



chatham islands council

Performance Audit & Risk Committee

MEETING PACK

for

PARC Meeting

Monday, 9 February 2026

11:00 am (+1345)

Held at:

Chatham Islands Council

13 Tuku Road, Chatham Islands

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AGENDA

PARC MEETING



Name:	Performance Audit & Risk Committee
Date:	Monday, 9 February 2026
Time:	11:00 am to 1:00 pm (+1345)
Location:	Chatham Islands Council, 13 Tuku Road, Chatham Islands
Committee Members:	Mr Philip Jones (Committee Chair), Mayor Greg Horler, Cr Celine Gregory-Hunt, Cr Graeme Hoare, Cr Jenna Hoverd

1. Opening Meeting

1.1 Apologies

N/A

1.2 Interests Register

1.3 Action List

Supporting Documents:

1.3.a	Action List	6
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2. Confirm Minutes

2.1 PARC Meeting Minutes 3 December 2025

11:00 am (2 min)

For Decision

For the PARC to confirm the minutes from the previous meeting.

Supporting Documents:

2.1.a	2.1 Minutes of PARC Meeting .pdf	7
2.1.b	Public Minutes 3 Dec 2025 PARC Meeting.pdf	8

3. Financial Report

3.1 Financial Report

11:02 am (10 min)

For Information

For the PARC to receive the financial report to ?? 2025.

Supporting Documents:

3.1.a	3.1 Financial Report.pdf	14
3.1.b	PARC Jan.pdf	15

3.2 ANZ Credit Card Summary

11:12 am (5 min)

For Information

Supporting Documents:

3.2.a	3.2 Credit Card Summary Dec25.pdf	18
3.2.b	PARC Credit Card Summary Feb 2026 Meeting.pdf	19

3.3 Sensitive Expenditure Breakdown to December 2025

11:17 am (5 min)

For Noting

Supporting Documents:

3.3.a	3.3 Sensitive Expenditure.pdf	21
3.3.b	Sensitive Expenditure Breakdown to Dec 2025.pdf	22

4. Annual Plan

4.1 Annual Plan Process and Timeline Update

11:22 am (10 min)

For Information

Supporting Documents:

4.1.a	4.1 Annual Plan Process and Timeline Update.pdf	23
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5. Riskpool

5.1 Riskpool Update

11:32 am (5 min)

To provide an update on Riskpool's current work, recent developments in domestic litigation and progress in reinsurance negotiations.

Supporting Documents:

5.1.a	5.1 Riskpool Update.pdf	27
5.1.b	25.12.17 - Chatham Islands Council.pdf	28

6. Public Excluded

6.1 Move to Public Excluded

Supporting Documents:

6.1.a	PE Cover Page .pdf	31
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6.2 Public Excluded Minutes 3 December 2025

11:37 am (2 min)

Supporting Documents:

6.2.a	PE6.2. Px Minutes 3 December 2025.pdf	32
6.2.b	Public Excluded Minutes 3 Dec 2025 PARC Meeting.pdf	33

6.3 Move out of Public Excluded

7. Close Meeting

7.1 Close the meeting

Next meeting: PARC Meeting - 16 Mar 2026, 11:00 am

As there was no further business the meeting closed at 10.08am.

Action List

Performance Audit & Risk Committee



As of: 3 Feb 2026

Cost reduction programme

In Progress

A draft cost reduction programme would be presented to the Chair by 21 August 2024

Due Date: 21 Aug 2024

Owner: Mr Paul Eagle

Meeting: 29 Jul 2024 PARC Meeting, 3.1 Financial Report

Latest Update:

To date, no formal feedback or direction has been received from DIA regarding the assurance process, the \$4.2m support package, or expectations around prioritising core services. The council is therefore still in a state of uncertainty.

It was suggested that the Mayor and Chair formally write to DIA requesting:

- Clear feedback from their assurance review; and
- The formal report outlining activities where DIA considers reduced levels of service could be acceptable.

Philip Jones noted this report is essential to inform the annual plan and support the auditors' going-concern assessment. The committee agreed to follow up with DIA to obtain the documentation they had indicated would be provided.

Ms Jo Guise | 3 Dec 2025

Write formally

Not Started

requesting direction or a process on the assurance process.

should be done and considered as part of the annual plan which is further in the agenda.

need to see the formal report. - will help the auditors in the going concern.

Due Date: 31 Dec 2025

Owner: Cr Celine Gregory-Hunt

Meeting: 3 Dec 2025 PARC Meeting, 1.3 Action List



Performance, Audit and Risk

2.1 Minutes of PARC Meeting 3 December 2025

Date of meeting	9 February 2026
Agenda item number	2.1
Author/s	Jo Guise, Executive Assistant

Purpose

To present the minutes from the Performance, Audit & Risk meeting held on 3 December 2025.

Recommendations

THAT the minutes of the Performance, Audit & Risk meeting held on 3 December 2025 be received.

MINUTES (in Review)

PARC MEETING



Name:	Performance Audit & Risk Committee
Date:	Wednesday, 3 December 2025
Time:	9:00 am to 10:08 am (+1345)
Location:	Chatham Islands Council, 13 Tuku Road, Chatham Islands
Committee Members:	Mr Philip Jones (Committee Chair), Mayor Greg Horler, Cr Celine Gregory-Hunt, Cr Jenna Hoverd
Attendees:	Mr Paul Eagle, Ms Colette Peni, Ms Jo Guise, Ms Denise Thomas, Ms Tanya Clifford
Apologies:	Cr Graeme Hoare
Guests/Notes:	Yvonne Yang (Audit NZ)

1. Opening Meeting

1.1 Apologies



Apologies

THAT the apologies be received.

Decision Date:	3 Dec 2025
Mover:	Cr Celine Gregory-Hunt
Seconder:	Mayor Greg Horler
Outcome:	Approved

1.2 Interests Register

1.3 Action List

Due Date	Action Title	Owner(s)
21 Aug 2024	Cost reduction programme Status: In Progress	Mr Paul Eagle



Write formally

requesting direction or a process on the assurance process.

should be done and considered as part of the annual plan which is further in the agenda.

need to see the formal report. - will help the auditors in the going concern.

Due Date:	31 Dec 2025
Owner:	Cr Celine Gregory-Hunt



receive the action

THAT the action be received.

Decision Date:	3 Dec 2025
Mover:	Mr Philip Jones
Seconder:	Mayor Greg Horler

Outcome: Approved

1.4 Terms of Reference



Terms of Reference

That the Performance, Audit and Risk Committee:

1. Receives this report.
2. Notes that Council at its 19 November 2025 meeting:
 - a. Established pursuant to clause 30(1) of Schedule 7 of the Local Government Act 2002, the Performance, Audit and Risk Committee,
 - b. Adopted the Terms of Reference (as per Attachment),
 - c. Appointed Philip Jones as the Independent Committee Chair of the Performance, Audit and Risk Committee.
 - d. Appointed the Mayor, Greg Horler, Deputy Mayor, Celine Gregory-Hunt, and Councillors Graeme Hoare and Jenna Hoverd as members of the Performance, Audit and Risk Committee,
 - e. Appointed the Mayor, Greg Horler, as Deputy Chair of the Performance, Audit and Risk Committee,
 - f. Agreed that the Performance, Audit and Risk Committee will meet for the first time on Wednesday 3 December 2025, and;
 - g. Agreed that the Performance, Audit and Risk Committee will meet on the dates as approved by Council.

Decision Date: 3 Dec 2025
Mover: Mayor Greg Horler
Second: Cr Celine Gregory-Hunt
Outcome: Approved

2. Confirm Minutes

2.1 PARC Meeting Minutes 1 September 2025



Minutes 1 September 2025

THAT the minutes be received.

Decision Date: 3 Dec 2025
Mover: Mr Philip Jones
Second: Mayor Greg Horler
Outcome: Approved

3. Financial Report

3.1 Financial Report



LATE ITEM

THAT the Finance Report November 2025 be received as a late item.

Decision Date: 3 Dec 2025
Mover: Mayor Greg Horler
Second: Cr Jenna Hoverd
Outcome: Approved



Financial Report

THAT the financial report be received.

Decision Date: 3 Dec 2025
Mover: Mayor Greg Horler
Second: Mr Philip Jones
Outcome: Approved

Tanya Clifford noted that the tabled report to November included estimated costs because several major November invoices had not yet been received.

Philip Jones observed that the report format differed from what is used in the annual plan and annual report, and suggested improving alignment. He highlighted the need for clearer breakdowns of water services and other activities that will be ring-fenced in future reforms, including income and expenditure details. He also raised concerns about roading costs versus subsidies and the accuracy of petrol-related reporting.

Colette Peni clarified that recent variations in petrol-related expenditure were largely due to timing issues, including a period where the boat was out of service, reducing associated costs.

Philip Jones confirmed that the forecasts cover December through June and represented expected income and expenditure for the remainder of the financial year. He noted the absence of information on rates collection and suggested this be included in future reports due to its importance for cash flow.

4. Annual Report 2025

4.1 Annual Report 2024/25 - Draft



Annual Report 2024/25 - Draft

That the Performance, Audit and Risk Committee:

1. Receives this report.
2. Notes the progress made on the Annual Report 2024/25 and the remaining steps required to complete it.

Decision Date: 3 Dec 2025
Mover: Mr Philip Jones
Second: Mayor Greg Horler
Outcome: Approved

Philip Jones raised questions regarding the annual report, noting that the petrol activity appeared to show a \$100,000 loss due to figures displayed as \$0.4m revenue and \$0.5m expenditure. He expressed concern that this presentation could mislead readers and suggested the numbers be clarified.

Tanya Clifford explained that the apparent variance reflected timing issues relating to fuel shipments, stock availability, and large one-off deliveries, and confirmed the actual difference was much smaller and not \$100,000. She agreed the presentation should be reviewed to avoid misinterpretation.

Philip also highlighted that petrol stock should be properly accounted for to smooth timing fluctuations and ensure consistent reporting.

He then noted that the annual report currently combined the three waters into one activity due to a historical exemption. However, this exemption had now been removed under Three Waters reforms, meaning future reports would need to separate water supply, wastewater, and stormwater as legally required. This would affect future annual plan and annual report disclosures.

4.2 Annual Audit 2024/25 - Update



Annual Audit 2024/25 - Update

That the Performance, Audit and Risk Committee:

1. Receives the verbal report.
2. Notes the likely inclusion of an Emphasis of Matter relating to going concern and an additional reference to the Water Services Delivery Plan.
3. Notes the final audit opinion expected for the 10 December 2025 Council meeting.

Decision Date: 3 Dec 2025
Mover: Mayor Greg Horler
Seconders: Cr Jenna Hoverd
Outcome: Approved

Yvonne Yang provided a verbal update on the status of the annual audit. The audit work and internal reviews are largely complete. Three key matters were highlighted:

1. Audit Opinion:
A proposal has been submitted to the Office of the Auditor-General (OAG) recommending an unmodified audit opinion, with the same emphasis of matter on going concern as last year. Internal technical reviewers have agreed in principle. The aim is for Council to adopt the annual report on 10 December.
2. Going Concern Uncertainties:
 - o Rising operating costs, inflation pressures, and increased legislative requirements.
 - o Lack of additional cash reserves or facilities to manage emergency events.
 - o No confirmed replacement for ECAN when their contract ends 3 June 2026, which risks disruption to environmental monitoring, biosecurity and corporate services.
 - o Uncertainty around Council's water services delivery plan, including whether it will be accepted and whether central government will provide sufficient funding. Audit may need to update disclosures depending on correspondence received before adoption.
3. Next Steps:
Audit will continue to monitor outstanding matters, particularly any developments regarding the water services plan.

Cr Celine Gregory-Hunt left the meeting at 9.44am.

5. Annual Plan 2026/27 - Dates

5.1 Annual Plan 2026/27 - Dates



Annual Plan 2026/27 - Dates

That the Performance, Audit and Risk Committee:

1. Receives this report.

Decision Date: 3 Dec 2025
Mover: Mayor Greg Horler
Seconders: Mr Philip Jones
Outcome: Approved

Philip Jones noted that current central government consultation processes—particularly simplifying local government and rates capping—provide an opportunity for Council to restate its long-

standing issues and refer back to the original 2003 arrangements made with the then Minister of Local Government and Local Government Commission.

A submission could be prepared for the 19 February Council meeting, following a workshop with elected members to discuss key points and confirm a written submission.

Philip Jones highlighted that major reforms to local government were expected to take considerably longer than the government's suggested timeframe, noting legislative delays, likely post-election processes, and the scale of nationwide reorganisation.

For the 2025/26 Annual Plan, he advised a business-as-usual approach, recognising significant future changes but noting that annual plans cannot be amended once adopted.

It was also noted that rates-setting remained the primary purpose of the annual plan, and Council may need to consider timing decisions in light of potential future rates capping.

Tanya Clifford left the meeting at 9.58am.

6. Riskpool

6.1 Riskpool - Proposed amendments to the Trust Deed



Riskpool - Proposed amendments to the Trust Deed

That the Performance, Audit and Risk Committee:

1. Receives the report on proposed amendments to the Riskpool Trust Deed;
2. Notes the purpose and effect of the proposed amendments as outlined in this report and the attached papers;
3. Recommends to Council that it approves consenting to the amendments to the Riskpool Trust Deed, as set out in the attached letter dated 21 August 2025; and
4. Authorises the Chief Executive to sign and return the attached consent form on behalf of Council.

Decision Date: 3 Dec 2025
Mover: Mr Philip Jones
Seconder: Mayor Greg Horler
Outcome: Approved

Philip Jones provided background on the Napier City Council legal claim, noting that although the case involved broader building defects rather than leaky homes. Riskpool agreed through the court process that the claim should be covered.

Riskpool's reinsurers have not been responding, and the only viable path to progress the matter is to take action in the London High Court, which requires appointing a specialist UK barrister.

The current item before the committee does not relate to paying the claim, but to amending the Trust Deed to allow Riskpool to appoint more professional directors, reflecting the complexity of current litigation.

Philip Jones advised the proposed changes are appropriate and reflect the shift from a simple mutual pool to a more complex environment involving significant litigation.

A generic set of recommendations has been drafted collaboratively across affected councils to ensure consistency.

7. Public Excluded

7.1 Move to Public Excluded



Move to Public Excluded

THAT the meeting move to Public Excluded.

Decision Date:	3 Dec 2025
Mover:	Cr Jenna Hoverd
Seconded:	Mayor Greg Horler
Outcome:	Approved

8. Close Meeting

8.1 Close the meeting

Next meeting: No date for the next meeting has been set.

As there was no further business the meeting closed at 10.08am.

Signature: _____

Date: _____



Performance, Audit & Risk Committee

3.1 Financial Report

Date of meeting	9 February 2026
Agenda item number	3.1
Author/s	Paul Eagle, Chief Executive / Tanya Clifford, ECan

Purpose

To present to the Performance, Audit & Risk Committee the financial report.

Recommendations

That the Performance, Audit & Risk Committee receives the report.

Summary revenue and expense for the month ended 31 January 2026

	Budget to Jan. \$000	Actual to Jan. \$000	Forecast Feb. to June \$000	Year end Forecast \$000	Year end Budget \$000
Revenue					
General rates	409	431	-	431	409
Targeted rates	464	465	-	465	464
Rate penalties	-	10	-	10	-
Total rates	873	907	-	907	873
Operating subsidies and grants	5,210	5,740	808	6,548	5,930
Capital subsidies and grants	2,092	2,038	1,548	3,586	3,586
Total subsidies and grants	7,302	7,778	2,356	10,134	9,516
Fees and charges	103	50	127	177	177
Council dues	170	135	156	291	291
Petrol income	323	295	258	553	553
Interest on investments	27	8	39	47	47
Other income	174	57	241	298	298
Total revenue	8,972	9,230	3,177	12,407	11,755
Expenditure					
Employment benefits (including elected members)	698	699	497	1,196	1,196
Contractors, roading (FH, Stantec)	1,115	1,114	798	1,912	1,912
Contractors, water & wastewater (FH, Stantec)	301	293	338	631	516
Contractors, waste management (FH, Stantec)	418	418	298	716	716
Other key contractor, ECan	604	263	188	451	1,035
Other contractors	159	46	404	450	273
Petrol expense	307	282	245	527	527
Audit fees	71	73	48	121	121
Legal fees	28	256	-	256	48
Insurance	132	173	-	173	227
Rent	223	209	174	383	383
Depreciation and amortisation	1,352	1,353	964	2,317	2,317
Other expenditure	692	458	1,028	1,486	1,186
Total expenditure	6,100	5,637	4,982	10,619	10,457
Total surplus/deficit	2,872	3,593	(1,805)	1,788	1,298
Capital expenditure	2,377	2,326	1,749	4,075	4,075
Loan repayments	-	-	-	-	-

Notes to the report:

- * The "year-end budget" figures reflect those adopted in the Annual Plan and have not been adjusted for expected savings.
- * Estimates for key contracts have been included for January due to reporting timeframes.
- * The 2024/25 financial year now closed, balances rolled, assets updated and depreciation run.

Revenue and expenditure overview:

Rates revenue: All rates for the year have been issued. The third instalment is due on 14 February 2026. Small variances may arise from penalties or database updates. Work to recover rate arrears is progressing, but slowly.

Grants: The roading subsidy is based on 88% of actual costs. Due to timing of report preparation, claims have been processed up to December.

Other revenue: Petrol receipts aim to cover operational costs. Timing differences between purchase and sale of petrol may impact results.

Infrastructure projects: This includes roading, water, wastewater, and waste management. Limited funding continues to restrict three waters work, reducing the level of service Council can provide. Insufficient investment in asset maintenance increases the risk of asset failure.

Contractor, ECan: Invoices are now issued quarterly based on actual costs, forecast has been updated to reflect reduced service level agreement.

Contractor, Others: Covers resource management services and minor works related to licensing.

Legal fees & insurance: forecast has been updated. If further funds are required in these areas, it will reduce allocation to 'other expenditure'.

Other expenditure: There are no major issues to highlight. Grants totalling \$147k have been distributed for community initiatives. Council is still holding funds from several earlier grants (NKMR, LWDW, NKMR feasibility & water tanks) where final allocations are pending. Most water tanks have been installed except for six. These transactions have not been reflected in the 2025/26 budget, but have been incorporated into the forecast as they will increase cash demands later in the year, if called upon.

Overall comment: The approved 2025/26 budget forecasts a cash deficit of \$598k. While the 2024/25 year-end cash position was better than expected, upcoming payments related to grants received in advance will place further pressure on cashflow. Given these constraints, identifying and implementing cost savings is increasingly urgent to ensure the Council remains financially sustainable.

Summary statement of cash flows for the month ended 31 January 2026

	Budget to Jan. \$000	Actual to Jan. \$000	Forecast Feb. to June \$000	Year end Forecast \$000	Year end Budget \$000
Cash inflow from operating activities					
Receipts from rates revenue	487	604	230	834	834
Receipts from grants and subsidies	7,324	7,511	2,043	9,554	9,554
Receipts from fees & charges	38	97	(32)	65	65
Receipts from Council Dues	182	101	211	312	312
Interest received	27	8	39	47	47
Receipts from other revenue	451	175	598	773	773
Cash inflow from operating activities	8,509	8,496	3,089	11,585	11,585
Cash outflow from operating activities					
Payments made to employees (including elected members)	(677)	(615)	(545)	(1,160)	(1,160)
Payments made to key contractors, FH & Stantec	(1,834)	(1,484)	(1,775)	(3,259)	(3,144)
Payments made to key contractors, ECan	(604)	(294)	(741)	(1,035)	(1,035)
Interest paid	-	-	-	-	-
Other payments made to suppliers	(1,507)	(1,383)	(1,377)	(2,760)	(2,583)
Cash outflow from operating activities	(4,621)	(3,776)	(4,438)	(8,214)	(7,922)
Net cash flow from operating activities	3,888	4,720	(1,349)	3,371	3,663
Cash flow from investing activities					
Purchase of fixed assets	(2,486)	(3,231)	(1,030)	(4,261)	(4,261)
Sale/(purchase) of other assets	-	-	-	-	-
Net cash flow from investing activities	(2,486)	(3,231)	(1,030)	(4,261)	(4,261)
Cash flow from financial activities					
Loans raised/(transfer to investments)	(2,658)	-	-	-	-
Repayment of loans or grants	-	-	(300)	(300)	-
Net cash flow from financial activities	(2,658)	-	(300)	(300)	-
Increase/(decrease) in cash held	(1,256)	1,489	(2,679)	(1,190)	(598)
Opening cash balance	110	557	2,046	557	110
Closing cash balance	(1,146)	2,046	(633)	(633)	(488)

This report draws the readers attention to the **increase/(decrease) in cash held** and the **closing cash balance** line items in the cash flow report. If expenditure is not reduced, Council may need to extend the overdraft facility currently \$500k.

Rates receipts: No issues to highlight.

Contractor expenditure: No issues to highlight

Other expenditure: adjustments have been made (highlighted in orange) to reflect the distribution of grants received in advance.

Cashflow reconciliation to net surplus/deficit for the month ended 31 January 2026

	Budget to Jan. \$000	Actual to Jan. \$000	Forecast Feb. to June \$000	Year end Forecast \$000	Year end Budget \$000
Total surplus/deficit	2,872	3,593	(1,805)	1,788	1,298
<i>Adjust for:</i>					
remove depreciation	1,352	1,353	964	2,317	2,317
capital expenditure adjustments	(2,377)	(2,326)	(1,749)	(4,075)	(4,075)
other financial and timing adjustments	(3,102)	(1,131)	(89)	(1,220)	(138)
Calculated total	(1,255)	1,489	(2,679)	(1,190)	(598)
Cash increase/(decrease) for the period	(1,256)	1,489	(2,679)	(1,190)	(598)
	0	-	0	0	-

Grants summary for the month ended 31 January 2026

	Budget to Jan. \$000	Actual to Jan. \$000	Forecast Feb. to June \$000	Year end Forecast \$000	Year end Budget \$000
Grants received					
Department of internal affairs (annual appropriation)	4,203	4,203	-	4,203	4,203
NZ Transport Agency Waka Kotahi	3,077	2,919	2,356	5,275	5,275
Better off funding	-	267	-	267	-
Other	22	389	-	389	38
Total grants	7,302	7,778	2,356	10,134	9,516
	-	-	-	-	-



Performance, Audit & Risk Committee

3.2 ANZ Credit Card Summary

Date of meeting	9 February 2026
Agenda item number	3.2
Author/s	Denise Thomas

Purpose

To present to the Performance, Audit & Risk Committee the ANZ Credit Card Summary from July 2025 to January 2026.

Recommendations

That the Performance, Audit & Risk Committee receives the report.

Credit Card Expenditure 2025-26		
Month: July 2025		
Total: \$1496.04		
OM NZTA Registration	\$ 247.71	PLK112 OM Vehicle PO 5353
OM NZTA Registration	\$ 135.84	LYS130 CE Car PO 5257
OM Double Tree CHCH	\$ 220.00	CE Accommodation 16.07 PO 5253
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 29.49	Microsoft, Zoom
OM,EM Starlink	\$ 863.00	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2025-26		
Month: August 2025		
Total: \$ 925.66		
EM Uber Wtgn x 8	\$ 102.16	Used wrong card - paid Council before Credit Card Due
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 160.19	Microsoft, Adobe x 2
OM,EM Starlink	\$ 743.50	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2025-26		
Month: September 2025		
Total: \$ 903.20		
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 40.20	Microsoft, Adobe
OM,EM Starlink	\$ 863.00	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2025-26		
Month: October 2025		
Total: \$ 3552.88		
OM NZTA	\$ 772.44	PO 5559 RUC Operations Manager
OM NZTA	\$ 772.44	PO 5558 RUC Emergency Management
OM BoardPro	\$1,138.50	PO 5613 On Charge Kahui Mana Taiko Trust
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 6.50	Microsoft
OM,EM Starlink	\$ 863.00	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2025-26		
Month: November 2025		
Total: \$1912.90		
OM Rydges Wtgn	\$1,100.00	Greg H LGNZ Networking & plane delays
OM Card Fee	\$ 35.00	
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 73.90	Microsoft, Adobe x 2
OM,EM Starlink	\$ 704.00	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2025-26		
Month: December 2025		
Total: \$ 1025.67		
CE Card Fee	\$ 35.00	Annual Account Fee
OM MailChimp	\$ 121.17	Emailing CIC Newsletter sub
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 6.50	Microsoft
OM,EM Starlink	\$ 863.00	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2025-26		
Month: January 2026		
Total: \$ 1057.76		
OM MailChimp	\$ 120.86	Emailing CIC Newsletter sub
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 73.90	Microsoft, Adobe x 2
OM,EM Starlink	\$ 683.00	For CIC, EM, EM Home connection as per contract



Performance, Audit & Risk Committee

3.3 Sensitive Expenditure Summary

Date of meeting	9 February 2026
Agenda item number	3.3
Author/s	Denise Thomas

Purpose

To present to the Performance, Audit & Risk Committee the Sensitive Expenditure Summary from July 2025 to December 2025.

Recommendations

That the Performance, Audit & Risk Committee receives the report.

SENSITIVE EXPENDITURE BREAKDOWN TO 31 December 2025

	Greg Horler			Gross		Net
	2011	Total		\$ 5,368.60		\$ 4,668.35
	Awarakau Farmstays					
YE2026	Date	Invoice				
	4/07/2025	924		\$ 5,368.60	M Warin	

	Graeme Hoare			Gross		Net
	2195	Total		\$ 2,101.55		\$ 1,827.43
	Chatham s Automotive & Marine					
YE2026	Date	Invoice				
	14/07/2025	27430		\$ 269.10	Bowser	
	18/07/2025	27486		\$ 516.35	LLR	
	22/07/2025	27588		\$ 147.41	HYW	
	31/07/2025	27783		\$ 167.33	LYS	
	31/07/2025	27740		\$ 18.17	Gas	
	30/08/2025	27968		\$ 40.25	LLR	
	31/08/2025	27992		\$ 18.17	Gas	
	1/09/2025	27853		\$ 60.38	LLR	
	30/09/2025	28346		\$ 9.09	Gas	
	30/09/2025	28224		\$ 102.64	LYS	
	30/10/2025	28667		\$ 9.09	Gas	
	30/10/2025	28727		\$ 40.25	LLR	
	30/10/2025	28714		\$ 685.14	LLR	
	30/11/2025	29055		\$ 9.09	Gas	
	30/12/2025	29295		\$ 9.09	Gas	



Performance, Audit & Risk Committee

4.1 Annual Plan Process and Timeline Update

Date of meeting	9 February 2026
Agenda item number	4.1
Author/s	Tanya Clifford, ECan

Purpose

To clarify the planning requirements, delivery approach, and role of the Performance, Audit and Risk Committee in the development of the Council's 2026/27 Annual Plan.

Recommendations

That the Performance, Audit & Risk Committee recommends to Council:

- 1. Notes the information in the report**

Background information

An Annual Plan is a short-term planning and budgeting document produced by Chatham Islands Council each year (except in the years when a Long-Term Plan is adopted). It:

- Sets out the council's budget, work programme, and priorities for the upcoming financial year.
- Identifies any changes from the Long-Term Plan, including new projects, changes in timing, or financial adjustments.
- Provides the basis for setting rates and fees for the year.
- Is developed with community consultation where changes from the Long-Term Plan are significant.

In short, the Annual Plan outlines what the council will deliver in the coming year, how it will be funded, and how it differs from the longer-term commitments in the Long-Term Plan.

The Annual Plan process includes confirming the draft budget and assessing whether any changes from the Long-Term Plan are considered 'significant and material.'

Before April 2026, Council will be required to make this determination. If a significant difference is identified, formal community consultation must follow. Historically, Council has concluded that changes have not been significant, meaning that only general community engagement has been undertaken, rather than formal consultation. In this scenario, the budget is then updated as needed in June and adopted by Council before 30 June 2026 for implementation in the next financial year.

Proposed timetable

Budget development	February to March 2026
<i>The draft budget for the 2026/27 financial year is prepared, including updates to operating and capital expenditure, funding requirements, and alignment with the adopted Long-Term Plan (LTP). This work includes identifying any changes in project timing, service levels, or financial assumptions.</i>	
PARC / Council consideration	February or March 2026
<i>The draft budget is presented to the Performance, Audit and Risk Committee (PARC) and Council for review. At this stage, Council must determine whether the differences between the proposed Annual Plan budget and the equivalent year in the Long-Term Plan are 'significant and material.' PARC and Council may also seek clarification or further detail on proposed work programmes and the achievement of Council's agreed levels of service and strategic goals.</i>	
If Council determines that the variation is significant:	If Council determines that the variation is not significant:
<i>A formal engagement and consultation process is required, consistent with the Local Government Act 2002. This will include:</i> <ul style="list-style-type: none"> <i>Preparation of a formal consultation document clearly outlining material changes</i> <i>Public consultation during May 2026</i> <i>Receipt of submissions and hearings held in early June 2026</i> <i>Final amendments incorporated following deliberations</i> 	<i>No formal consultation process is required. In this case, Council may instead undertake general community engagement as appropriate, with the draft Annual Plan and budget refined through the normal review and decision-making cycle.</i>
PARC / Council review	June 2026
<i>Following consultation (if required) or internal refinement, the updated Annual Plan and budget are reported back to PARC and Council for final consideration.</i>	
PARC / Council adopt Annual Plan, including budget then set rates	June 2026
<i>Council adopts the 2026/27 Annual Plan, including the final budget, and sets the rates for the upcoming financial year. The plan must be adopted before 30 June 2026 to enable implementation from 1 July 2026.</i>	

Key Budget Assumptions

The Annual Plan is developed using a number of standard planning assumptions that guide financial forecasts and work programmes. These typically include:

- **Central Government funding and subsidies:**
Assumptions are made about the level and continuity of grants or funding support from central government agencies. In some cases, the level of funding is not confirmed until late in the planning process, creating uncertainty that may affect the delivery of agreed service levels.
- **Transport and infrastructure subsidies:**
Council assumes current funding assistance rates and subsidy arrangements will continue across the planning period. Any shortfall between planned expenditure and external subsidies is generally funded through rates, fees and charges or deferring work.
- **Population, rating base and price changes:**
Council assumes little change in population or the number of rateable properties unless local growth projections indicate otherwise. Adjustments for inflation, interest rates, materials, supply costs, and labour are based on recognised sector forecasts (e.g., BERL), with consideration given to local cost pressures, including geographic isolation and high service delivery costs by increasing the BERL adjustment factors by an additional 0.75%.
- **Legislative and regulatory environment:**
Government policy and legislative change can significantly affect council operating and capital expenditure. Annual Plans generally assume no major legislative changes unless already signalled. Where new obligations arise, it is assumed that additional external funding will be required to meet compliance expectations. Where the impacts remain unclear, the Annual Plan generally assumes that current functions and service responsibilities will continue until formal changes are enacted.
- **Climate change and natural hazards:**
Forecasts usually assume no major natural disaster or catastrophic climate-related event during the planning period. While councils continue to plan and strengthen resilience, the direct financial impacts of such events are generally not included in the base budget and would be addressed through insurance, emergency funds, or additional government support if required.
- **Service levels and performance:**
Councils typically plan to maintain existing levels of service unless a change is specifically proposed and funded. Any significant shift in cost drivers, regulatory requirements, or funding availability may affect the ability to maintain these levels. **It is noted the contract for regional council and corporate support services will terminate on 30 June 2026. It has been assumed the service arrangements will be for a similar service arrangement at similar costs. Council may wish to provide further details on its planned transition arrangement to the community as part of its consultation or engagement process.**

Capital Expenditure

The Annual Plan assumes that capital expenditure will be limited to projects for which external funding has been secured. For council, this means:

- **Transport infrastructure capital works** are primarily funded through New Zealand Transport Agency Waka Kotahi assistance. Accordingly, only roading capital projects included in the approved land transport programme will be budgeted for within the Annual Plan.
- **Other capital projects** will only proceed where dedicated external funding or grants have been obtained. The Council does not have the financial capacity to fund significant capital investment from rates or internal reserves alone.
- The capital programme is therefore focused on maintaining and renewing existing infrastructure within available funding, with no unfunded major upgrades or new assets included in the baseline budget.

This approach ensures that capital commitments remain financially sustainable, align with confirmed funding sources, and do not place additional cost burdens on ratepayers unless external support is secured.

Attachments

None



Performance, Audit & Risk Committee

5.1 Riskpool Update

Date of meeting	9 February 2026
Agenda item number	5.1
Author/s	Colette Peni, Operations Manager

Purpose

To provide an update on Riskpool's current work, recent developments in domestic litigation and progress in reinsurance negotiations.

Recommendations

THAT the Performance, Audit & Risk Committee recommends to Council:

1. Notes the information in the report.

Background information

Current status of RiskPool:

- RiskPool is in a managed wind-down / run-off phase. It no longer provides new insurance cover; its focus now is on finalising legacy matters from its previous operations (it stopped offering new cover from 1 July 2017).
- The Board's main workstreams are resolving outstanding historic claims, pursuing reinsurance recoveries, and ensuring strong trust governance as the scheme closes out.
- A key legal issue involves ongoing litigation arising from the Supreme Court's 2023 decision in *Local Government Mutual Funds Trustee Ltd v Napier City Council*, which clarified how certain mixed defect claims are treated and has resulted in several cases still progressing to trial (with some scheduled in late 2025).
- Because legacy claims remain unresolved and reinsurance recoveries are still being pursued, calls on member councils may still occur to meet liabilities not covered by reinsurance or reserves.

The attached letter from Riskpool provides an update on current work.

Attachments

1. Riskpool letter dated 17 December 2025



17 December 2025

Paul Eagle
Chatham Islands Council
PO Box 24
Waitangi
CHATHAM ISLANDS 8942

paul.eagle@chathamislands.govt.nz

Dear Paul

RISKPOOL: UPDATE TO MEMBERS

We write to update you on Riskpool's current work, recent developments in domestic litigation, and progress in our reinsurance negotiations, as we continue to manage legacy claims and safeguard the collective interests of our membership.

Response to August Call

Thank you to all councils who responded to Riskpool's August 2025 funding call. All amounts called have been received. Your continued engagement and support are valued and essential as we continue progressing several key workstreams, summarised below.

We recognise that many Member Councils operate under tight fiscal constraints, and that advance warning of any call for funding is essential. The Board manages the financial needs of the Scheme carefully and, at this stage, we do not anticipate making a further call to Members in the financial year ending 30 June 2026.

Any future call for funding will depend primarily on two factors:

- i. The outcome of ongoing domestic litigation; and
- ii. The position taken by Riskpool's reinsurers in relation to coverage.

Should developments in either area indicate that a further call is likely in future, we will provide Members with as much advance notice as possible to support budget planning.

Trust Deed Consultation

We would also like to thank those Councils who have responded to the proposed Trust Deed amendments to date. Of Riskpool's 75 Members, the Trust Deed amendments require approval from 90%, approximately 68 Councils. As at the date of this letter:

64 Councils, approximately 85% of the membership, have provided signed consents approving the amendments; and

11 Councils have decisions pending or are currently considering the proposal. We are actively following up with these Members.

We recognise that the timing of local government elections has affected the ability of some Councils to consider the amendments. We are happy to accommodate this where needed and will continue to work with those still progressing approvals.

We will update all Members once the full set of responses is received.

Domestic Litigation

As indicated in our previous correspondence, Riskpool is currently defending significant domestic litigation arising from the Supreme Court's 2023 decision in *Local Government Mutual Funds Trustee Ltd v Napier City Council [2023] NZSC 97*, which addressed claims involving both weathertight and non-weathertight issues.

Two of these claims went to trial in the Wellington High Court in September, which concluded at the beginning of October. The key issue to be determined by the High Court is the consequence of these claims having been late notified pursuant to the terms of the Scheme documents (which includes the Trust Deed, Scheme Rules and the Protection Wording). A judgment is expected around March/April next year. We anticipate that the decision will offer meaningful clarity for both Riskpool and reinsurers, allowing us to move forward with the resolution of the remaining legacy claims.

We will provide a further update to Members once the judgment has been released and its implications are understood.

Reinsurance

Reinsurance remains Riskpool's principal source of funds for settled or accepted claims. The majority of the Scheme's historical liabilities are expected to be met from reinsurance. To the fullest extent possible, the Board is prioritising this recovery as it is central to minimising any further financial impact on Members.

The process of ensuring reinsurers meet their obligations is complex, involving multi-layered "towers" of reinsurance for each fund year. The relevant reinsurance contracts are governed by English law and subject to the jurisdiction of the English commercial courts.

We continue to engage in constructive and proactive dialogue with reinsurers, supported by both our London-based brokers and English and New Zealand counsel. We will continue to provide updates as the recovery process advances.

Riskpool's Ongoing Engagement with Members

Riskpool was established to provide collective risk protection for local government in New Zealand, and the Board remains mindful of, and committed to that founding purpose. We continue to operate in line with the principles on which the Scheme was created: shared responsibility, prudent financial management, and mutual support among Members. Consistent with those principles, the Board is committed to keeping you well informed and engaged as key developments affecting the Scheme progress.

Please do not hesitate to contact me at stephen.ferson@riskpool.org.nz if your Council has any questions or would like further detail on any of the matters outlined above.

Thank you again for your ongoing engagement and support.

Ngā mihi nui,



Stephen Ferson
General Counsel
Local Government Mutual Funds Trustee Ltd (Riskpool)



PARC Public Excluded Agenda

9 February 2026

Chair to Move

THAT the public be excluded from the following part of the proceedings of the meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item No.	Minutes / Report of:	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
PE 6.2	Chief Executive Officer	PX PARC Minutes 3 December 2025	Good reason to withhold exists under Section 7	Section 48(1)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987, and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by holding the whole or relevant part of the proceedings of the meeting in public, are as follows:

ITEM NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON
PE 6.2	PE PARC Minutes 3 December 2025	7(2)(b)(ii) 7(2)(h) 7(2)(i)	Would be likely to prejudice the commercial position of the person or persons who are the subject of the information. To maintain legal professional privilege. To enable the Council holding the information to carry out, without prejudice or disadvantage, commercial activities.

and that staff remain in attendance to assist the committee.