

Annual Report Summary



Financial and service results
against objectives set in the
Long-Term Plan 2015-25

Annual Report Summary | 2015 / 2016

Introduction

This summary provides a high level overview of Environment Canterbury's financial and service results for the 2015/16 financial year – the final full-year under the governance of the Government-appointed commissioners.

We invite you to review the highlights for the year as noted on pages 4 and 5 – and to view the full Annual Report on Environment Canterbury's website.

Please note, this document is an abridged version of our full Annual Report and, as such, does not include all the

disclosures and financial information provided in the full Annual Report (which you can view on www.ecan.govt.nz).



Dame Margaret Bazley
ONZ, DNZM, Hon DLit.
Chairperson

29 September 2016



Bill Bayfield
Chief Executive

Where to find out more...

visit www.ecan.govt.nz for more detailed information about Environment Canterbury, our Annual Report for 2015/16, the Annual Plan for 2016/17 and our Long-Term Plan (LTP) 2015-25.



574,300

POPULATION OF
CANTERBURY

45,000

SQUARE KILOMETRES
OF DIVERSE LANDSCAPE

277,984

PROPERTIES
IN CANTERBURY

\$162 BILLION

CAPITAL VALUE OF
CANTERBURY PROPERTIES

How We Performed

Environment Canterbury measures performance against levels of service targets set in the Long-Term Plan 2015-25. In 2015/16 we achieved 92% of these targets, up from 86% in the previous year.

Our performance is measured by 'levels of service' – a defined service quality for a particular activity (for example, supporting safe navigation in waterways, or processing resource consents within set timeframes).

Measures and targets were set for each level of service and our delivery has been assessed using these. Service levels are usually specified in relation to quality, quantity, reliability, responsiveness, environmental acceptability and cost. Like all other local authorities, Environment Canterbury's service levels are set every three years after consulting with the community on the Council's priorities.

We achieved 100% of our service targets in three of our seven portfolios:

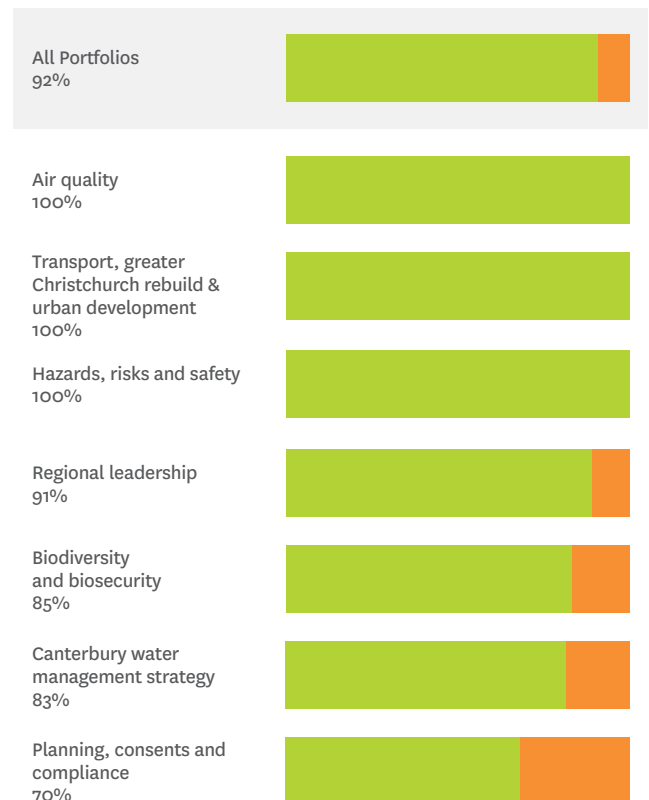
- Air quality
- Transport, greater Christchurch rebuild and urban development
- Hazards, risks and safety

In the other four portfolios we did not achieve 100% of our targets. The full Annual Report 2015/16 on www.ecan.govt.nz outlines the measures, targets and results within each portfolio and provides detail around which individual targets were reached and which were not. The full report also provides commentary around each result.

Percentage of targets measured and met in 2015/16

Below is a summary of our results for the 2015/16 financial year to June 30. It shows the percentage of targets achieved (green) and those not achieved (orange).

Targets for 2015/16



FINANCIAL FACTS FOR 2015/16

\$155.5M

TOTAL
INCOME

\$151.6M

TOTAL PORTFOLIO
EXPENDITURE

\$91.4M

TOTAL INCOME
FROM RATES

\$27.4M

SUBSIDIES
AND GRANTS

\$76M

OPERATIONAL
ASSETS

\$1.019B

INFRASTRUCTURAL
ASSETS

2015/16 Highlights

The 2015/16 year has been another year of significant change and progress for the Canterbury region. At Environment Canterbury we have continued to focus on building strong relationships and working with the community in order to collectively deliver the environmental, economic and well-being outcomes that we all want.

To be successful in delivering our regulatory functions and the environment that we all want to live in, we must have robust relationships with the City and District Councils, industry, stakeholder groups, Ngāi Tahu and the wider public. We have taken the time to find out what these sectors want to see in the region, and to gain their support for our actions.

To complement this, the current year has also seen significant internal change, moving the operational and customer-facing functions under one senior manager. This change will improve the council delivery of services to the community and ratepayers and ensure that regulatory requirements are delivered with better community understanding.

During this period of change, we have continued to focus on achieving our objectives, on time and on budget. We ended the year within 2% of budget, and 92% of our levels of service targets have been achieved – an improvement on last year when service delivery was measured at 86%. Some highlights from the year under review are noted below:

Staff: During the 2015/16 year the staff have continued to impress with their understanding of the region's goals and their ability to deliver pragmatic and responsible work programmes to enable those goals to be met – despite some periods of upheaval such as internal changes to staffing structures and functions, and the move from separate locations to one building for the Christchurch-based staff. Emphasis has remained on health and safety with new systems introduced to ensure the staff are aware of their obligations and can operate in a safe and healthy workplace. The overall sense of service to the region's environment is very strong in the team, and they are commended for this commitment.

Data management: Environment Canterbury collects vast quantities of data to underpin our planning and implementation and to assist with decision making,

both by us and by our stakeholders. We have a work programme to manage this data in a manner that supports the delivery of better results. We also work to turn this data into meaningful information that we can make readily available to all interest groups and community members.

One example has been the collection of water usage from all users of ground and surface water. We are now collecting data that will be invaluable to the council in managing future water use, to the water users themselves, and to the wider public in contributing to their understanding around the region's water.

Water: This is the hot topic and is of interest to both the rural and urban communities. The council's water programme is driven by the Canterbury Water Management Strategy (the CWMS), developed by the Canterbury community in 2009, and the National Policy Statement on Fresh Water Management, a central government regulatory requirement.

Regional and sub-regional plans, based on the Resource Management Act (RMA), are the key regulatory tools for putting in place policies and rules that manage the health of waterways, protect native biodiversity and ensure water quality is maintained. The 2015/16 year has seen a number of these plans progressed through the various stages of development. The result is that there are now explicit rules in place throughout Canterbury to protect existing waterways and to start the process of restoring the waterways that are polluted.

This has been a major focus for the council over the last six years and provides the regulatory framework and bottom line for the on-ground work that will continue in future years in both urban and rural Canterbury.

Delivery of the CWMS is carried out through the 10 water management Zone Committees working with us on local solutions to their specific local water management challenges.

Flood protection: During the past year major work on river flood protection for Christchurch has been undertaken. This is part of a \$30 million project over a 10 year period that will protect the people of Christchurch and their properties from flooding from the Waimakariri River.

Biodiversity and biosecurity: Environment Canterbury's programmes to encourage native species and to ensure the diversity of our plants and wildlife require an enormous collaborative effort with volunteers and other agencies. There have been a number of significant biodiversity successes during 2015/16. For example, Whakaroa Te Waihora is a joint programme led by Environment Canterbury and Ngāi Tahu - supported by the Ministry for the Environment and a wide range of industry and community groups - that has seen a significant start made on restoring Lake Ellesmere/Te Waihora. Similarly, in South Canterbury local, regional and central government funding has seen restoration work start on Wainono.

Across Canterbury the Zone Committees have sponsored more than \$1 million of council expenditure - supported by equal quantities of landowner funding - on biodiversity protection projects. The Clarence/Waiarau Toa River landowners, private and public, have worked together to control weeds and provide protection to a number of endangered flora and fauna, including black billed gulls and black fronted terns.

Air quality: Achieving national air quality targets continues to be a challenge for certain parts of Canterbury. That said, new technology, improved community understanding and targeted support for low income citizens have delivered improvements. The winter of 2016 has seen the introduction of new products to the market that will ensure wood continues to be an option for home heating. These Ultra Low Emission Burners (ULEBs) are many times cleaner than traditional burners. Domestic fires are the major cause of pollution in all urban areas and the programmed introduction of ULEBs in future years will be a significant contributor to providing clean air for all Cantabrians while keeping homes warm.

Public transport: Keeping an effective public transport system operating in Christchurch since the earthquakes has not been without its challenges, and has again required a collaborative effort with the other local councils. While patronage has fallen, those who travel on the buses rate the service highly and many members of the community rely upon it as their principal means of getting around their town. A major step in enhancing the service was the establishment of the Greater Christchurch Public Transport Committee in early 2016, which involves Environment Canterbury (who contracts the bus services), and Christchurch City Council, Waimakariri District Council and Selwyn District

Council, who manage the roads and provide the bus stops. This will result in a strategic, integrated approach to the future development of the service.

Recovery and rebuild: Environment Canterbury's role in the recovery and rebuild activity has taken a number of forms. From taking an operational role in dealing with hazardous waste from deconstruction, to a leadership role in the development of region-wide plans for the future. For example, in the second half of 2015 we finalised the Lyttelton Port Recovery Plan, which aims to streamline recovery processes for future growth for a significant piece of regional infrastructure. An update of the Greater Christchurch Urban Development Strategy has just been completed.

Environment Canterbury's new building: The council has also been working on our own earthquake recovery and rebuild, and in the first half of 2016 we completed our staff relocation to a new building in Tuam Street, central Christchurch. We are very pleased with the building (which is shown on the cover of the Annual Report) and thank staff for their tolerance and flexibility during the last five years working across eight different sites across the city, and for the streamlined move back into a single location.

Regional leadership: The Canterbury Mayoral Forum (CMF), which is currently chaired by the Environment Canterbury Chair, has been successful in speaking with one voice to improve the economic development of the region through the Canterbury Regional Economic Development Strategy. Initiatives such as speeding up the roll-out of fast broadband in rural areas, and the development of essential infrastructure under the Canterbury Visitor Strategy, have been driven by the CMF.

Future governance: The 2015/16 Annual Report is the last full-year report under the current governance structure. In 2010 the Government appointed six commissioners to govern the regional council. In October this year, seven regional council members will be elected by the community, with up to a further six being appointed by central government. This mix of appointed and elected councillors will see the council transition over the next three years to a fully-elected body in 2019.

In conclusion, we would like to thank the Canterbury community and the local and national organisations who have worked alongside Environment Canterbury this past year with the collective aim of ensuring a sustainable future for the region.

Our income

Rates

Your rates explained

Your quarterly rates demand contains two different types of rates: a general rate and a targeted rate. Targeted rates allow local authorities to specifically rate only those ratepayers who will benefit from the service (such as water schemes, stopbanks and public transport).

Rates can rise from time to time when properties are revalued. Properties in Selwyn, Kaikoura and Ashburton were revalued in 2015. Mackenzie, Timaru and Waitaki Districts were revalued in 2014. Christchurch properties were revalued in 2013. Those properties that increased in value at a higher rate than in Canterbury as a whole attracted a greater share of the overall general rate take for the year. Some properties in the region had increases in targeted rates, as well as the general rate increase.

Overall, rates on land and property were increased by an average of 4.9% in the 2015/16 budget. In addition to this, \$2.1M was received by year end, due to the effect of the Order in Council allowing part year charging and collection of rates.

General rates

General rates for an individual property are calculated using the property's capital value (the combined value of the land and buildings). The total rates for Canterbury are spread among all the properties in the region – residential, commercial and industrial. Because the rates are calculated on the capital value, a property valued at, say, \$300,000, pays less general rates than a property valued at \$400,000.

\$31.7M

**GENERAL RATES
COLLECTED**

Targeted rates

Targeted rates are levied for a particular purpose or to a particular group who may benefit from a specific service that the Council provides. For example, people near a bus route might pay a targeted rate because they could benefit from that bus route, or rural landowners might pay a targeted rate to pay for pest control on their land, a new stopbank to protect their land from flooding, or an ecosystem restoration programme to restore natural habitats along rivers and streams.

The Canterbury Water Management Strategy (CWMS) is largely funded by a targeted rate on all Canterbury rate payers because it was developed in a collaborative process involving all groups that have an interest in water, both urban and rural, and its implementation benefits the whole community.

\$59.7M

**TARGETED RATES
COLLECTED**

Other Sources of Income

Some of our activities are funded by user-pays charges. These are paid on activities which are directly caused by, or confer a benefit on, an individual. Examples of these charges include resource consents, swing moorings for boats, and passenger fares paid on public transport.

Environment Canterbury also receives grants to carry out work, particularly for public transport. Much of this funding comes from central government agencies. Grants make up around 18% of Council revenue.

Sometimes, Environment Canterbury draws on its reserves to pay for work that is additional to budget, including some of our water management programmes.

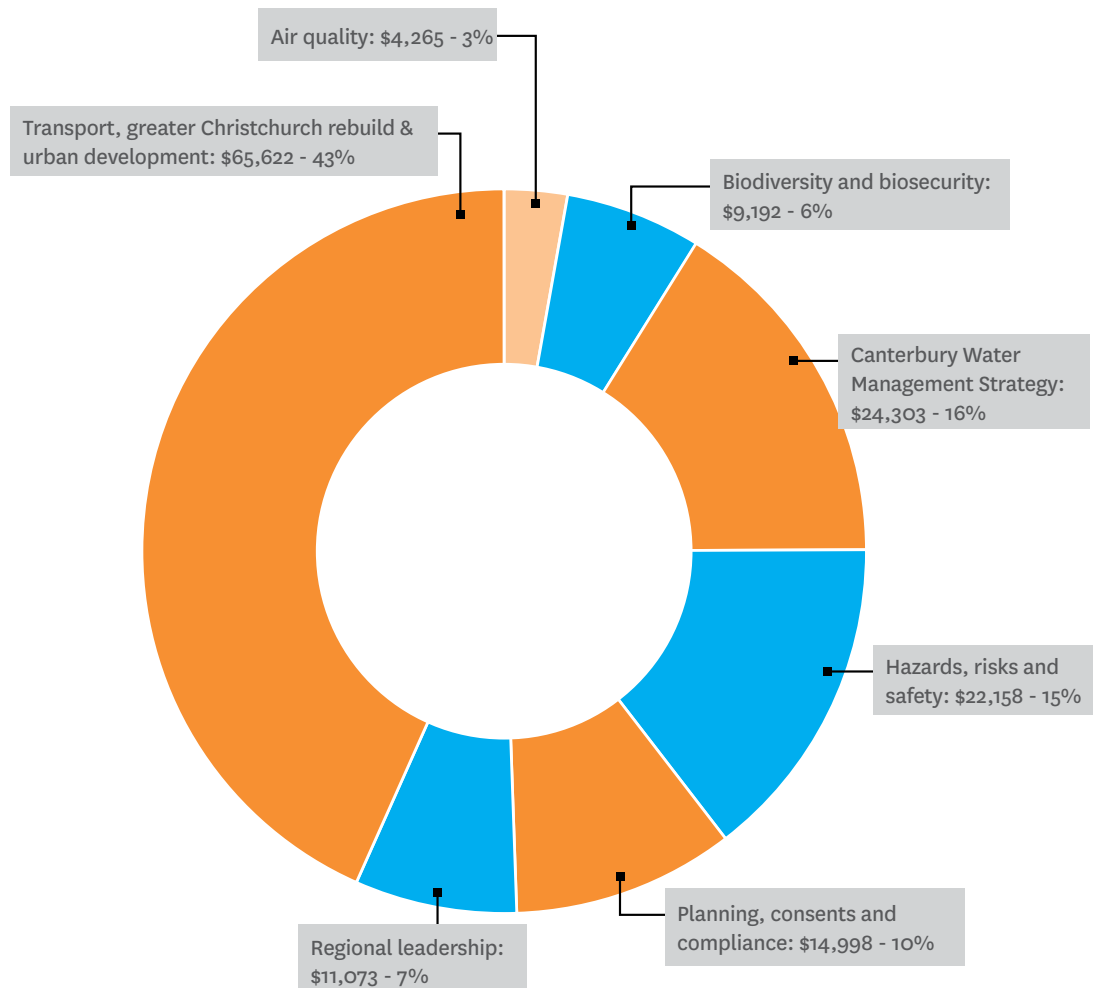
\$64.1M

**OTHER INCOME,
INCLUDING \$44.8M FROM
PUBLIC TRANSPORT
GRANTS AND FARES**

Our expenditure

In 2015/16 Environment Canterbury divided activities and related budgets into seven service groups or portfolios. Each is funded by a combination of general rates, targeted rates, user charges, loans and subsidies. This graph shows the proportion of expenditure on each or portfolio. Figures are in \$'000s.

More information on the activities and projects that make up these programmes can be found in the full Annual Report at www.ecan.govt.nz.



Portfolio expenditure accounts for \$151.6M of the \$158.8M total operating expenditure. The remainder is comprised of accounting adjustments for provisions and asset revaluations.

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Additional rates of \$2.1m were received due to the Order in Council which allows part year charging and collection of rates revenue. Fees and charges are lower than budget due to bus patronage being below expectation, however this is offset by reduced operating costs. Overall operating revenue is less than 1% from budget, there is a classification difference between the LTP and actual revenue which has been recorded as 'other income'.

Portfolio expenditure for the year is \$151.6 million compared to a budget of \$155.9 million, most of the variance is in the Transport and Greater Christchurch Rebuild portfolio (\$3.1m), and Regional Leadership portfolio (\$1.0m). After taking these two portfolios into account the remaining five portfolios variance is less than 1% of the full year portfolio budget. The building impairment on revaluation of \$5.5m is reflected in the accounts as an unbudgeted application of operating funding.

POST BALANCE DATE EVENTS

On 15 September 2016, the High Court in Whangarei issued an interim decision in which it found that Northland Regional Council could not delegate the power to recover unpaid rates, or add or remit penalties, to the Kaipara District Council. The High Court in that case has not yet determined the relief it will grant to the claimants, so the effect of the judgement is uncertain at this time. The Council is currently assessing whether and how this decision may affect it. There were no post balance date events in 2015.

Overview of 2015/16

Environment Canterbury is the regional council working with the people of Canterbury to manage the region's air, water and land. We are committed to the sustainable management of our environment while promoting the region's economic, social and cultural well-being. The way we do this is through a number of overarching plans – and through myriad day-to-day activities. The following are just a few of the statistics for the 2015/16 year:

5900

NUMBER OF FARMS WITH
WATER METERS INSTALLED

2200

FARM ENVIRONMENT PLANS IN
PLACE ACROSS CANTERBURY

650_{KM}

OF STOPBANKS MAINTAINED

211_{KM}

NUMBER OF KILOMETRES OF WATERWAY
FENCING UNDER THE IMMEDIATE STEPS
BIODIVERSITY PROJECT TO PROTECT HABITATS

97%

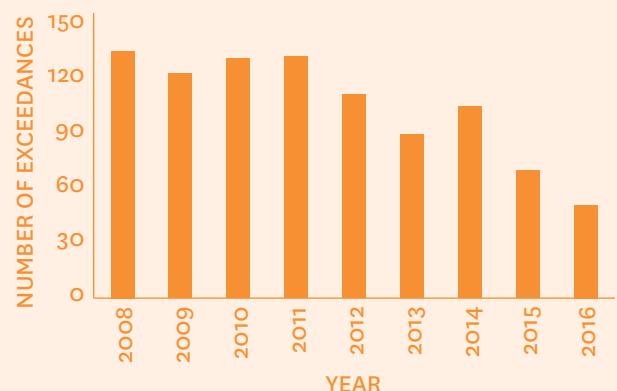
PERCENTAGE OF METRO PASSENGERS
WHO ARE SATISFIED OR MORE THAN
SATISFIED WITH THE SERVICE

3400

PEOPLE AND ORGANISATIONS INVOLVED
IN OUR WATER MANAGEMENT PROGRAMMES

**NUMBER OF HIGH
AIR POLLUTION
NIGHTS PER YEAR**

(2016 YEAR TO DATE)



Tuia

Environment Canterbury's resource management activities, powers and functions – particularly those relating to air, water and land – are inextricably linked to the rights and interests of Tangata Whenua and their relationship with their ancestral land within Canterbury/ Kā Pākihi Whakatekateka o Waitaha.

Environment Canterbury is required to respect the relationship between Māori culture and traditions, and their ancestral lands, air, water, sites, wāhi tapu and other taonga.

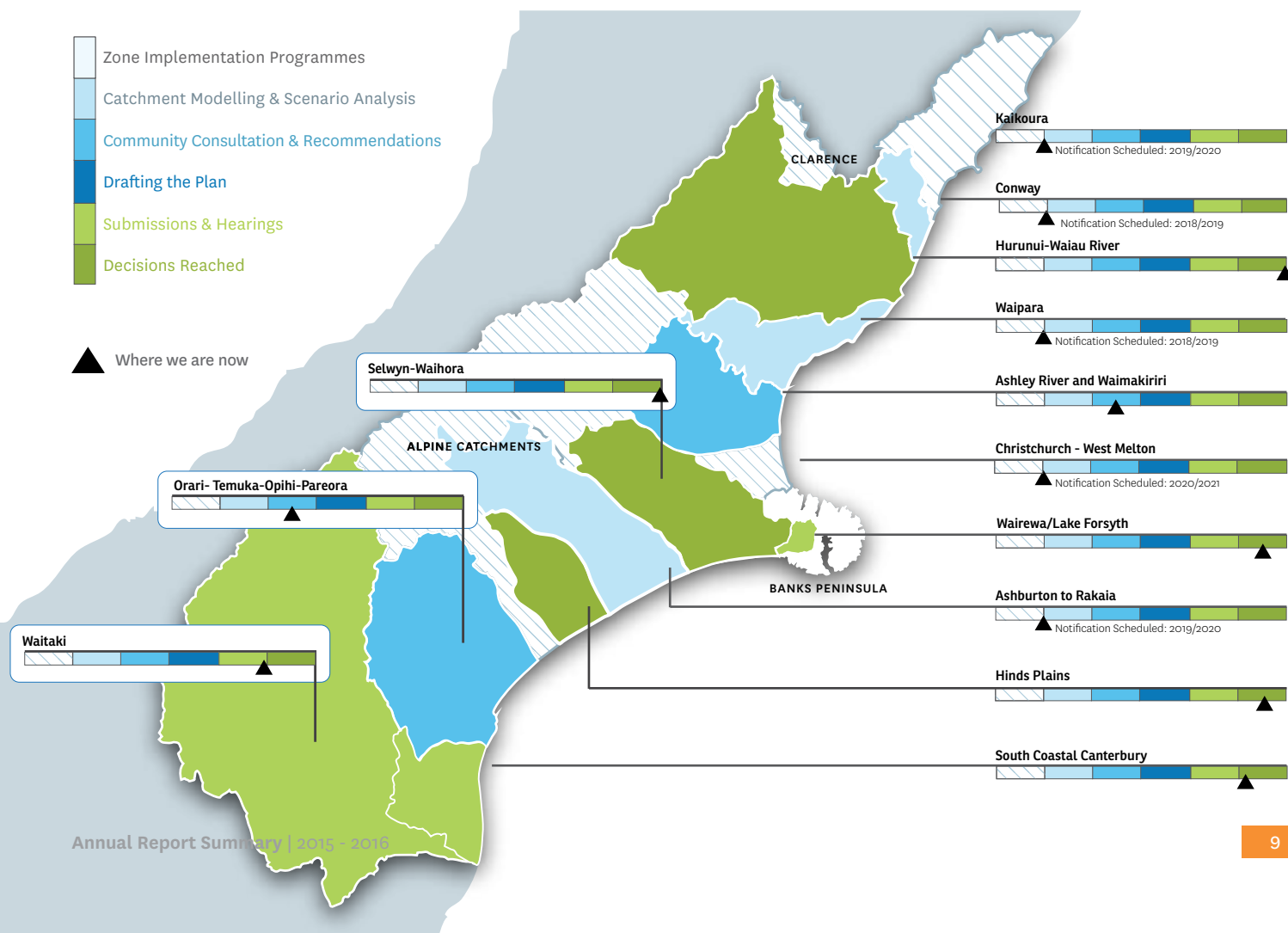
We do this through our Tuia ('shoulder to shoulder') working relationship programme with the 10 Papatipu Rūnanga of Canterbury and the tribal authority, Te Rūnanga o Ngāi Tahu.

The Tuia programme aims to achieve sustainable environmental outcomes by supporting mahinga kai resources and customary practices, being responsive to Tangata Whenua needs and providing for effective iwi and hapū participation through a spirit of mutual respect, transparency, trust and good faith.

Progress on Environmental Limit-Setting

For each Canterbury river catchment, communities have become heavily involved in developing more detailed policies and rules to manage local solutions to environmental limit-setting. This work, part of the Canterbury Water Management Strategy, is being carried out in six stages, beginning with Zone Implementation Programmes and working through the Resource Management process of community consultation and hearings, to reaching a decision. Progress on this new, collaborative approach to water management is shown below:

The six stages of the collaborative CWMS resource management process to improve water quality and ecosystems



Summary of Financial Statements

In 2015/16 Environment Canterbury recieved \$155.5m revenue and spent \$158.8m giving a deficit after taxation of \$3.3m.

Statement of Comprehensive Revenue and Expense	Actual 2015/16	Long-Term Plan 2015/16	Actual 2014/15
Revenue			
General rates	31,707	31,108	31,609
Targeted rates	59,718	58,186	55,434
Subsidies and grants	27,403	27,637	27,307
Fees and charges	31,603	36,713	32,809
Other revenue/gains	5,054	1,950	20,159
Total operating revenue	155,485	155,595	167,318
Expenditure			
Personnel costs	42,068	41,716	40,883
Other expenses	116,714	114,211	116,165
Total operating expenditure	158,781*	155,927	157,048
Surplus/(deficit) before tax	(3,296)	(331)	10,271
Tax (expense)/benefit net of loss offset	(6)	-	(32)
Surplus/(deficit) after tax	(3,302)	(331)	10,239
Other comprehensive revenue and expense	134,436	-	1,667
Total comprehensive revenue and expense	131,134*	(331)	11,906

Statement of Financial Position	Actual 2015/16	Long-Term Plan 2015/16	Actual 2014/15
Current Assets	45,553	42,876	52,769
Total non current assets	1,105,649	973,233	939,600
Total assets	1,151,202	1,016,108	992,369
Total current liabilities	23,916	23,569	22,665
Non-current liabilities	30,316	27,495	3,868
Total liabilities	54,232	51,064	26,533
Net assets	1,096,970	965,045	965,836
Equity	1,096,970	965,045	965,836

Statement of changes in net assets/equity	Actual 2015/16	Long-Term Plan 2015/16	Actual 2014/15
Equity at the beginning of the year	965,836	965,376	953,930
Total comprehensive revenue and expense	131,134	(331)	11,906
Equity at the end of the year	1,096,970	965,045	965,836

Cash flow statement	Actual 2015/16	Long-Term Plan 2015/16	Actual 2014/15
Net cash flow from operating activities	11,849	(43)	3,419
Net cash flow from investing activities	(32,013)	(26,533)	(2,176)
Net cash flow from financing activities	23,542	22,817	(2,078)
Movement in cash	3,377	(3,759)	(836)
Net increase / (decrease) in cash held	3,377	(3,759)	(836)
Add cash bought forward	10,212	11,939	11,048
Cash carried forward	13,589	8,180	10,212

The summary financial statements have been extracted from the full audited Annual Report dated 29 September 2016. The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial report. A copy of the full Annual Report of Council can be obtained from the Council's website (www.ecan.govt.nz) or by calling our Customer Services team (contact details are on page 12 of this summary).

The full financial statements have been prepared in accordance with NZ GAAP and the requirements of the Local Government Act 2002 and comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and have been prepared in accordance with Tier 1 Public Benefit Entity accounting standards. The summary financial statements comply with FRS-43.

All amounts are expressed in New Zealand Dollars and have been rounded to \$000's. The full Annual Report financial statements have been audited and unmodified audit opinion was issued on the full financial statements. The full financial statements were authorised for issue on the 29 September 2016 as authorised by the Council.

* Impact of asset revaluation and accounting adjustments.

Independent Auditor's Report
To the readers of
Canterbury Regional Council's summary annual report
for the year ended 30 June 2016

The summary annual report was derived from the annual report of Canterbury Regional Council (the Regional Council) for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on page 7 and page 10:

- the summary statement of financial position as at 30 June 2016; and
- the summaries of the statement of comprehensive revenue and expense, statement of changes in net assets/equity and cash flow statement for the year ended 30 June 2016.

We expressed an unmodified audit opinion on the Regional Council's full audited statements in our report dated 29 September 2016.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Basis of opinion

Our audit was carried out in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the Regional Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS 43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

In addition to the audit, we have performed an agreed upon procedures engagement in respect of the Whakaora Te Waihora rehabilitation programme and a limited independent assurance engagement pursuant to the debenture trust deed. These engagements are compatible with those independence requirements.

Other than the audit and these engagements, we have no relationship with, or interests, in the Regional Council.



Julian Tan
Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand
29 September 2016

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