kept pace with increasing operating costs, inflationary pressures, compliance requirements, and the investment needed to maintain and renew critical infrastructure. In particular, Council faces ongoing challenges funding water, wastewater, wharf, waste management, and other community infrastructure assets. These matters are discussed further in Note 16 and Note 17.

The 2024-34 Long-Term Plan identified that Council's current funding model is not sustainable over the long term without ongoing Government support. Council continues to work with central government and other stakeholders to secure funding for critical infrastructure projects and meet increasing regulatory obligations, including those arising from water services reform.

Consistent with the assumptions in the 2024-34 Long-Term Plan and 2026/27 Annual Plan, Council's forecasts assume the continuation of Crown appropriations and other external funding sources necessary to support service delivery and infrastructure investment.

The 2026/27 Annual Plan forecasts that Council will continue to meet its financial obligations as they fall due. The annual Crown appropriation for 2026/27 has been confirmed at approximately $4.2 million, and Council's cash position at 30 June 2026 was stronger than anticipated, providing additional liquidity. While Council maintains a $500,000 overdraft facility, current forecasts do not anticipate it will be required during 2026/27.

After considering forecast financial performance, cash flows, confirmed funding, available banking facilities, and planned efficiency initiatives, Council expects to remain operational and able to meet its obligations for at least twelve months from the date of signing these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

NOTE 16: LOCAL WATER DONE WELL PROGRAMME

The Government's Local Water Done Well reforms require councils to prepare Water Services Delivery Plans outlining how water services will be delivered in the future.

Council submitted its Water Services Delivery Plan by the statutory deadline of 3 September 2025. The Plan proposed that water services for Waitangi and Kaingaroa continue to be owned and delivered by Council. No final decision has been made on the future delivery model, and the ultimate arrangement remains subject to further assessment, regulatory approval, and future Council decisions.

Following its review of the Plan, the Secretary for Local Government requested additional information on asset condition and the long-term financial sustainability of the proposed model. In response, Council completed an asset condition assessment and provided the results to the Department of Internal Affairs during 2025/26. The assessment will inform further analysis of future water service delivery options and a revised Water Services Delivery Plan, which must be submitted by 30 June 2028.

Council's three waters infrastructure is ageing and requires significant investment to address renewal backlogs, improve resilience, and meet current and future regulatory requirements. Funding constraints have limited investment in some assets, resulting in a greater reliance on reactive maintenance.

The financial and operational impacts of the reforms remain uncertain, as Government funding arrangements, regulatory requirements, and implementation pathways continue to develop. While the ultimate service delivery model remains uncertain, Council expects that significant additional investment and ongoing external funding support will be required to maintain compliance with future regulatory standards and achieve long-term service outcomes for the Chatham Islands' water infrastructure.

NOTE 17: LOCAL GOVERNMENT REFORMS

Central Government has signalled its intention to reform aspects of local government, including consideration of future council structures, functions and service delivery arrangements. The nature, timing and impact of any future reforms remain uncertain.

The Council is not presently included in an amalgamation proposal. Any future change to the Council’s structure may be progressed through a backstop process following the 2028 local elections, with the final outcome dependent on future Cabinet decisions and the passing of enabling legislation.

Because of the significant uncertainty about the outcome and timing of any future reorganisation, the financial statements have continued to be prepared on a going concern basis.

NOTE 18: EVENTS AFTER THE END OF THE REPORTING PERIOD

Other than the matters outlined previously, there have been no events after the end of the reporting period that require adjustment to, or disclosure in, these financial statements.

Financial prudence graphs

Annual Report disclosure statement for the year ended 30 June 2026

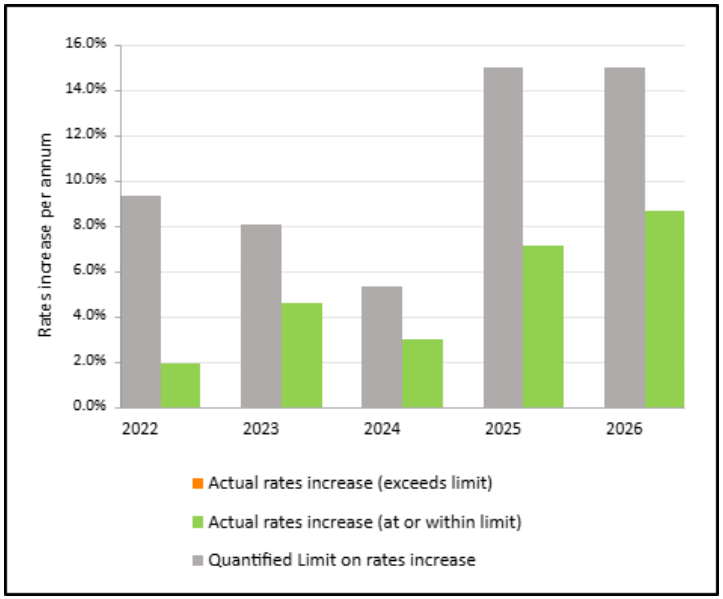
What is the purpose of this statement?

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.

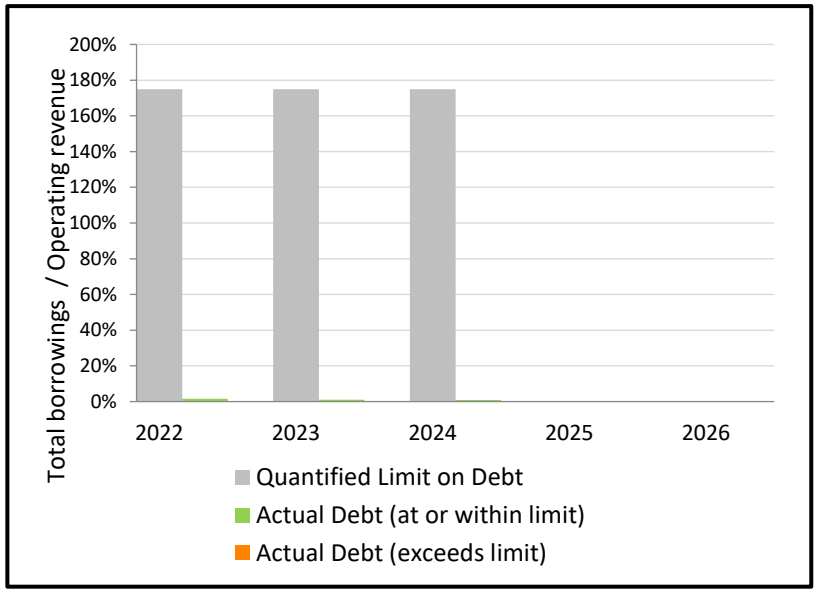
The graph compares the Council's actual rates increases with a quantified limit on rates increases contained in the Financial Strategy included in the Council's Long-Term Plan. An annual rate increase limit of 15% has been set by Council, to be used at Council's discretion in cases where an adjustment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



Debt affordability benchmark

The graph compares the councils 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.

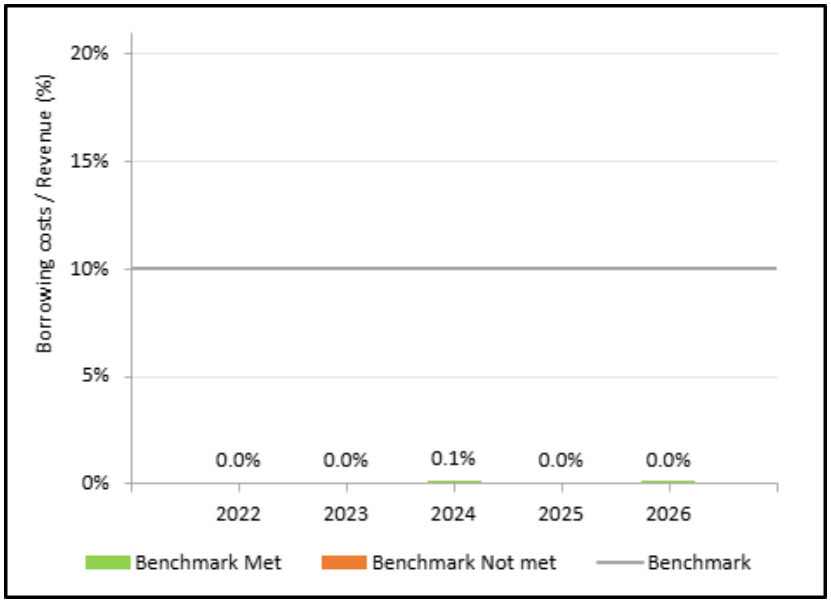
Council's cash balance may fluctuate between a positive and overdraft balance during a year; particularly at the end of the financial year where payments to suppliers may be delayed and interest charges incurred on the overdraft facility, the graph below includes any year end cash overdraft. As the nature 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

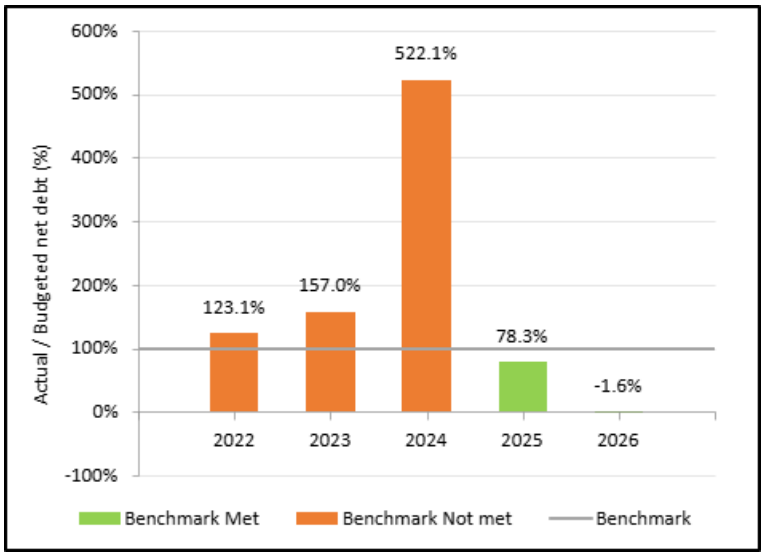
The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment).

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

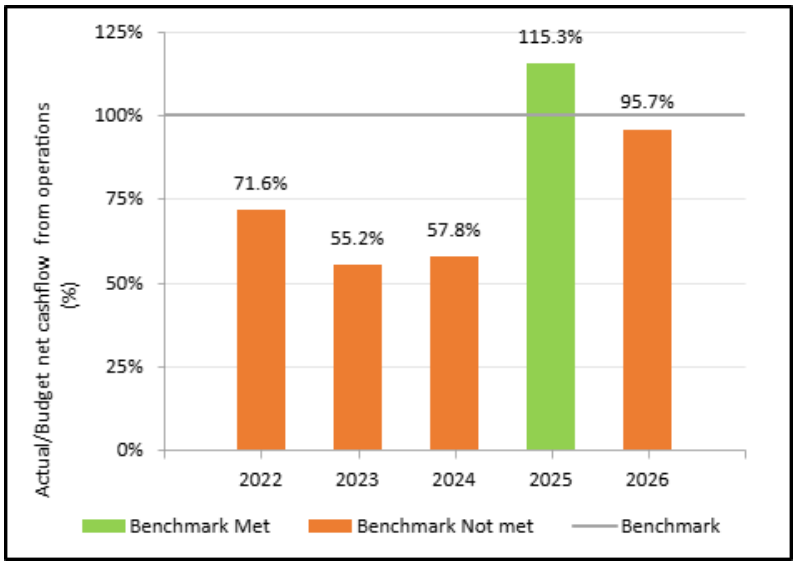
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than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

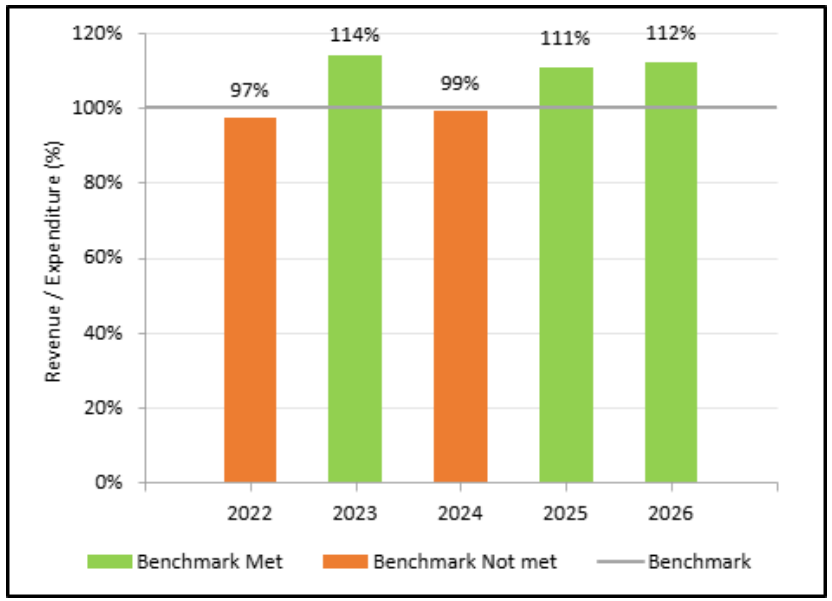
This graph displays the Council's actual net cash flows from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



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.

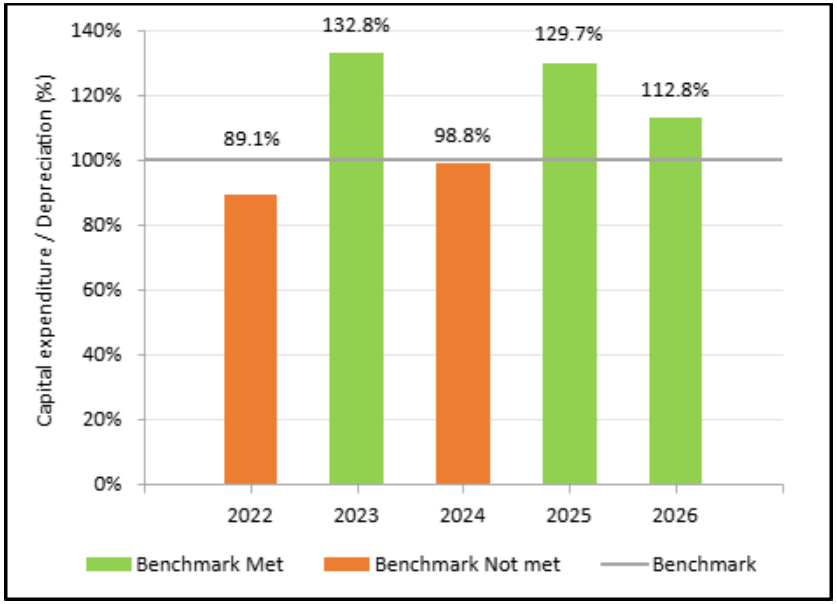
Balanced budget benchmark

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 2026

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 The Audit Office, 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 (schedule 10) 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 on pages 56 to 81 present fairly, in all material respects, the Council's financial position as at 30 June 2026, and the results of the operations and cash flows for the year ended on that date, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime;
- the statement of service provision (reported as What we delivered) for the year ended 30 June 2026 on pages 6 to 51:
  - is appropriate and meaningful and prepared in accordance with the Council's measurement bases or evaluation methods and Public Benefit Entity Standards Reduced Disclosure Regime; and
  - presents fairly, 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, 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.

- the funding impact statement for the year ended 30 June 2026 on pages 52 to 53, has been prepared, in all material respects, in accordance with clause 30 of schedule 10;
- the funding impact statements for each group of activities for the year ended 30 June 2026 on pages 11, 18, 27, 31, 35, 40 and 48 have been prepared, in all material respects, in accordance with clause 26 of schedule 10; and
- the statements comparing actual capital expenditure to budgeted capital expenditure for each group of activities for the year ended 30 June 2026 on pages 11, 18, 27, 31, 35, 40 and 48, have been prepared, in all material respects, in accordance with clause 24 of schedule 10.

Report on the disclosure requirements

We report that:

- the Council has complied with the information disclosure requirements of Part 3 of schedule 10 for the year ended 30 June 2026; and
- the Council's disclosures about its performance against benchmarks required by Part 2 of the Regulations for the year ended 30 June 2026 are complete and accurate.

Emphasis of Matters

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

Future of water delivery

Note 16 on pages 81 outlines that the Secretary for Local Government did not accept the Council's water services delivery plan and requested further information. In that plan, the Council had proposed to deliver water, wastewater and stormwater services directly from 1 July 2027.

Following this decision, the Council is required to amend its plan and resubmit it in two stages, with the final resubmitted plan due by 30 June 2028. There is therefore uncertainty about the 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.

Simplifying Local Government Reform

The government has announced it wants to simplify local government, including reducing the number of local authorities by amalgamations within regions. As described in note 17 on page 81, the council is not yet part of an amalgamation proposal and any future change may be determined through a backstop process following the 2028 local elections. The eventual outcome for the council is dependent on future cabinet decisions and enactment of

enabling legislation. Because of the significant uncertainty about the outcome and timing of any future reorganisation, the financial statements have continued to be prepared on a going concern basis.

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's responsibilities include the preparation and fair presentation of the financial statements and the statement of service provision in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

This includes:

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of the statement of service provision that is appropriate and meaningful; and
- the preparation of a statement of service provision, in accordance with the Council's measurement bases or evaluation methods, that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

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 the Council's

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

The Council's responsibilities arise under the Act and the Regulations.

Responsibilities of the auditor

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 Annual plan or long-term plan as applicable.

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 selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an

appropriate and meaningful assessment of the Council's service performance.

- We evaluate whether the statement of service provision is prepared in accordance with the Council's measurement bases or evaluation methods, and presents fairly, in all material respects, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, the actual service performance achieved compared with the intended levels of service.
- 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 significant doubt on the ability of the Council to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited 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 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 Act and 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)* as applicable for audits of public interest entities 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.



Yvonne Yang
The Audit Office
On behalf of the Auditor-General Christchurch, New Zealand
29 October 2026



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R26/2 PU1C/9068

CIC14195/26



chatham islands council

Our people, our Islands, our future