

Full
**Annual
Report**
2016-2017

Financial and service results against
objectives set for year two of the
Long-Term Plan 2015-25



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THE YEAR IN OVERVIEW

Introduction

An organisation the size of the regional council covers a wide range of activities, and these are outlined in our Long-Term Plan 2015-25. Each year's activity is detailed in the annual plan and reported back at the end of each financial year. This document reports on the 2016/17 financial year's activity and results.

The 2016/17 year saw the transition of Environment Canterbury ('the Council') from the Commissioner-led regional council to the transitional governance model outlined in the Environment Canterbury (Transitional Governance Arrangements) Act 2016. Under the Act, Environment Canterbury has seven elected Councillors and six appointed Councillors making up the full Council of 13 members. At the next election (2019) this will become a fully elected Council.

The Councillors have undertaken a rapid and seamless transition to the new model – resulting in a strong governance group bringing varied and well-informed views to the table. This has enabled the Council to continue to drive progress in the region's land, air and water management.

To be successful as a regional council it is recognised that we must develop strong relationships and work alongside 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.

In 2016/17 we are pleased to report that the work of our organisation and our partners has resulted in us achieving 92% of our Levels of Service targets.

Points of interest from the 2016/17 year

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


The CWMS sets targets for Canterbury water management out to 2040. For the purposes of the CWMS, the region is split into ten 'zones' – each with a committee responsible for developing water management programmes to achieve the targets for their respective areas.

Zone committees are joint committees of Environment Canterbury and the relevant territorial authority (district or city council), and are made up of community members, regional and local council representatives and Rūnanga representatives.

In the 2016/17 year, delivery of the CWMS has gathered pace with progress on each of the target areas of: ecosystem health and biodiversity, the natural character of braided rivers, kaitiakitanga (stewardship), drinking water, recreational and amenity opportunities, water use efficiency, irrigated land area, energy security and efficiency, regional and national economies and environmental limits.

A report is produced every second year and the 2017 report was released in September this year (see www.ecan.govt.nz).

The Land and Water Regional Plan (LWRP) establishes the policies and rules for the region's necessary step change in water management: environmental restoration via biodiversity programmes, more reliable water through infrastructure (such as water storage and irrigation schemes), and improved land and water management within collaboratively developed limits. The LWRP was notified in 2012 and became fully operative in September 2016. A number of plan changes have been introduced since to refine the rule framework to meet specific needs for zones, for example in the 2016/17 year the Nutrient Management & Waitaki (Plan Change 5) was



notified in February 2016 and places stricter nutrient loss limits on farmers as well as addresses the specific needs of the Waitaki. A number of other plan changes are identified in the full Annual Report on www.ecan.govt.nz.

Biodiversity: Our work in ecosystems and habitats helps to protect and enhance the region's biodiversity and is very closely linked with the Canterbury Water Management Strategy, with the ten zone committees now having work programmes in place to deliver the five-year outcomes that were agreed last financial year. These outcomes are linked to all ten of the CWMS targets, including biodiversity and ecosystem health, and the natural character of braided rivers. As well as protecting the most important remaining natural habitats, we have been focused on protecting and restoring waterway corridors and habitats through fencing lakes, rivers and streams, planting hundreds of thousands of native plants, and removing gorse, broom, willow and other weeds. New biodiversity reporting is available on www.ecan.govt.nz.

Environmental monitoring and progress reporting: Reporting back to the community is an important part of our work and in 2016/17 projects continued to provide data and information to track progress and to enable communities to access the information needed to set priorities through the collaborative planning process. We are getting better at data use as the vast quantity of data we collect is turned into meaningful information that we can make available to the community. On www.ecan.govt.nz a new reporting site has been set up and this will be populated with year-end data as it is analysed.

Public transport: As we start to see real progress in the Christchurch city rebuild and employers returning to the CBD, patronage decline has slowed during 2016/17, with three of the last six months showing positive growth. The 2016/2017 year has ended with a total patronage figure of 13.6million representing a 1.6% decline in patronage on the previous year. The challenge remains to win back former customers and to attract new ones who have yet to experience the range of services on offer. While patronage has fallen, those who travel on the buses rate the service highly and many rely upon it as their main form of transport. Traveller numbers in Timaru are also on the decline as short distance trips and private car ownership continue to have an impact. We also provided public transport, through support of Community Vehicle Trusts and through the Total Mobility scheme, in many parts of the region where our scheduled services are difficult to access.

Air quality: Achieving national air quality targets continues to be a challenge for certain parts of Canterbury, and the cold start to the 2017 winter hasn't made this any easier as domestic fires continue to be the main cause of pollution in urban areas. New technology, improved community understanding and targeted support for low income citizens have delivered improvements. Targeted community programmes have helped spread the word around what action individuals can take to contribute to cleaner air in their local area. The proposed Canterbury Air Regional Plan was adopted in late 2016, and will be operative in late October 2017. The plan is the result of working with the community on an effective strategy to provide for healthier, cleaner air and to meet the national air quality standards.

Biosecurity: Our biosecurity team has been delivering a large \$4 million regional wilding conifer control programme, working alongside partners including the Department of Conservation, Land Information New Zealand, the Ministry for Primary Industries, community-based organisations and landowners. The programme has been a great success, clearing in excess of 500,000 hectares of wilding conifers in priority areas of Canterbury. Wilding pines are just one of the region's pests and a proposal for the new Canterbury Regional Pest Management Plan was notified in June 2017. The proposed plan aims to increase our focus on emerging pests, set the regulatory backstop for legacy pests, apply focus and resources to where they are needed and establish rules for pest spread that apply to all land occupiers.

Compliance with plans and consents: There are over 24,000 consents in Canterbury meaning we are unable to monitor them all, every year. As a result we prioritise based on risk and community priorities. For example, we responded to community concerns about reports of stock in waterways by increasing our response and formalising this through agreed protocols. While our focus continues to be the long-term results we want from education and community awareness, we have increased enforcement activity and we are serving more infringement notices. Another example is the prioritisation of our auditing of dairy effluent consents, which will assist in the transition to 'whole of farm monitoring' through the Farm Environment Plan (FEP) process. Once all farms have audited FEPs it is envisaged that we will not be monitoring dairy effluent consents to the same extent and the priority will move to another area.



Emergency response and civil defence: Once again the year has not been without its natural disasters and hazard control. The Port Hills fires earlier this year involved Christchurch City Council and Selwyn District Council in Civil Defence activity with the support of Environment Canterbury staff. In November last year the North Canterbury earthquake became a major focus for our organisation both in terms of the Civil Defence response and geotechnical, river engineering, Harbourmaster and waste disposal expertise. The support is ongoing, particularly around the Kaikōura harbour rebuild, waste disposal and flood protection and we have partnered with Hurunui and Kaikōura District Councils and central government agencies to deliver a locally-led recovery.

Thank you: On behalf of Environment Canterbury we would like to thank the community and the local and national organisations who have worked alongside us in 2016/17 with the collective aim of ensuring a sustainable future for this region.

Steven Lowndes

Bill Bayfield

Acting Chairman

Chief Executive

19 October 2017

Within this report you will see the work of Environment Canterbury reported under seven portfolios:

- Air quality
- Biodiversity and biosecurity
- Canterbury Water Management Strategy
- Hazards, risks and safety
- Planning, consents and compliance
- Transport, Greater Christchurch rebuild and urban development
- Regional leadership

PORTFOLIO PERFORMANCE

Air quality

There were four strategic priorities identified through the air quality programme for 2016/17. These were:

- Partnering and providing leadership on air quality
- Developing local solutions
- Reducing home heating emissions through better burning
- Encouraging new technology development.

The National Environmental Standards for Air Quality specify ambient air quality standards for contaminants. Canterbury's regional challenge is meeting the PM₁₀ (particulate matter 10 micrometres or less in diameter) standard during the winter months, with domestic home heating being the major contributor to this issue. This standard sets targets for the number of allowable high pollution days and took effect from 1 September 2016. A high pollution day is where PM₁₀ exceeds 50 micrograms per cubic metre over a 24-hour averaging period.

We have made significant progress in reducing emissions over the last decade with the goal of reaching these targets.

We continue to work closely with the District Health Boards, social service sector groups, city and district councils, and local industry to raise awareness among wood burner users on how to burn smoke-free.

Improving insulation and upgrading to cleaner burning technologies is a significant expense for many households. We continue to work with the appropriate agencies to help support this process. Our partner agencies help relay the message that staying warm should be the number one priority in winter.

The proposed Canterbury Air Regional Plan is the result of a long-term process working with the community on an effective strategy to provide for healthier, cleaner air and to meet the national air quality standards. It includes measures to manage air quality through reducing pollution caused by home heating, industry, outdoor burning, odour and dust. Plan implementation was delayed due to a lengthy appeals process but is due to become operative before the end of 2017.

We work with each of our city and district councils that reside in a clean air zone to develop the winter programme for that community. Winter air quality has continued to improve in a number of urban areas this winter, with South Canterbury receiving additional support in the 2017 winter in order to help people upgrade their wood burners before the 31 October 2017 deadline.

Targeted programmes have been implemented over the 2016 winter months and commenced again at the start of the 2017 winter, to identify smoky chimneys and older wood burners. Information has been left with over 300 properties with smoky chimneys. In addition letters were sent to over 300 properties in response to smoky chimney complaints received from members of the public. The air quality programme for home heating includes instructions and better burning demonstrations, and the availability of subsidies.

We also completed a successful 'Ultra Low Emission Burner (ULEB) swap out' in Waimate in the 2016/17 financial year, where open fires were replaced with ultra-low emission burners in 40 low income households.

There are currently eight ultra-low emission burner 'models' available on the market and we continue to work closely with industry representatives to assist with the authorisation of more. These burners can be installed in any home in Canterbury. The development of new technologies is a key priority to reduce our emissions. New technologies are able to support our communities' desire to continue to use wood as a method of home heating while reducing emissions.

PERFORMANCE AGAINST LEVELS OF SERVICE TARGETS

Canterbury airsheds progress towards the National Environmental Standards for Air Quality.

MEASURE Air quality monitoring and reporting occurs across Canterbury airsheds.

TARGET Airshed monitoring and reporting capability is maintained as required by the National Environmental Standard for Air Quality.

✓ **RESULT** The National Environmental Standards for Air Quality require us to monitor air quality in each of our gazetted airsheds. We currently have eight gazetted airsheds and continue to monitor PM₁₀ in each of these. We also measure a variety of other contaminants in some of these airsheds including sulphur dioxide, carbon monoxide and PM_{2.5}.

TARGET Outcomes-focused reporting frameworks, e.g. polluted airshed graphs of PM₁₀ showing concentration reductions, are made public.

✓ **RESULT** The air quality module for the Land Air Water Aotearoa (LAWA) website went live in 2016. This displays real time data for all monitored pollutants across New Zealand. It also contains a number of graphs with varying parameters to show the trends for air quality. Further information is also available on our website.

Joint work programmes are developed with health boards and territorial authorities to support air quality outcomes.

MEASURE Agreements are in place with health boards and territorial authorities.

TARGET Two joint work programmes in place and delivered each year.

✓ **RESULT** We currently have a comprehensive work programme in place with the Canterbury District Health Board. This focuses both on ensuring health is considered in decision-making and ensuring the most vulnerable members of the community are reached. We also have air quality programmes in place for each of our eight airsheds which are agreed with the territorial authorities.


We are working closely with Timaru District Council in particular, to support the South Canterbury community to meet the new Air Plan requirements for upgrading older style woodburners. Environment Canterbury sponsored a ULEB swap out in Waimate which saw 40 open fires in low income households replaced with ULEBs.

The Canterbury Air Plan 2015 and airshed action plans are in place.

MEASURE Adoption and implementation of the Canterbury Air Plan 2015.

TARGET 2016/17: Revised Air Plan operative.

✗ **RESULT** All appeals on the proposed Canterbury Air Regional Plan were resolved in late June. Adoption is proposed for November 2017, subject to Council approval, to ensure resolution of the appeals and to be after the 2017 winter months to enable our vulnerable communities to still use their older style woodburners during winter to keep warm without falling outside the rules in the new Air Plan. This social benefit was determined to outweigh the need to meet this level of service.



TARGET Implementation plans are in place for seven polluted airsheds as agreed with territorial authorities and health boards.

✓ **RESULT** Regular meetings are held with each of the seven territorial authorities that fall within gazetted airsheds. These meetings discuss the results of the previous winter's monitoring and implementation programme as well as enabling us to work together to help develop the next winter's implementation programme at a local level and in collaboration with territorial authorities and health boards.



Biodiversity and biosecurity

Biodiversity

Our work in ecosystems and habitats helps to protect and enhance the region's biodiversity and is very closely linked with the Canterbury Water Management Strategy. All Water Management Zone Committees now have work programmes in place to deliver the five-year outcomes that were agreed last financial year. These outcomes are linked to all ten of the Canterbury Water Management Strategy Targets, including biodiversity and ecosystem health, and the natural character of braided rivers.

As well as protecting the most important remaining natural habitats, we have been focused on protecting and restoring waterway corridors and habitats through fencing lakes, rivers and streams, planting hundreds of thousands of native plants, and removing gorse, broom, willow and other weeds. Fifty projects have been initiated or progressed across the region this year through the Immediate Steps Programme, the Canterbury Biodiversity Strategy Fund and other regional initiatives.

Our regional work programmes continue to protect and maintain regionally-significant biodiversity values. This includes undertaking large-scale weed control on braided rivers - the Clarence, Rangitata and Rakaia - through our braided river work programme; protection and restoration of fish habitat; and the ongoing restoration of Wainono Lagoon and Te Waihora/Lake Ellesmere.

We have been working closely with partners on land use change on the beds and margins of braided rivers. The Braided Rivers Action Group was formed in February 2017, made up of representatives from Te Rūnanga o Ngāi Tahu, Land Information New Zealand, the Department of Conservation, Forest & Bird, Fish & Game, Environment Canterbury, and Federated Farmers. One of the focus areas of the group has been investigating land tenure along the seven large alpine-fed braided rivers with the intent of achieving a more consistent and effective way of managing public land.

Our state-of-the-environment reporting for biodiversity was completed this year. This is available on www.ecan.govt.nz and provides a simple but effective way for us to report on the condition of biodiversity in Canterbury and display information about where we are working and why.

We have been working with our territorial authority partners to ensure our biodiversity planning provisions are well integrated across the region. The Hurunui District and Christchurch City councils notified their district/city plans in the 2015/16 year. This year, Environment Canterbury continued to support these councils through the hearings process and also began working with Timaru District Council who are reviewing their district plan.

Biosecurity

Our biosecurity team has been delivering a large \$4 million regional wilding conifer control programme, working alongside partners including the Department of Conservation, Land Information New Zealand, the Ministry for Primary Industries, community-based organisations and landowners. The programme has been a great success, clearing in excess of 500,000 hectares of wilding conifers in priority areas of Canterbury.

The ongoing national response for the Velvet Leaf incursion continues to be led by the Ministry for Primary Industries. Environment Canterbury has been supporting this response by assisting farmers to prepare on-farm biosecurity management plans that contain measures to control Velvet Leaf and minimise spread. 198 farm management plans have been developed and implemented this year.

A proposal for the Canterbury Regional Pest Management Plan was notified in June 2017 just prior to the end of the year under review. The proposed plan aims to increase our focus on emerging pests, set the regulatory backstop for legacy pests, apply focus and resources to where they are needed and establish rules for pest spread that apply to all land occupiers. The proposal will move through hearings in mid to late 2017 and will eventually replace the existing Regional Pest Management Strategy in 2018.

PERFORMANCE AGAINST LEVELS OF SERVICE TARGETS

Environment Canterbury works with Ngāi Tahu, communities, territorial authorities, Department of Conservation, land occupiers and other recreational, environmental and industry parties to protect and restore Canterbury's indigenous biodiversity and aquatic ecosystem health.

MEASURE On-the-ground projects to protect and restore indigenous biodiversity.

TARGET An annual increase in the area within the region that is protected (legally or physically), or subject to restoration activities, e.g. restoration planting.

✓ **RESULT** We have been focused on protecting and restoring biodiversity through fencing freshwater habitats, planting hundreds of thousands of native plants, and removing gorse, broom, willow and other weeds. This has increased the area within the region that is both legally and physically protected. There have been a total of 50 biodiversity projects this year: 37 new projects initiated under the Immediate Steps Programme; nine under the Canterbury Biodiversity Strategy Fund; and four through the Biodiversity Regional Initiatives Programme.

TARGET Tactical plans for on-going biodiversity investment are agreed with CWMS zone committees by June 2017.

✓ **RESULT** Five Year work programmes have been agreed with each of the zone committees, including identification of zone priorities for biodiversity investment. These programmes detail the specific actions that will be undertaken by CWMS partners to progress towards achievement of the five year outcomes.

TARGET At least two biodiversity projects are initiated or progressed in each CWMS zone annually.

✓ **RESULT** Over 50 projects were initiated throughout the region. The breakdown per zone is as follows: Kaikōura: 5, Hurunui Waiau: 2, Waimakariri: 4, Christchurch West Melton: 3, Banks Peninsula: 6, Selwyn Waihora: 8, Ashburton: 11, Orari Temuka Opihi Pareora: 8, Lower Waitaki: 3, Upper Waitaki: 5

MEASURE Regional biodiversity policy and strategies are given effect to.

TARGET Support development of biodiversity content resulting from territorial authority district plan reviews in the Canterbury region.

✓ **RESULT** Environment Canterbury supported Christchurch City Council and Hurunui District Council in the development of and resolution of appeals on the biodiversity provisions in the Christchurch Replacement District Plan and Hurunui District Plan. Commenced work with Timaru District Council on District Plan provisions and a non-statutory programme to deliver biodiversity outcomes for the district.

TARGET Advice or update is provided to the Canterbury Region Biodiversity Strategy signatories on strategic direction by June 2017.

✓ **RESULT** Signatories have been contacted and have provided information, where it is available, to inform further discussions on the future strategic direction of the strategy in 2017/18.

MEASURE State of the Environment reporting information is published annually for biodiversity/ecosystem health environmental domain.

TARGET State of the Environment reporting data and information is accessible on the Environment Canterbury website.

✓ **RESULT** Environment Canterbury's new 'story map' style environmental reporting for Canterbury Water Management Zones is built for the biodiversity/ecosystem health domain. An updated and refreshed Environment Canterbury website makes Environment Canterbury's environmental reporting information readily accessible to the public.

TARGET State of the Environment reporting is published each year in accordance with Ministry for the Environment frameworks.

✓ **RESULT** Environment Canterbury data is made available and used in the Ministry for the Environment's 2016-17 national state of the environment reports. Environment Canterbury reporting, including on the Land Air Water Aotearoa (LAWA) website, uses the internationally (and MfE/Statistics NZ) agreed Driving forces-Pressure-State-Impact-Response framework, nationally (and scientifically) agreed indicators and monitoring and reporting standards.

Environment Canterbury administers and implements a Regional Pest Management Plan. Implementation distinguishes between new pest incursions and pre-existing pests with both managed in a cost-effective and equitable way.

MEASURE Implementation of a Regional Pest Management Plan that meets the requirements of the Biosecurity Act 1993.

TARGET A reducing trend in pest levels identified in the Regional Pest Management Plan.

✗ **RESULT** Plant and animal pest programmes are monitored across the region over the duration of the Regional Pest Management Plan to measure progress towards plan objectives. These objectives vary for each programme from eradication through to containment, but not all programmes require a reduction in pest levels. Overall pest levels are estimated to have remained relatively static, with decreases in some pests' numbers and distribution, such as rooks and rabbits, region-wide; a static level of Nassella tussock in north Canterbury and gorse & broom region-wide; and increasing levels of wallabies in south Canterbury.

TARGET A proposed new Regional Pest Management Plan is notified by June 2017, and is operative by June 2018.

✓ **RESULT** The proposal for the Canterbury Regional Pest Management Plan 2017-2037 was notified on 3 June 2017. The hearings and decision process will continue through to late 2017 with adoption of a new plan by mid 2018.

MEASURE Development and implementation of new pathway management initiatives.

TARGET All work programmes developed in year 1 of the LTP will be under implementation and reporting commenced by 30 June 2017.

✓ **RESULT** A number of pathway management initiatives have been carried out following development last year. 60% of nurseries in Canterbury were inspected to ensure that declared pest plants or Unwanted Organisms are not being sold, preventing spread of harmful organisms - none

were found. The Check, Clean, Dry campaign continues to be delivered regionally alongside campaign partners, which aims to prevent spread of freshwater pests.

MEASURE Regional incursion response capability is maintained.

TARGET Management plans are in place and/or response decisions progressed for 100% of new pests detected.

✓ **RESULT** Several new incursions were identified and responded to in 2016/17. A number of patches of lagarosiphon were discovered in the neck of Lake Aviemore at the top of the lake. All plants found were destroyed in accordance with the management plan. 'Lake snow' (*lindavia intermedia*) was found to be present in Lakes Tekapo, Benmore, McGregor, Alexandrina, Ruataniwha and Kellands Ponds. There are no known control tools for *lindavia*, so we will maintain surveillance in accordance with the management plan.

TARGET Regional incursion response capability and capacity is maintained as agreed under the National Biosecurity Capability Network.

✓ **RESULT** Environment Canterbury continues to maintain a contractual agreement with the Ministry for Primary Industries to support any response to an incursion of national significance. The ongoing national response for the Velvet Leaf incursion continues to be led by the Ministry for Primary Industries. Environment Canterbury has been supporting this response by assisting farmers to prepare on-farm biosecurity management plans that contain measures to control Velvet Leaf and minimise spread. 198 farm management plans have been developed and implemented this year.

Environment Canterbury will work in partnership with Ngāi Tahu to implement a joint programme to progress the two-generational vision to restore and rejuvenate the mauri and ecosystem health of Te Waihora (Lake Ellesmere).

MEASURE Implementation of the Whakaora Te Waihora Joint Cultural and Ecological Restoration Plan.

TARGET The Joint Restoration Plan is reviewed, updated and approved by programme partners by December 2016.


✓ **RESULT** The Joint Restoration Plan has been superseded by the Whakaora Te Waihora Investment Approach 2016-2026, which provides the strategic direction and six work packages as the focus for Whakaora Te Waihora in Phase Two of the programme (2016-2026). In 2016, the Te Waihora Co-Governance Group approved the Whakaora Te Waihora Investment Approach 2016-2026.

TARGET An annual work programme is agreed by programme partners and completed work reported to this group by 30 June 2017.


✓ **RESULT** All works in the Whakaora Te Waihora Annual Work Plan 2016/2017 have been completed. A draft Whakaora Te Waihora Annual Work Plan 2017/2018 has been developed, and will be presented to the Te Waihora Co-Governance Group for approval at their 21 July 2017 meeting.

TARGET At least 75% of survey respondents rate the relationship as good or very good (on a scale of very poor, poor, fair, good and very good). By 2017 - 80%.

✓ **RESULT** In 2017 Ngāi Tahu members were asked about their level of satisfaction in their dealings with 10 specific sections of Environment Canterbury. Some of these members are party to the Whakaora Te Waihora programme and Co-Governance Group. For 2017 the category of excellent was added (i.e. better than very good) and 32% of responses rated Environment Canterbury



as excellent. 95% of responses rated satisfaction across 10 sections of the organisation as very good, good, or fair.

- MEASURE** Parties to the Te Waihora Co-Governance agreement are satisfied with the relationship and outcomes achieved with Environment Canterbury.
- TARGET** Annual survey undertaken, assessed and analysed. Performance of Service Level Agreements is monitored.
-  **RESULT** The Ngāi Tahu members' survey includes some of the members party to the Co-Governance agreement. 95% of responses rated satisfaction across 10 sections of the organisation as very good, good or fair.

Canterbury Water Management Strategy

The region's fresh water is of paramount importance for the people of Canterbury and over the last seven years the Canterbury Water Management Strategy (CWMS) has been Environment Canterbury's highest priority. The CWMS provides a collaborative framework for addressing issues, and empowering and enabling present and future generations to gain the greatest social, economic, recreational and cultural benefits from Canterbury's water resources within an environmentally sustainable framework.

The strategy sets targets for Canterbury water management out to 2040. Ten local zone committees are responsible for developing water management programmes to achieve these targets for their respective areas.

The CWMS Regional Committee considers regional issues of environmental restoration and repair; land use impacts on water quality; as well as water storage, distribution and efficiency options. Zone committees are joint committees of Environment Canterbury and the relevant local council, and are made up of community members, regional and local council representatives and Rūnanga representatives. Community members are appointed for three years. The committees meet monthly to discuss water management issues and opportunities, and reach consensus on the zone's water management programme.

Zone committees are required to seek feedback and opinions from the community and stakeholders to ensure their interests are represented. Environment Canterbury's staff also work with zone committees to provide information to help them make informed recommendations, which are then received by the regional and local councils and guide relevant water management policies. Other industry and non-governmental partners are also involved in driving progress on the CWMS targets.

Delivery of the CWMS has gathered pace with progress on each of the ten target areas of: ecosystem health and biodiversity, the natural character of braided rivers, kaitiakitanga, drinking water, recreational and amenity opportunities, water use efficiency, irrigated land area, energy security and efficiency, regional and national economies and environmental limits.

Our most recent progress report on the targets can be found on the Reporting Back page of www.ecan.govt.nz (available September 2017).

The Land and Water Regional Plan (LWRP)

The LWRP establishes the policies and rules for the region's necessary step-change in water management: environmental restoration via biodiversity programmes, more reliable water through infrastructure (such as water storage and irrigation schemes), and improved land and water management within collaboratively developed limits.

The LWRP was notified in 2012 and made fully operative in the year under review (September 2016). It provides clear direction on the rules for how land and water are to be managed, and helps deliver community aspirations for water quality - in both urban and rural areas.

This rule framework was developed further through the Nutrient Management & Waitaki (Plan Change 5), notified in February 2016, which seeks to deal with the management of the effects of land uses, particularly farming activities, on water quality throughout the Canterbury region. Farmers in Canterbury on properties larger than 10 hectares will need to register their farming activity using a new online Farm Portal and implement industry-agreed Good Management Practices (GMP). Farming activities that require resource consent will need to meet Good Management Practice loss rates, over time.

Plan Change 5 also covers the management of water quality and the achievement of outcomes and limits for rivers, lakes and groundwater, and proposes a nutrient regime for managing those outcomes and limits in Waitaki.

Plan Change 4, an omnibus change to the LWRP, was made operative in July 2016. This plan change addresses implementation issues and includes provisions to protect riverbed and lake habitats where inanga spawn, prevents activities encroaching into the beds of Canterbury's braided rivers and protects Community Drinking Water Supplies (CDWS).

Catchment specific chapters

A number of 'sub-regional' catchment plans have been in process during the 2016/17 year. These are catchment-specific changes to the LWRP to apply to specific issues within a localised catchment. The first sub-regional catchment plan, for Selwyn Waihora (Plan Change 1 to the LWRP) was made operative in February 2016, and introduced new policies, rules, and limits to manage water quality and water quantity in the Te Waihora/Lake Ellesmere catchment, with emphasis on the long-term health of Te Waihora.

Hinds Plains (Plan Change 2), the second sub-regional catchment plan, proposes nutrient limits, minimum river flows and other measures to protect the waterways in the Hinds/Hekeao catchment while maintaining viable and sustainable farming. Although it was notified in the 2014/15 year, it has subsequently been through a public hearing and submissions process and is now under appeal.

The South Coastal Canterbury sub-regional catchment plan (Plan Change 3) was notified in April 2015 and puts in place policies and rules to help achieve the community goals for freshwater management in the South Coastal Canterbury area. All appeals on Plan Change 3 have been withdrawn and all rules in Plan Change 3 may now be treated as operative.

The Wairewa sub-regional catchment plan (Plan Change 6) was made operative in 2016.

A plan change to the Waitaki Catchment Water Allocation Plan, notified in 2014, addresses uncertainty about the management of water in times of low flow and was made operative in September 2016.

Community processes in the Waimakariri and Orari Temuka Opihi Pareora sub-regional catchments are underway and are currently set for notification in 2019.

Environmental monitoring and progress reporting

We continue to provide data and information to track progress and enable communities to establish priorities as they set limits through the collaborative planning process. This includes information on water quality, water quantity, ecosystem health and reporting on water use. In the 2016/17 year, water levels and river flows were monitored at 155 river and lake sites in Canterbury, from the Clarence River/Waiau Toa in the north to the Waitaki River in the south. Water quality was measured at 104 sites for monthly monitoring. Data was also collected at a further 140 sites for short-term investigations. We also monitored 98 recreational sites over the summer months from November 2016 to the beginning of March 2017.

Macroinvertebrates and habitat data was collected from over 180 sites throughout Canterbury to provide indicators for ecosystem health. Data was collected from November 2016 through to the end of February 2017. Of these sites, approximately 160 are considered long-term sites and are sampled as part of our state of the environment monitoring programme. The remaining sites were sampled for other investigative purposes.

Zone delivery

The ten zone committees (largely based on river catchments) are tasked with implementing the targets in each zone. Every committee has now developed a Zone Implementation Programme, setting out how they want to see progress made in their area. Zone teams have been established to support the actions on the ground.

The zone teams have a mix of skills and backgrounds to work across the range of water management challenges in the zone. They are instrumental in facilitating the on-the-ground changes in farming practice which will protect and ultimately improve water quality and ecosystem health. The council's approach, having set the rules, is to work with farmers to measure and understand what's happening on their farms, take responsibility for any nitrate leaching from their farm, and be able to show how they are dealing with it through a Farm Environment Plan (FEP).

Industry organisations like DairyNZ, Fonterra, Beef & Lamb and Irrigation New Zealand are working with Environment Canterbury to support farmers through the changes. Information on the new planning rules is now available on www.canterburywater.farm. With the establishment of industry-agreed Good Management Practices (GMP) for farming and 15 approved auditors in place, there are now over 3,000 FEPs in place and more than 300 farms audited.

Biodiversity officers are part of Environment Canterbury's zone teams and, working with community groups and individuals, have supported the development of more than 400 restoration projects which have been awarded funding totalling \$6.8 million to deliver 420km of fencing to protect over 1,700 ha of stream riparian margins, wetlands, lagoons and native bush.

During 2016/17 the CWMS Regional Committee continued to support work on flagship projects including Te Waihora/Lake Ellesmere, Wainono Lagoon, and the upper catchments of the Rangitata and Rakaia braided rivers with projects covering ongoing weed and predator control and habitat renewal mainly for native bird species.

Infrastructure

The Regional Committee also continued to oversee the work programme for a regionally integrated network of storage and distribution infrastructure. The programme included integration for takes and associated storage from the Rakaia River, accelerating uptake of approaches that increase on-farm and distribution water use efficiency, and exploration of the potential for infrastructure integration and water quality issues in the Waimakariri and Orari Temuka Opihi Pareora (OTOP) zones.

Environmental infrastructure projects are underway to futureproof water quantity and water quality in key groundwater and surface water bodies. The aims of these projects are to support outcomes for aquatic habitat (native and introduced), biodiversity, drinking water and recreation (e.g. swimming and fishing). Pilot projects on Managed Aquifer Recharge (Hinds) and Targeted Stream Augmentation (Te Waihora/Ellesmere lowland springs) are underway.

PERFORMANCE AGAINST LEVELS OF SERVICE TARGETS

In partnership with Canterbury's district and city councils and Ngāi Tahu, facilitate the CWMS zone and regional committees to provide ongoing and improved community input to water management decisions.

MEASURE Report received from each committee on their progress with implementation of their Zone Implementation Programmes and the ten target areas. Annual update from the CWMS regional committee.

TARGET Eleven reports that demonstrate progress on:

- environmental restoration
- improved water quality
- improved water use efficiency and land management
- infrastructure for reliable water supply



RESULT All eleven CWMS committees (ten zone committees and the regional committee) have completed and presented annual updates to council.

Gather and make available information on water quantity, water quality, ecosystem health, soils, and progress towards the CWMS targets

Measures	Number of sites	Frequency of measurement	Availability of information
Rainfall	94	Continuous	Hourly information available twice daily
River flows	127	15 minutes	Twice daily on the website
River/stream water quality	97 41	Monthly Quarterly	Annual summary available on website
Lake water quality	24 (high country) 11 (lowland)	Monthly over summer Monthly all year	Annual summary available on website
Marine water quality	44	Quarterly	Annual summary available on website
Estuary water quality	18	Monthly	Annual summary available on website
Ecosystem health	204	Annual survey	Annual summary available on website
Groundwater levels	335 150	Monthly 15 minutes	Quarterly data updates available on the website
Groundwater quality	225 100 4	Annually Quarterly Monthly	Annual report available on website Monthly data update on the website
Land	Soil quality 350 sites Soil quantity 25 paddocks High country land cover	8-9 years Ten years	Report every two years available on website
Recreational swimming monitoring	52 river and lakes 46 beaches	Weekly over summer	Annual report on website by June each year
Water use	All consents over 5l/s	Recorded daily by consent holders	Annual water use report on website by September each year

✓ The annual water use report was replaced in the 2016 year by an update, released in December 2016. A further update 2016/17 is being compiled for September 2017.

All information is available at: <http://ecan.govt.nz/services/online-services/monitoring>

MEASURE Report on progress towards CWMS targets is complete.

TARGET Report completed in June 2017.

✓ **RESULT** We gathered data and information from CWMS partners and reported on progress towards the 2020 targets. The CWMS Progress Report is drafted and ready for presentation to the Canterbury Mayoral Forum.

Work with the zone committees to lead a community process to collaboratively establish environmental limits for water quality and water quantity in Canterbury.

MEASURE A schedule of RMA plans or variations is notified that reflects the community recommendations for environmental limits.

TARGET No RMA plans or variations scheduled for year 2 LTP (2016/17). Orari Temuka Opihi Pareora and Waimakariri scheduled for year 3 LTP (2017/18).

☐ **RESULT** There are no plans or variations scheduled for year 2 LTP (2016/17). However we have continued to work with the community on the Orari Temuka Opihi Pareora variation and the Waimakariri variation. Both are currently planned for notification in 2017/18. Nutrient Management & Waitaki Plan Change (LWRP PC5) has proceeded through hearings processes with recommendations of the hearing commissioners adopted by council on 15 June 2017. It is expected that South Coastal Canterbury Plan Change (LWRP PC3) will be made operative in August 2017.

In partnership with other parties, implement the recommendations in the zone implementation and regional programmes.

MEASURE Annual zone work programmes agreed by zone committees, made available and completed.


TARGET Ten work programmes available with progress reporting on the website by June 2017.

✓ **RESULT** All zone committees have developed a work programme based on agreed five-year outcomes. The work programmes cover all CWMS target areas and include work on; community outreach, lowland stream health, promoting and encouraging on-farm Good Management Practice (GMP), biodiversity projects, support for community groups, hapua & lagoons projects, work on braided rivers and drinking water. Progress reports are available the Environment Canterbury website.

MEASURE Joint work programmes with CDHB, Irrigation New Zealand, the Canterbury dairy industry, Fish & Game (North Canterbury and Central South Island).

TARGET Annual work programme and report on progress available on the website.


✗ **RESULT** The joint work programme with the CDHB and report on progress is available on the website. While joint work programmes have been developed and continue to evolve with the Canterbury dairy industry and IrrigationNZ this work has not been uploaded, and neither have reports of progress. A joint work programme with Fish and Game (North Canterbury and Central South Island) needs refreshing and remains an area where additional attention is required.



Facilitate an integrated approach to development of water infrastructure in Canterbury that delivers on all the CWMS targets.

MEASURE An annual schedule of work which influences irrigation development in the region is agreed with the CWMS Regional Committee.

TARGET A regional infrastructure work programme is available with quarterly progress reporting on the website.

 **RESULT** The CWMS Regional Committee approved and oversaw the delivery of the regional infrastructure work programme.

The on-going work programme included; a general focus on increasing reliability of water supply to enable efficient water use, advancing infrastructure integration for takes and associated storage from the Rakaia River, accelerating uptake of approaches that increase on-farm and distribution water use efficiency, consideration of augmentation concepts (Managed Aquifer Recharge, Targeted Stream Augmentation and Near Stream Augmentation) and exploration of the potential for infrastructure integration and water quality issues in the Waimakariri and Orari Temuka Opihi Pareora (OTOP) zones.

Hazards, risks and safety

Through this portfolio, Environment Canterbury works with communities to: avoid hazardous areas where possible; protect them where development already exists; and prepare the communities for events we can't mitigate.

Programmes covered by the portfolio are:

- Natural Hazards
- Navigational and Recreational Boating Safety
- Flood Protection and Control Works
- Coastal Environment and Hazards
- Emergency Management
- Contaminated Hazardous Land and Waste.

Much of the focus is on meeting our responsibilities under nineteen different statutes; reducing risk from natural hazards and soil contamination, maritime transport, civil defence, coastal environment and reducing erosion. We have successfully met all statutory responsibilities; ranging from flood protection to managing oil spills.

In 2016 a region-wide two-year work programme was developed by a joint working group to help reduce the risk faced by the community from natural hazards. The working group is made up of territorial authorities, the Canterbury Civil Defence Emergency Management Group, and Environment Canterbury.

In October 2016 the Navigation Safety Bylaw 2016 came into force. The Harbourmaster's Office has been working with all water users to raise awareness and help people to comply with any new requirements. These rules are in place to improve safety for all water users. For example, the bylaw sets aside designated areas for swimming and now includes the mandatory wearing of personal floatation devices (PFDs) on all vessels that are six metres in length or less.

The 2016/17 year has not been without its natural disasters and the November 2016 North Canterbury earthquake became a major focus for Environment Canterbury. During the initial response we provided staff to the Canterbury Regional Civil Defence and Emergency Management Group Emergency Coordination Centre and the district Emergency Operations Centres; managed finances on behalf of the Canterbury Regional Civil Defence and Emergency Management Group; supported Kaikōura District Council to help reinstate the access to the Kaikōura harbour lifeline and the installation of navigational safety beacons in South Bay; monitored landslide dams and repaired damaged flood protection infrastructure to reduce risk to the communities from flooding through providing warnings and infrastructure; worked on the ground with engineers to assess geotechnical damage; and engaged with central government on the development of earthquake related legislation and Orders in Council to support the response and recovery.

Since then we have partnered with Hurunui and Kaikōura District Councils and central government agencies to deliver a locally-led recovery. This has included the waste management programme to assist the councils to rebuild their waste facilities, recycle as much as possible of the huge increase in waste and to put in place effective measures to carefully manage hazardous waste like asbestos. Other work in the 2016/17 year includes evaluating the current risk profile for the affected districts and supporting the joint local and central government work programme that is managing risk from natural hazards and land damage arising from the earthquake.

Our Kaikōura and Hurunui Zone teams are working with the affected communities to support recovery.

Flood protection is a large part of the work of Environment Canterbury. We continue to deliver flood protection and control works including \$609 million (2017) in flood protection assets, primarily a network of stopbanks. All maintenance work and capital expenditure for our flood protection and control works is on track.

In 2016/17 we completed year seven of ten of the \$40 million Waimakariri Flood Protection programme ahead of both time and budget. This flood protection scheme will protect assets in excess of \$8 billion. The secondary stopbanks are being engineered to protect against a 1,000-year flood. In this year, we have completed the

stopbank upgrade from Madeleys Road to Baynons Road; completed the Waimakariri rock protection programme for berms and groynes; and completed the secondary stopbank construction from Steam Scene to Chattertons Road, and Minors Groyne.

Our flood advisory service successfully provided warnings to key agencies when agreed trigger levels are exceeded. Police, Civil Defence Emergency Management, the media, KiwiRail, the New Zealand Transport Agency and territorial authorities all receive flood warnings in accordance with established flood protocols. After every flood event, protocols are reviewed to consider possible improvements.

For example, in January 2017 there was a short duration, high intensity rainstorm in the headwaters of the Otematata River. (This river does not have a river rating scheme managed by Environment Canterbury.) The Otematata River flooded following the rainstorm, threatening the Boat Harbour camping ground, and our rain alarms were activated. The camp managers evacuated the camping ground as advised by our flood controller. Following the evacuation up to 1 metre of water went through the camping ground and it is likely this evacuation saved the lives of campers. After the event we worked with Waitaki District Council to make on-the-ground improvements to reduce the immediate risk of future events.

We have successfully carried out a programme of identifying and filling information gaps for natural hazard risk reduction. This involves increasing community awareness of hazard risks. Commenced in the year under review, this work is ongoing. We have provided for the administrative and financial needs of the Canterbury Group Civil Defence Emergency Management and have participated fully as an active partner in achieving the objectives of the Group plan.

Three projects were carried out in our hazardous waste and contaminated land programme including the well-publicised clean-up of the former Concours Electroplating site in Timaru, working with the Ministry for the Environment and Timaru District Council.

We have carried out a joint contaminated land identification project in partnership with the Waimakariri District Council this year, and we have also improved options and understanding for appropriate recycling and disposal of rural waste.

PERFORMANCE AGAINST LEVELS OF SERVICE TARGETS

Environment Canterbury collects and provides natural hazard information for tsunami, earthquake, landslide and floodplain hazards to increase community awareness and guide longer-term development.

MEASURE Ensuring natural hazard information is available.

TARGET A total of 90% of advice regarding natural hazard information, in relation to private property, is provided within 10 working days.

✓ **RESULT** All information has been provided to customers within 10 days. We provided formal responses to natural hazards information enquiries via 154 Land Information Requests and 104 specific and detailed Flood Hazard Assessments so that people are aware of the history and potential future risk of natural hazards to private property. We also responded to an additional 168 informal requests for advice on natural hazards.

TARGET New technical reports and information are available on Environment Canterbury's website within six months and are available at all times.

✓ **RESULT** New technical reports and information are available via Environment Canterbury's website search function within six months of going through our formal report release procedures so stakeholders can access detailed technical information Environment Canterbury holds on natural hazards in the Canterbury region.

MEASURE Providing advice to partner organisations on implementing hazard risk reduction measures.

TARGET Investigations undertaken and reports produced as scheduled and formally delivered to territorial authorities, with a table of reports displayed annually.

✓ **RESULT** We undertook regular and active liaison with all territorial authorities to advise on hazard issues, and to prioritise, schedule and carry out investigations on schedule and to deliver reports. All completed hazard investigation reports are listed on the Environment Canterbury website as soon as they are completed. Close liaison with territorial authorities assists in identifying information gaps, and then prioritising, commissioning and delivering investigations to provide the information required.

TARGET A total of 75% of councils and CDEM survey respondents rate the relationship and service as good or very good (on a scale of very poor, poor, fair, good and very good). By 2017 - 80%.

✗ **RESULT** 60% of surveyed councils rate the relationship and service as good or very good. Five out of nine councils answered the survey. The failure to achieve this level of service is likely to be due to the change in focus to provide hazard risk reduction support to Kaikōura and Hurunui District Councils following the earthquake in November 2016.

Environment Canterbury enables safe navigation for ships and other commercial vessels in ports, harbours and coastal areas.

MEASURE The operation of an approved risk assessment regime, safety management system and appropriate risk control measures for the ports of Lyttelton and Timaru, the harbour areas of Kaikōura and Akaroa, and the coastal waters of the region.

TARGET Risk assessment regime and Safety Management System approved by Maritime New Zealand.

✓ **RESULT** Maritime New Zealand issued Code Compliance in 2015. The next confirmation audit will be decided by the Port & Harbour Safety Code Working Group.

TARGET ISO 9001:2008 certification and monitoring of the Safety Management System.

✓ **RESULT** Surveillance audit completed June 2017, upgraded to ISO9001:2015.

TARGET Operational overview and emergency response function available at all times.

✓ **RESULT** On-call duty officer available 24/7 - with Harbourmasters and Deputy Harbourmasters as back-up.

TARGET Qualified, experienced and independent Harbourmaster.

✓ **RESULT** Harbourmaster qualified as Master Mariner, with 12 years' experience. The Safety Management System identifies the areas of the Harbourmaster's statutory role versus regional council powers.

Environment Canterbury enables safe navigation for recreational vessel users of the coast, harbours and inland waterways.

MEASURE Navigation safety bylaws and a navigational safety officer are in place and provide guidance on the safe navigation of vessels within the region.

TARGET A navigation safety officer is employed to liaise with communities, user groups and organisations.

- ✓ **RESULT** The Navigational Safety Officer is employed and has undertaken work alongside community and user groups across the region.

Reducing flood risk.

MEASURE Environment Canterbury's infrastructure strategy outlines river management for the next 30 years and includes a schedule of river reviews to deliver strategy outcomes. The river review schedule is made publicly available.

TARGET River scheme reviews are completed as scheduled in the LTP (pages 105-107).

- ✓ **RESULT** Halswell/Hurutini Scheme Review has commenced but final delivery delayed due to Kaikōura earthquake response and pending flood modelling information from the Christchurch City Council. Findings will be presented to the Halswell River Rating District Liaison Committee in March 2018.

TARGET All completed river reviews result in 'small' works occurring one year after the review, 'medium' one to three years after review, and 'large' one to ten years after review.

- ✓ **RESULT** The new river management approach, developed by the March 2015 Lower Waitaki River Control Scheme Review, has been accepted by the rating district community and is being implemented successfully.

MEASURE Flood protection infrastructure is maintained against agreed levels of service in consultation with river rating district committees.

TARGET Construction of flood protection infrastructure will be completed following consultation with river rating committees and in accordance with the agreed capital expenditure programme.

- ✓ **RESULT** The flood protection capital expenditure programme for the year was under budget and fully met. Major projects included the Waimakariri Flood Protection Project (Year 7 of 10) and Waimakariri Eyre Cust Rating District upgrades.

TARGET Deferred maintenance does not adversely impact the achievement of service objectives in any River Management Plan.

- ✓ **RESULT** Maintenance for all 59 River and Drainage Schemes across the region is on target.

TARGET Following any significant hazard event, e.g. earthquake, flood, fire, and when safe to do so, engineering staff undertake prompt on-site assessments of river protection infrastructure at affected locations.

- ✓ **RESULT** After a significant event, engineering/flood hazard staff always undertake a prompt on-site assessment of affected locations. Kaikōura earthquake: Kowhai River stopbanks and Lyell Creek inspected immediately following earthquake and critical damage identified. Otematata flood event, January 2017: river inspected immediately following 1:100 year flood event and works programme scoped and implemented to reduce future risk.

MEASURE Flood prediction information and river flood warnings are provided to key agencies when agreed trigger levels are exceeded.

TARGET Police, Civil Defence Management, media, KiwiRail, New Zealand Transport Agency and territorial authorities will receive flood warnings in accordance with established flood protocols.

✓ **RESULT** There were six rainfall events in the 2016/17 year for which warning criteria was reached. Warnings were given as per protocol on website, phone, email and in person.

MEASURE Accurate region-wide warnings are issued in accordance with established flood protocols.

TARGET Flood warning protocols will be reviewed after each significant flood event.

✓ **RESULT** Debrief always held after significant flood event. Additional protocols added if necessary e.g. landslide dams, Clarence River following the Kaikōura Hurunui earthquakes. Changes made as required to phone contacts and threshold levels.

MEASURE Up-to-date and timely river flow, rainfall and flood warning advice is available through Environment Canterbury's website.

TARGET Appropriate flood warning advice is available on Environment Canterbury's website during flood events.

✓ **RESULT** There were six rainfall events in the 2016/17 year for which warning criteria was reached. These were all low level warning events, but flood warning information was still placed on the website. In addition to this a webpage an interactive map was created specific to landslide dams primarily to communicate risk of 10 'key dams' that were being monitored after the Kaikōura earthquake.

Sustainably manage the extraction of gravel from rivers.

MEASURE Environment Canterbury manages the sustainable extraction of gravel for flood management and erosion control purposes while protecting and enhancing environmental, cultural, social and economic values.

TARGET Extraction of gravel from rivers does not increase flood or erosion risk.

✓ **RESULT** Minimum bed levels have not been exceeded. Frequent visual inspections were carried out by river staff and levels monitored via ground survey and the LiDAR in accordance with the annual programme.

Environment Canterbury provides cost-effective and safe open-space leisure and recreation opportunities on Council-owned land.

MEASURE Implement a management plan for regional parks.

TARGET All plans are operative and implemented to agreed objectives.

✓ **RESULT** Eight Regional Park Plans are being progressively implemented. There are six for different sections of the Waimakariri River Regional Park (WRRP) with separate plans for Ashely Rakahuri Regional Park (ARRP) and Lake Tekapo Regional Park (LTRP). Highlights this year include the extension of cycle trails in the ARRP east of Rangiora with another 1.5 km of cycle trail added to the network at Mcleans Forest. All assets have been maintained.

MEASURE Restoration projects on wetland and lowland forests.

TARGET Restoration management will be applied to at least 140ha of wetland and lowland regenerating forest.

- ✓ **RESULT** Restoration work is ongoing under three restoration plans. In addition to contracted weeding at Sanctuary Wetland, Te Rauakaaka Nature Reserve and Poynters Nature Reserve, highlights of restoration included: 5400 New Zealand plants planted including 950 which were donated, assisted by volunteers from Forest and Bird, Ouruhia school and National Trade Academy (a local agricultural training provider) for a total of approximately 1400 hours. Forest and Bird donated 150 plants, 500 were received from the Belfast Rotary and 200 from the propagators at Riccarton bush.

MEASURE Management of Council ground lease and licences reflects best practice.

TARGET Leases are monitored and at least 95% of those due for renewal in this financial year comply with lease terms and conditions and regional rules while maintaining acceptable risk levels and market rentals.

- ✓ **RESULT** 40 Leases and licenses due for renewal/review were inspected in the last year along with a number of others in those same areas. At least 95% of these were compliant and not presenting unacceptable risk levels for any reason. These were mainly smaller rural sites throughout the region.

TARGET The land management plan remains operative.

- ✓ **RESULT** Policies for the Management of Environment Canterbury Lands along with other plans for more specified areas are used for the management of Council land. These were all prepared and approved by Council prior to 2011 and show the legal and policy framework governing the day-to-day management of leases and licenses and also the priorities used when making decisions on the use of this land.

TARGET 2016/17/18: All new leases will be managed in accordance with Environment Canterbury's Land Management Plan.

- ✓ **RESULT** All new leases and licences are prepared under the appropriate legislation and are managed under the relevant land management plans. Management priorities under the plans include the core functions of river control, drainage and soil conservation plus secondary priorities and objectives set out in the plans or identified as more recent issues. Biodiversity and land use are two issues gaining more profile in recent years.

TARGET Indigenous plant communities, including mahinga kai, are protected and enhanced.

- ✓ **RESULT** Conservation areas on reserves land have been set up and are added to annually as identified by Environment Canterbury's ecological staff. These sites are actively managed and controlled with lease conditions covering grazing and cultivation restrictions. The Ahuriri Lagoon was an important mahinga kai site in the past and is currently being prepared for wetland restoration work in conjunction with local iwi, landowners and Ngāi Tahu.

TARGET Ngāi Tahu sites are protected.

- ✓ **RESULT** Where Ngāi Tahu sites are identified on Council-administered land, and Council is advised of them, Council will partner with Ngāi Tahu to protect and maintain them. This is a part of our Tuia partnership with Ngāi Tahu where we work with them to achieve good outcomes. Staff are currently on working groups with Ngāi Tahu to reflect best practice in managing public lands so all the issues and values can be debated and taken into account. The two areas currently identified that are on Council-administered land are near Te Waihora and Ahuriri Lagoon, and we sit on working groups regarding their management with Ngāi Tahu.

Provide information about coastal hazards.

MEASURE Coastal areas susceptible to coastal erosion and sea water flooding identified and mapped.

TARGET A total of 100% of coastal erosion areas mapped.

✓ **RESULT** Areas of the Canterbury coastline that are identified as eroding have been continually monitored and mapped to identify where and to what extent coastal erosion occurs on the Canterbury coastline.

Maintain a regional marine oil spill response capability.

MEASURE Availability of a regional response capability that meets Maritime New Zealand's requirements.

TARGET Available at all times.

✓ **RESULT** Tier 2 Response Plan approved by Maritime New Zealand. Six qualified Regional On-Scene Commanders and qualified personnel within region. Regional On-Scene Commander on call 24/7.

Environment Canterbury is an active partner of the Canterbury CDEM group and provides for the support, information and administration needs of the group office.

MEASURE Environment Canterbury is a supportive partner within the Canterbury Civil Defence Emergency Management Group.

TARGET Participate fully as an active partner in achieving the objectives of the Group plan.

✓ **RESULT** Environment Canterbury participates fully as an active member of the Canterbury CDEM Group. Environment Canterbury staff attend regular meetings of the Group and participate in the Risk Reduction Group to help meet the objective of the Canterbury Civil Defence Emergency Management Group Plan.
The Civil Defence Emergency Management Act 2002 requires all members to fully support the achievement of the Group Plan once it has been signed off. The Plan is available on the Canterbury CDEM and Environment Canterbury websites.


TARGET All emergency events are responded to as required.

✓ **RESULT** The Emergency Coordination Centre (ECC) was activated once during this financial year, this was for the North Canterbury earthquake. Environment Canterbury provided staff to work in the ECC and to assist in staffing the Emergency Operation Centres in Kaikōura and Hurunui. Environment Canterbury provided scientists and engineers to help assess initial damage including monitoring the landslide dams. We also worked with central government to ensure full harbour access was restored as soon as possible. Environment Canterbury remains involved in the long term rebuild in Kaikōura and Hurunui, including remodelling groundwater levels, monitoring consents associated with the rebuild and working with research agencies to establish how the land moved and how it is likely to move in future.

Environment Canterbury reduces risk to human health and the environment from waste, hazardous substances and contaminated sites.

MEASURE Priority regional and national waste projects are supported in partnership with territorial authorities, industry and other agencies.

TARGET Two projects are co-ordinated across the region.



✓ **RESULT** NZ Rural Waste project has now completed Milestone 5, and the final milestone is now underway. This project aims to identify and promote options for disposal to minimise the amount of burning, burial and stockpiling of non-natural rural waste. The NZ Disaster Waste Management Guidelines Phase 2 has been completed. This will enable the creation of a template that territorial authorities can use to manage significant waste that might be generated as a result of a natural disaster.

TARGET Project milestones are achieved and signed off by funding partners (Ministry for the Environment).

✓ **RESULT** Rural Waste - all project milestones have been signed off by the Ministry.

TARGET 100% of all enquires on waste and hazardous substance from industry, other agencies and territorial authorities are responded to.

✓ **RESULT** All enquiries are responded to within two working days.

MEASURE Environment Canterbury undertakes investigations for the purposes of identifying and monitoring contaminated land.

TARGET Information on the Listed Land Use Register (LLUR) is up-to-date, and 100% of technical enquiries are responded to.

✓ **RESULT** All information is added to the LLUR within five days of receipt. All enquiries are responded to within two working days.

TARGET One joint contaminated land identification project is carried out with a territorial authority partner.

✓ **RESULT** Selwyn Hazardous Activities and Industries List (HAIL) identification project was successfully completed with support and assistance from Selwyn District Council. The information can now be used to inform landowners of potential risk, and to Selwyn District Council to implement the National Environment Standards for Soil.

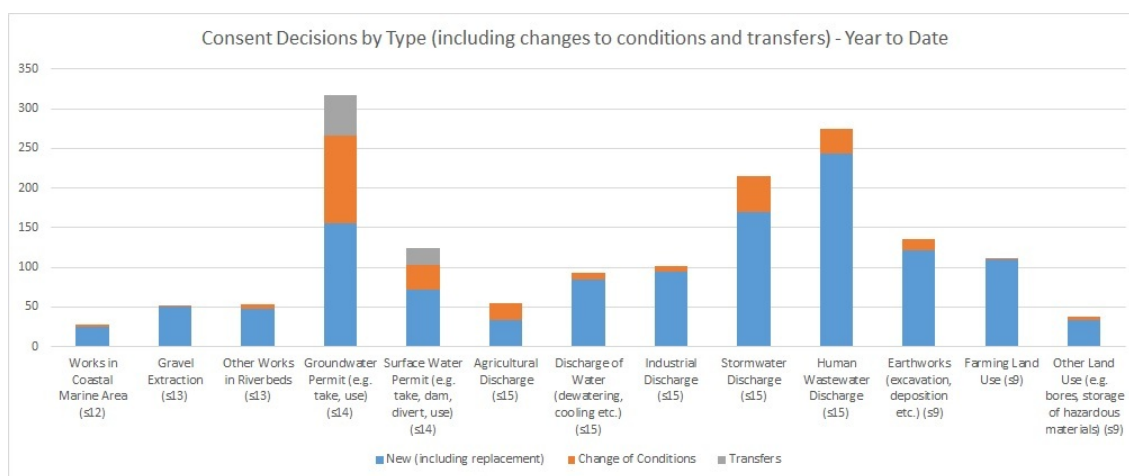
Planning, consents and compliance

Environment Canterbury provides a focused and responsive regional planning, consents and compliance framework that supports regional development and sustainable resource management. The portfolio of work includes regional planning, processing applications for consents, and compliance with plans and consents.

In 2016/17 in the Regional Planning programme we held hearings and released decisions on the Air Plan, Plan Change 5 of the LWRP and Plan Change 5 (Waitaki). The Air Plan aims to improve our air quality through managing air pollution from home heating, industry and other sources like outdoor burning, dust and odour. Plan Change 5 incorporates farming at Good Management Practice, and represents the regulatory part of the Upper and Lower Waitaki zone committees' recommendations to help achieve the community goals for freshwater management. More information on these plans and the work they cover is outlined in the relevant portfolio chapter of this Annual Report.


We have also continued the sub-regional planning processes for the Orari Temuka Opihi Pareora, Waimakariri and Hurunui Waiau Zones. We have continued to engage and assist with the Christchurch Replacement District Plan and to work alongside Hurunui, Waimakariri, Selwyn and Timaru District Councils to support the development of their district plans. More information is outlined in the Canterbury Water Management Strategy chapter of this Annual Report.

2016/17 was a busy year in the processing applications for consents programme, in particular due to the special focus on urgent earthquake-related consent processing such as for the state highway and coastal rail route as part of the rebuild efforts following the November 2017 earthquakes. The graph below shows the split of consent decisions by type:



Our approach to compliance recognises this is a shared responsibility and is based on achieving greater levels of self-audited management by landholders and industry, while at the same time providing the community with confidence that environmental standards and requirements are being met.

Given the volume of consents in Canterbury we are unable to monitor them all, every year. As a result we prioritise based on risk and community priorities. For example, we responded to community concerns about reports of stock in waterways by increasing our response and formalising this through agreed protocols. While our focus continues to be the long-term results we want from education and community awareness, we have increased enforcement activity and we are serving more infringement notices. Another example is the prioritisation of our auditing of dairy effluent consents, which will assist in the transition to 'whole of farm monitoring' through the Farm Environment Plan (FEP) process. Once all farms have audited FEPs it is envisaged that we will not be monitoring dairy effluent consents, unless we receive complaints, have ongoing significant non-compliances, or they get a C or D grade on the audit. Random sample checks may be performed to allow us to monitor high risk farms and significantly non-compliant farms more frequently and focus our resources on other high priority areas.



During 2016/17 over 8,000 inspections took place against 5,692 consents across the Canterbury region. Almost half of all inspections undertaken occurred in the Ashburton and Selwyn Waihora zones, with the majority looking at groundwater takes.

A snapshot of actions taken where action was found to be needed shows:

- 3 prosecutions initiated
- 5 prosecution charges
- 5 prosecutions resolved
- 171 abatement notices
- 37 infringement notices
- advice and education given to 695 consent holders.

During 2016/17 over 4,000 resource management incidents were reported across the Canterbury region. The majority of these related to discharges to air, followed by water – reflecting the community's priorities and the visibility of these activities.

Where action was necessary as a result of resource management incident monitoring, this is listed below:

- 8 prosecutions initiated
- 30 prosecution charges
- 4 prosecutions resolved
- 21 abatement notices
- 48 infringement notices
- 1 enforcement order
- 851 cases where advice/education was given.

Technology advances are making it more efficient to monitor more consents, for example approximately 85% of water consent holders now provide daily data to Environment Canterbury, with a 14.5% increase in 2016/17 from the previous year in the number of farms with telemetric water meters.

PERFORMANCE AGAINST LEVELS OF SERVICE TARGETS

Environment Canterbury's regional policy and plans serve the community in an efficient and timely manner in line with the planning timetable set out in the Long-Term Plan.

MEASURE A regional plan development timetable is established and maintained. The timetable is made publicly available.

TARGET Target dates for statutory plan public notification are met.

✓ **RESULT** A regional plan development timetable is in place and is publicly available. The target dates for plan public notification have been met. In the 2016/17 year Environment Canterbury has focused on the development of Sub-Regional Plan Changes in the Waimakariri and Orari, Temuka, Opihi and Pareora Zones. The current timetable signals notification of these in June 2018.

TARGET Statutory plans are supported by implementation plans covering consents, compliance and communication activities.

✓ **RESULT** All statutory plans have associated implementation plans that are either in place or in the process of being developed.

Environment Canterbury works collaboratively with the region's district and city councils in the review of their district plans.

MEASURE District and city plans are supported by Environment Canterbury and these plans give effect to regional policies.

TARGET Survey of territorial authorities regarding collaboration and support for review of district plans.

✓ **RESULT** All statutory plans have associated implementation plans that are either in place or in the process of being developed.

Information and support is provided to resource consent applicants and building control authority applicants (dams) to assist them in the delivery of high quality applications and information to ensure the efficient and timely processing of resource consents.

MEASURE Environment Canterbury is customer-focused, resource consent applicants clearly understand the quality of application they need to submit (due to pre-application advice and guidance), and there is a reduced need to request further information from applicants.

TARGET A reduction in the number of resource consent applications where further information is required (s92 requests) is achieved through pre-application meetings.

✗ **RESULT** There was not a reduction in section 92 requests as a result of pre-application meetings, this remained steady at 20 per cent. But there was a reduction in Council returning applications to applicants due to incompleteness (using section 88) following pre-application meetings, which is a better measure of whether pre-application advice and guidance is effective.

MEASURE The median total time for all resource consent applications received is 21 days.

TARGET A median of 21 days or less of total elapsed time is achieved.

✗ **RESULT** This target was revised during the year to 24 days.

Resource consents support the delivery and outcomes of regional plans and building control legislation.

MEASURE The percentage of resource consents consistent with the Resource Management Act 1991 requirements, including proposed and operative regional plan requirements and non-statutory strategies.

TARGET Achieve a score of 'very good' (being 90% or above) based on independent audit.

✓ **RESULT** Ninety five per cent (95%) of the applications have been processed satisfactorily or better (i.e. had an audit score >70). The overall median audit score was 93.5% ('very good'), continuing the trend of increasing overall median score year on year over the past six years. There has been a significant increase in the percentage of applications that scored 'excellent', up from 22.5% last year to 42.5% in the 2016/17 year. For the first year all of the five portfolios audited had either 'very good' or 'excellent' median results. In previous years at least one has been in the 'good' category.

Compliance and monitoring of natural and physical resources are aligned with Environment Canterbury's key priorities.

MEASURE All identified moderate and major non-compliance issues, and any consequent adverse effects, are resolved or in the process of being resolved.

TARGET All active moderate and major non-compliance issues are resolved or in the process of being resolved, i.e. an action plan has been developed, within the reporting year.

✓ **RESULT** Action plans have been completed or are in place for all major non-compliances (category D).

MEASURE An annual planning, consent and compliance implementation report is produced to support regional plan development and quarterly progress reporting.

TARGET Planning, consent and compliance reviews are completed and reported.

✓ **RESULT** Planning, consent and compliance reviews have been completed and reported.

MEASURE Each year ten catchment-based compliance work plans are discussed with CWMS zone committees.

TARGET Ten compliance work plans are discussed and an annual report is provided to zone committees.

✓ **RESULT** Ten compliance work plans were developed and agreed with zone committees.

Environment Canterbury's consent and compliance processes will ensure the safe and sustainable design and construction of dams and associated structures.

MEASURE Dams classified as medium or high potential impact have a registered Dam Safety Assurance Programme.

TARGET 100% of medium or high potential impact dams have registered a Dam Safety Assurance Programme.

✗ **RESULT** This target was not met due to the dam safety legislation being revoked. Environment Canterbury has developed guidelines but has no ability to enforce.

MEASURE Once a complying building consent application is lodged, decisions are made within the statutory 20 working days.

TARGET 100% compliant building consent applications are processed and granted within 20 working days.

✓ **RESULT** All building consent and code compliance certificate applications were processed within the statutory time period of 20 working days.



Transport, Greater Christchurch rebuild and urban development

Since the large 2010 and 2011 earthquakes, the regional rebuild has been a focus – with the Greater Christchurch rebuild being a specific area of focus for Environment Canterbury. In 2016 the council led the update of the Greater Christchurch Urban Development Strategy, and we are working with the Greater Christchurch Partnership to meet the requirements of the new National Policy Statement for Urban Development Capacity. Under the Greater Christchurch Regeneration Act 2016 we have collaborated with Regenerate Christchurch in the development of the draft Ōtākaro Avon River Corridor Regeneration Plan, and with Christchurch City Council on the Cranford Regeneration Plan.

We are partway through a review of the Regional Land Transport Plan and have developed a strategic work programme for the Canterbury Regional Transport Committee, which will support integrated transport planning across all modes. Canterbury is the secretariat to the recently established South Island Regional Transport Committee Chairs' Group, which aims to improve transport outcomes in the South Island through collaboration and combined advocacy.

As Christchurch regeneration activities take place they will continue to have an influence on public transport patronage levels in Greater Christchurch. However, social attractions, tourism and employment concentrations within the CBD are still well below pre-earthquake levels. As these return to the city centre it is anticipated that there will be a corresponding flow-on effect to bus patronage.

Reliability is another key factor in influencing customer choice of transport mode. The latter part of the financial year has seen a number of major road works completed in Christchurch city and this will in turn have a corresponding positive impact on the bus network performance.

As the city continues to regenerate, patronage decline has slowed during 2016/17, with three of the last six months showing positive growth. July to December 2016 showed a net decline of 2.5%, while January to July 2017 improved significantly with a net decline of only 0.6%. With employers starting to return to the CBD, this is likely to be a key driver of this shift. March 2017 produced the highest patronage figures for any given month post-earthquake, with 1.35 million customers benefiting from the service. The 2016/17 year has ended with a total patronage figure of 13.6 million representing a 1.6% decline in patronage on the 2015/16 year. The challenge remains to win back former customers and to attract new ones who have yet to experience the range of services on offer.

Customers who do take the bus, continue to say they are satisfied with the service, with the year again achieving 97% satisfied or better with the overall service experience.

The Greater Christchurch Public Transport Joint Committee has the governance responsibility for public transport in the region. Following local body elections in October 2016, new members of the Joint Committee have been collaboratively developing a common baseline understanding of the challenges and dynamics influencing public transport delivery and usage in the Greater Christchurch environment. The committee has responsibility for developing the long-term strategic future and delivery of public transport which will be articulated in the next update to the Regional Public Transport Plan due in early 2018. While the longer-term future is important, identifying opportunities to refine and improve current services over the next two years to support a turn-around in patronage, is also a key priority of the Joint Committee and work has been ongoing in the year under review.

We recognise that achieving the target of 20 million trips by 2020 is becoming increasingly difficult in the current climate. Linked to this is our target (mirrored in a national target) to meet 50% of the costs of providing services through fares. This currently stands at a little over 40% with the balance met by Environment Canterbury rates and New Zealand Transport Agency (NZTA) grants.

That said, the high frequency routes that provide the core of the current network are seeing solid patronage within Christchurch. The orange line in particular saw good growth, and three of the five routes achieved above the 50% contribution from fares.

We also provided public transport through the Timaru Metro network, through support to Community Vehicle Trusts and through the Total Mobility scheme that in many parts of the region provides a travel option for those unable to access our scheduled services.

In Timaru we saw a further decline in patronage. The continuing trend of private car ownership coupled with low fuel prices and short travel distances in Timaru remain a key influence on usage.

High levels of customer satisfaction from Total Mobility users remains a source of satisfaction. Community Vehicle Trusts continue to attract interest across the region with twelve currently in operation and we support communities to develop proposals where conditions do not suit a conventional public transport service.


Overall for the year, passenger numbers are down but passenger satisfaction remains very high.

PERFORMANCE AGAINST LEVELS OF SERVICE TARGETS

Deliver quality public transport services that meet the needs of the community and results in increased patronage.

MEASURE Provide quality public transport services that take people where they want to go.

TARGET 95% of passengers are satisfied or better with the overall service.

 **RESULT** 97% of customers were satisfied or above with the overall level of service.


MEASURE The number of passenger boardings per year in greater Christchurch and Timaru.

TARGET 20 million trips by 2020 and 35 million trips by 2030.

 **RESULT** 13.6 million trips for the financial year 2016/17.

MEASURE Proportion of total trips made by public transport in greater Christchurch.


TARGET 3% of total trips by 2020 and 5% of total trips by 2030.

 **RESULT** The 2013 census indicated journeys to work made by public bus was 3.2% of all trips made to work in Greater Christchurch however this excludes trips made at weekends and for other purposes that make up the count of total trips. Transport models indicate 2.3% of total weekday trips are made by public bus, which provides a more representative picture and this figure has remained static for a number of years. The target of 3% by 2020 remains an aspirational target, which if achieved through patronage growth would contribute to reduced traffic volumes and improved journey times for road users.

The most recent measurement against this target was 4% in 2014/15 as measured in the Ministry of Transport Household Travel Survey. From October 2015, the Ministry changed the survey method and is now continuously surveying people using GPS units and online forms. No results from this survey are available to date.

MEASURE Proportion of costs covered by passenger fares.

TARGET 50% cost recovery in Canterbury in 2020.

 **RESULT** The percentage of costs recovered from passenger fares for the 2016/17 year sits below the 2020 target of 50%, at 40.48%.

MEASURE Provide Total Mobility scheme for transport-disadvantaged people.

TARGET Less than 5% of registered Total Mobility passengers make a complaint to Environment Canterbury about the service they received.

✓ **RESULT** The percentage of passengers making a complaint was less than 1%.

MEASURE Number of communities who receive support from Environment Canterbury to establish Community Vehicle Trusts where conventional public transport services are not feasible.

TARGET 100% of all communities who approach Environment Canterbury regarding vehicle trusts are offered support.

✓ **RESULT** All communities who approached Environment Canterbury regarding vehicle trusts were supported.

Through the Regional Transport Committee produce, implement and review a Regional Land Transport Plan and provide strategic leadership for integrated transport planning across the region.

MEASURE Regional Land Transport Plans are produced every three years.

TARGET Deliver the Regional Land Transport Plans within timeframes.

✓ **RESULT** Statutory review of the Regional Land Transport Plan must be completed by 30 June 2018 and is progressing in accordance with agreed timeframes.

MEASURE Provision of administrative support to the Regional Transport Committee and associated working groups.

TARGET The Regional Transport Committee and associated working groups receive support at regular meetings.

✓ **RESULT** The Regional Transport Committee met twice following local government elections in 2017, and also held one workshop. Environment Canterbury provided secretariat support for all meetings, as well as meetings of associated working groups.

MEASURE Advocate for integrated transport solutions regionally.

TARGET Lead the development and implementation of a joint work programme for integrated regional transport.

✓ **RESULT** A joint work programme including statutory tasks as well as those agreed through the Canterbury Regional Economic Development Strategy was agreed and has commenced.

Support earthquake recovery and rebuild in greater Christchurch through the effective development, implementation and transitioning of recovery plans and programmes.
Support strategic partners by participation in any work and groups as required.

MEASURE Participate in future use of residential red zone processes.

TARGET Timely contribution to the future use of the red zone technical, working and steering groups as and when required.

✓ **RESULT** Environment Canterbury works closely with Regenerate Christchurch by providing technical and planning advice in the development of the Ōtākaro/Avon River Corridor Regeneration Plan.

Lead the review of the Greater Christchurch Urban Development Strategy.

MEASURE Canterbury Regional Council ratifies the update of the Greater Christchurch Urban Development Strategy as recommended by the Urban Development Strategy Implementation Committee.

TARGET By August 2016.

✓ **RESULT** The update of the Greater Christchurch Urban Development Strategy was ratified at the meeting of the Urban Development Strategy Implementation Committee on 8 July 2016 and published in August 2016.

MEASURE Canterbury Regional Council works with strategic partners to begin a review of the Greater Christchurch Urban Development Strategy with a vision agreed through community engagement.

TARGET Results of community engagement considered by June 2017.

✓ **RESULT** The initial focus for the review of the Greater Christchurch Urban Development Strategy has been collating data to give effect to the National Policy Statement - Urban Development Capacity, which will inform a review of the Urban Development Strategy.

Complete planning and consent monitoring associated with Whakaraupo/Lyttelton harbour catchment and the Lyttelton Port Recovery Plan.

MEASURE Implement the relevant actions arising from the Lyttelton Port Recovery Plan.

TARGET A Whakaraupo/Lyttelton Harbour Catchment Management Plan is under development with key stakeholders and partners.

✓ **RESULT** Work on the project continues through the Governance Group (Christchurch City Council, Environment Canterbury, Ngāti Wheke, Te Rūnanga o Ngāi Tahu and Lyttelton Port Company) and a Partners' Working Group (including membership from the Zone Committee and Community Board). Drafting of a Catchment Management Plan is underway using information from community workshops, recommendations on issues and actions from a Science Advisory Group, and advice from Ngāti Wheke. A draft Catchment Management Plan will be available in August 2017 for community input, with a final plan scheduled for launch in October 2017.

Regional leadership

Regional leadership is grounded in enduring relationships and collaborative agreements with Ngāi Tahu, the region's territorial authorities (the nine district councils and Christchurch City Council), key industry and community organisations. Our activity focuses on supporting achievement of sustainable development in the Canterbury region. The Local Government Act 2002, Resource Management Act 1991 and Ngāi Tahu Claims Settlement Act 1998 provide guidance, principles and requirements to meet these duties.

Regional opportunities continue to be identified, shaped and driven by key governance arrangements within the region. Within our Regional Leadership portfolio of work we run three programmes: Ngāi Tahu engagement (Tuia); Governance services; and Regional policy, data, strategy and community engagement.

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 relationships 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 believe the most effective way of delivering on these requirements is through our Tuia working relationship programme with the ten Papatipu Rūnanga of Canterbury and the tribal authority, Te Rūnanga o Ngāi Tahu. The Tuia programme forms an integral part of our work plan and in 2016/17 was one of three top-level priorities for delivery of work across the organisation.

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.


During the 2016/17 year, activity of significance included the formal signing of the Te Waihora Co-Governance agreement on 26 August 2016, and the engagement of a Cultural Advisor in the Selwyn Waihora zone team in early 2017 to assist with the implementation requirements of the Cultural Land Values Management Area. Discussions have also commenced in this year regarding roles within all water zones to assist with mahinga kai implementation of Farm Environment Plans, CWMS implementation and compliance work. The pilot role in the Selwyn Waihora zone has greatly assisted this.

A revised service level agreement for Tangata Whenua advice was signed with Mahaanui Kurataiao in September 2016 and the services are working well for consenting processes. Emphasis will now shift to growing and expanding service availability across wider Environment Canterbury functions. Establishing Tangata Whenua advisory services in South Canterbury continues to be a work in progress.

Te Rūnanga o Ngāi Tahu has agreed to engage to help drive the CWMS kaitiakitanga targets. Alongside meaningful engagement with Ngāi Tahu we continue to have close collaboration with councils, health boards, and other key organisations to provide cross-agency solutions to regional issues and a strong regional voice.

Regional opportunities continue to be identified, shaped and driven by the key governance arrangements within the region and ongoing relationships with both public and private sectors, environmental non-government organisations and community-based organisations.

Secretariat support is provided for the Mayoral Forum, the Chief Executives' Forum, and the Policy, Corporate and Operations Forums at the request of the region's councils. On behalf of the Mayoral Forum work was undertaken to refresh and relaunch the Canterbury Regional Economic Development Strategy (CREDS) for 2017-19. Work was also undertaken to partner with central government's Regional Growth Programme from May 2016, which secured a contribution of \$2.185 million for CREDS accelerator projects. The Mayoral Forum secretariat also completed the initial research and development of a 'Canterbury story', and a report on opportunities for Enable Networks and lines companies to work together to improve digital connectivity across the region.



Canterbury councils received a combined total of over \$2 million from the Regional Mid-Sized Tourism Facilities Grants Fund. Applications were supported by the Mayoral Forum and ongoing advocacy for central government support for tourism infrastructure.

The Mayoral Forum made eight regional submissions and wrote five advocacy letters on behalf of the region, the majority led by the secretariat and Environment Canterbury's policy team.

Work is currently underway to refresh the Canterbury Health in All Policies Partnerships approach with Christchurch City Council, Canterbury District Health Board and Environment Canterbury.

We continue to meet our responsibilities in accordance with legislative frameworks and our work and inter-organisational relationships are supported by high quality policy analysis and advice. Strong relationships at national level ensure that central government policy is shaped and influenced by Canterbury/regional perspectives.

We provide high quality data, information and advice both internally and to partner organisations to enable sound decision-making and the delivery of key work programmes. We are working to improve systems to gather, manage, analyse and make accessible relevant, fit-for-purpose environmental, social, economic and cultural data and information, and to increase community engagement with planning processes and the work of the organisation.

During the 2016/17 year, Environment Canterbury provided feedback to central government on several key policy issues, including: the *Local Government Act Amendment Bill*, the *Conservation and Environment Science Roadmap Discussion Document*, the *Better Urban Planning Draft Report*, the *Proposed Amendments to the NES for Contaminants in Soils*, the *Block Offer 2017*, the *Hurunui/Kaikōura Earthquakes Recovery* legislation, and the *Clean Water 2017* consultation (*National Policy Statement for Freshwater Management*). Environment Canterbury also coordinated responses to *Clean Water 2017* from the Mayoral Forum.

The national dedicated swimming water quality module for all regional council monitored river, lake and coastal swimming sites was built feeding through our data to the www.lawa.org.nz site (Land, Air, Water Aotearoa).

The LAWA site also now receives air quality regional summaries for particulate matter (PM₁₀) from the Canterbury airsheds.

In addition to the data reporting through to LAWA, we launched an updated and refreshed Environment Canterbury website (www.ecan.govt.nz) to make environmental monitoring data and information readily accessible to the public, including quick access to the frequently requested monitoring data for rainfall, river flows, air quality, and coastal wave data.


In 2016/17 a new Youth Engagement work programme was developed and in-school resources reviewed and updated to ensure we can continue to connect youth and education communities with the kaupapa of Environment Canterbury through engagement with schools and other groups, and through our continued support for Enviroschools. The Youth Engagement team also contributed to the Draft National Strategy for Environmental Education for Sustainability.

PERFORMANCE AGAINST LEVELS OF SERVICE TARGETS

A programme of relationship and engagement agreements is developed and maintained with councils, government agencies, key industry groups and non-government organisations.


MEASURE Relationships and agreements are maintained with the Canterbury District Health Board, and at least two formal industry or non-government organisation agreements, and members of these organisations are satisfied with the relationship and outcomes achieved with Environment Canterbury.

TARGET A total of 75% of survey respondents rate the relationship as good or very good (on scale of very poor, poor, fair, good and very good). By 2017 - 80%.

 **RESULT** Not measured in the 2016/17 year. The full stakeholder satisfaction survey is not carried out every year. However the previous year's result showed that 85% of the survey respondents rated the relationship as good or very good, meeting the 2017 target of 80% one year early.

MEASURE Environment Canterbury commits to and supports the Mayoral Forum, Chief Executives Forum and Canterbury Policy Forum.


TARGET Environment Canterbury supports or is asked to lead at least one regionally significant policy or strategic matter each year.

 **RESULT** Environment Canterbury has provided secretariat and executive support to regional forums, and to the development and implementation of the Canterbury Regional Economic Development Strategy (CREDS). The CREDS 2017–19 was launched on 23 June 2017. Staff have also supported preparation of regional submissions and Mayoral Forum advocacy to central government and other key stakeholders on matters of concern to the region.


Environment Canterbury collects, maintains and shares quality assured data and information, and uses this to inform policy development and implementation and to support regional sustainable development.

MEASURE State of the Environment reporting information is published annually on four environmental domains: air, coastal, biodiversity/ecosystem health, and water.

TARGET State of the Environment reporting data and information is readily accessible through the Environment Canterbury website for CWMS zones and Canterbury airsheds.

 **RESULT** An updated and refreshed Environment Canterbury website (www.ecan.govt.nz) makes environmental monitoring data and information readily accessible to the public, including quick access to the frequently requested monitoring data for rainfall, river flows, air quality, and coastal wave data. Environment Canterbury's new 'story map' style environmental reporting for CWMS zones is built for biodiversity ecosystem health - water and coastal to follow. Environment Canterbury data is regularly supplied to and updated on LAWA (www.lawa.org.nz), the national state of the environment reporting website. This year, the new LAWA 'Can I swim here?' module was built (<https://www.lawa.org.nz/explore-data/swimming/module>), and all annual data updates completed for regional reporting on the state of air quality and freshwater quality and quantity.

TARGET State of the Environment reporting is published each year in accordance with Ministry for the Environment frameworks.

 **RESULT** Environment Canterbury data was made available and used in the Ministry for the Environment's 2016-17 national state of the environment reports. Environment Canterbury reporting, including on LAWA, uses the internationally (and MfE/ Statistics NZ) agreed Driving forces-Pressure-State-Impact-Response framework, nationally (and scientifically) agreed indicators and monitoring and reporting standards.

MEASURE Environment Canterbury's strategic long-term planning, policy, decision-making, implementation and reporting are improved via integrated information and data management systems to bring together environmental, consents, organisational and other information to support outcomes-focused reporting.

TARGET A data governance framework is operational across the organisation by September 2016.

- ✓ **RESULT** After a review of available tools, Environment Canterbury has selected the Microsoft Power BI reporting tool to use as a self-reporting option. Areas already gaining insight and value from the use of this tool include Consents, Compliance, Pollution Events, Human Resources and Finance. MS Power BI will continue to be rolled out across other relevant business areas throughout the coming year.

Environment Canterbury meets legislative reporting and compliance obligations through the Long-Term Plan, Annual Plans and Annual Reports, and provides accessible, easily-understood reports to the community of our activities, plans and management of resources (environmental, financial and other resources).

MEASURE The Long-Term Plans, Annual Plans and Annual Reports are completed within statutory timeframes, with effective engagement with the community, Environment Canterbury's partners and relevant groups and agencies.

TARGET All statutory planning requirements and financial reporting standards are met.

- ✓ **RESULT** All planning requirements and financial reporting standards were met for 2016/17.

TARGET Year 3 Long-Term Plan budgets and work programmes are reviewed, proposed change considered and community engagement decided and communicated.

- ✓ **RESULT** The work programme and budgets were reviewed and presented in an Annual Plan for 2017/18 which included proposing a few minor changes to Year 3 of the Long-Term Plan. The Council's engagement included: an invitation to the regional community, via the 'Living Here' publication, to participate in a feedback process over one month during March and April; scheduled Councillor meetings with key groups and organisations that have a working interest in the Council's activities; Councillor consideration of feedback as part of the process of deciding the 2017/18 Annual Plan. The Annual Plan 2017/18 was adopted on 29 June 2017.

Environment Canterbury maintains a strategic long-term policy focus to ensure that planning, policy and decision-making, and advice and submissions on central Government policy and legislative changes, are well-informed, purposefully directed and outcomes-focused.

MEASURE Environment Canterbury's policy advice is independently assessed each year by NZIER.

TARGET Environment Canterbury's policy advice meets NZIER's good practice standards with scores on average 6.75 or better.

- ✓ **RESULT** 10 papers were sent to NZIER for review in July 2016. The average score of papers reviewed by NZIER in 2016 was 7.0.

Governance, co-governance and working relationship arrangements are in place with nga Rūnanga and Te Rūnanga o Ngāi Tahu .

MEASURE At least quarterly governance meetings are held with Rūnanga chairs and Te Rūnanga, with an agreed work plan in place.

TARGET Governance agreements and work plans are in place and reviewed annually.

- ✓ **RESULT** Te Rōpū Tuia meeting, Rūnanga Chairs and quarterly meetings with Te Rūnanga o Ngāi Tahu have been held. The Tuia work programme has been regularly reported to the above forums and to Council on a monthly basis.

MEASURE A regular working group forum is held with mandated nga Rūnanga members to improve engagement at an operational level, including recommendations to the governance group.

TARGET All required meetings have been held and issues arising have been responded to.

RESULT Regular Te Paiherenga meetings held with Papatipu Rūnanga advisory members and meeting notes circulated to Te Rōpū Tuia Governance forum.

MEASURE Co-governance protocols are established, monitored and evaluated.

TARGET Each year, two new work programmes have co-governance protocols in operation.

✓ **RESULT** The opening of Te Waihora to the sea is a joint Ngāi Tahu and Environment Canterbury work programme and the approach to lake opening procedures has been clarified and progressed across the year and this has been written up into a formal protocol. Guidelines for engagement on the processing of resource consents have been developed and trialled so that work to formalise these processes in a protocol can now progress.

Environment Canterbury supports Ngāi Tahu to fulfil their role and responsibilities as tangata whenua and kaitiaki.

MEASURE Ngāi Tahu members working with Environment Canterbury on behalf of their Papatipu Rūnanga and/or Te Rūnanga are satisfied with the Tuia programme.

TARGET A total of 75% of survey respondents rate the relationship as good or very good (on a scale of very poor, poor, fair, good and very good). By 2017 - 80%.

✓ **RESULT** The Tuia programme is integrated across the organisation. In 2017 Ngāi Tahu members were asked about their level of satisfaction in their dealings with 10 specific sections of Environment Canterbury, rather than the Tuia programme in general. They were asked to rate it as excellent, very good, average, or poor. This provides more detailed feedback and will allow more targeted follow up. For 2017 the category of excellent was added (i.e. better than very good) and 32% of responses rated Environment Canterbury as excellent. 95% of responses rated satisfaction across 10 sections of the organisation as excellent, very good, or average.

MEASURE Service level agreements are in place with each Rūnanga through their advisory service business.


TARGET Each year at least two new sections of Environment Canterbury are contracting advice from Rūnanga advisory services.

✓ **RESULT** Planning, compliance, river engineering, parks, consents and strategy sections have all commissioned work from tangata whenua advisory entities over the past year.

The Tuia programme and ethic is integrated and fostered through all Environment Canterbury activities and work programmes.

MEASURE Staff feel confident and capable in their dealings and relationships with Ngāi Tahu.

TARGET A total of 75% of staff respondents are confident in their relationship with Ngāi Tahu. By 2017 - 80%.



✓ **RESULT** In the annual staff survey staff were asked how confident they are in their relationship with Ngāi Tahu. 95% staff reported that they are confident in their knowledge of tikanga and 80% reported confidence to engage when fulfilling their role.

MEASURE Work programmes explicitly provide for the Tuia relationship.

TARGET Service Level Agreements and/or Tuia staff are providing necessary advice to work programmes.

✓ **RESULT** There has been a steady increase in the number of sections at Environment Canterbury seeking tangata whenua advice. The creation of Tuia Development Plans for each section has also increased the visibility of the integration of Tuia into work activities of each section.

Independent Auditor's Report

To the readers of Canterbury Regional Council's annual report for the year ended 30 June 2017

The Auditor-General is the auditor of Canterbury Regional Council (the Regional Council). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to report on the information in the Regional Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

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

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

We completed our work on 19 October 2017. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 49 to 76:
 - present fairly, in all material respects:
 - the Regional Council's financial position as at 30 June 2017;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards; and
- the funding impact statement on pages 86 and 94, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan;
- the Statement of Portfolio Performance on pages 5 to 40:
 - presents fairly, in all material respects, the Regional Council's levels of service for each group of activities for the year ended 30 June 2017, including:

- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 86 to 94, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's long-term plan; and
- the funding impact statement for each group of activities on pages 86 to 94, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long-term plan.

Report on the disclosure requirements

We report that the Regional Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 55 to 94, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council's audited information and, where applicable, the Regional Council's long-term plan and annual plans.

Basis for opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

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

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Statement of Portfolio Performance, as a reasonable basis for assessing the levels of service achieved and reported by the Regional Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant

doubt on the Regional Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Regional 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.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 4 and pages 46 to 48, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

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 Regional Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit and our report on the disclosure requirements, we have completed an agreed-upon procedures engagement and reported on the Regional Council's annual reporting certificate to the debenture trustee. These engagements are compatible with those independence requirements.

Other than the audit and our report on the disclosure requirements 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

FINANCIAL INFORMATION

Financial commentary

STATEMENT OF COMPLIANCE

The Council and management of Environment Canterbury confirm that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with. The Council and management of Environment Canterbury accept responsibility for the preparation of the annual financial statements and the judgements used in them, and for 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 Council and management of Environment Canterbury, the annual financial statements for the year ended 30 June 2017 fairly reflect the financial position and results of operations and service performance achievements of Environment Canterbury.

Steve Lowndes

Bill Bayfield

Acting Chairman

Chief Executive

19 October 2017

OVERVIEW

Environment Canterbury's staff and councillors worked hard to achieve the key objectives of sustainable development for the region – of advancing freshwater management, reducing air pollution in vulnerable towns and cities, improving public transport so more people will take the bus, supporting earthquake recovery, and ensuring the right land-use planning to protect and enhance the ecosystems and natural habitats of our towns and rural areas. At the same time, we kept a close eye on our expenditure.

We are pleased to report that Environment Canterbury performed well against the 2016/17 Annual Plan (AP) targets and budgets. The operating deficit before tax of \$108,000 reflects a lower than planned use of reserves held for specific purposes.

The revaluation of our flood protection and control works, and forests are reflected in the total comprehensive income deficit of \$189.3 million. The decrease in the value of these assets held by Environment Canterbury was due to lower material costs. It is not an increase in revenue, or in cash, it is purely an adjustment to the asset values.

The significant differences to our operating budget related to lower than budgeted public transport fare revenue, which was matched by a lower cost of providing the bus network. The cost of providing the service was less than expected due to lower fuel cost and lower indexation (inflation) compared to the assumption in our Long-Term Plan (LTP).

EXPENDITURE

Environment Canterbury aims to operate a balanced budget, where operating expenditure is covered by operating revenue. Operating expenditure is based on levels of service agreed with the community as part of the Long-Term Plan 2015-25 and subsequently updated during the 2016/17 Annual Plan. Expenditure budgets are set based on the expected cost to deliver these agreed levels of service to the community.

In 2016/17 Environment Canterbury spent \$163.2 million delivering these services. Further details on portfolio levels of service and expenditure are provided in the portfolio performance section from page 5.

Our largest area of expenditure is the provision of public passenger transport (Metro) to Christchurch and Timaru. We also continue to invest in delivering on our strategic priorities including:

- Progressing the Canterbury Water Management Strategy
- Building a productive partnership with Ngāi Tahu to achieve sustainable environmental outcomes including effective iwi participation in decision making around the management of natural resources
- Assisting wherever possible with the recovery after the Canterbury earthquakes of 2010, 2011 and 2016.

SOURCES OF INCOME

Where possible, expenditure is fully or partially funded by those who directly benefit from that expenditure through user pays (such as bus fares for those using the Metro bus service) or if a project has national benefits through central government grants. Expenditure not funded by grants and user pays income, is funded through general rates, targeted rates or use of reserves.

In 2016/17 Environment Canterbury received \$163.1 million from the following sources:

- Targeted rates – 37% of income
- Fees, charges and other revenue – 23% of income
- General rates – 20% of income
- Subsidies and grants – 20% of income

For every \$100,000 of capital value, the owner of a property in the Canterbury region paid an average of \$18.57 in general rates to Environment Canterbury. So for a property with a ratable value of \$500,000 we would have collected \$92.85 general rates. Environment Canterbury collects general rates for activities which benefit the region as a whole. A summary of rating statistics over time is detailed in the table below:

ENVIRONMENT CANTERBURY FINANCIAL STATISTICS

	2017	2016	2015	2014	2013
Proportion of rates to total income (%)	57%	59%	52%	54%	52%
General rate per \$100,000 capital value (\$) GST included	\$18.57	\$18.66	\$21.53	\$35.10	\$33.78
Total public debt as a percentage of total assets	2.61%	2.17%	0.20%	0.40%	0.90%

TOTAL COMPREHENSIVE REVENUE AND EXPENSE

Total Comprehensive Revenue and Expense for 2016/17 was (-\$189.3 million). Total Comprehensive Revenue and Expense comprises the Surplus/Deficit after taxation plus Other Comprehensive Revenue and Expense. Other Comprehensive Revenue and Expense includes items not recognised in the financial surplus, such as revaluation of assets. Total Comprehensive Revenue and Expense provides an all-inclusive view of Environment Canterbury's changes in equity.

The deficit after taxation is \$119,000. This is the difference between our Revenue and Expenditure for the 2016/17 financial year. These funds form part of the closing reserve balance.

ASSETS

Environment Canterbury manages \$916.5 million of long-term assets and \$41.4 million of current assets. The value of assets held is \$193.2 million lower than the prior year. The value of long term assets has decreased due to the revaluation of our flood protection works, which are valued at \$509 million and remain our most significant asset. Environment Canterbury also has a significant amount of restricted land reserves totalling \$313 million. Many of these reserves are in or near floodplains and include the beds of the Ashley, Rakaia and Waimakariri rivers, vested in Environment Canterbury for the purposes of managing flood protection for the region. For more detail on Environment Canterbury's assets, refer to note 10 of the financial statements.

DEBT

With total debt of \$25 million, public debt per capita equates to approximately \$41.67 for every person in Canterbury. External debt is used to fund projects where there is a long-term benefit which would otherwise have to be funded by the current generation of ratepayers. Where possible and prudent, Environment Canterbury will fund internally from reserves before borrowing externally.

As a public body, Environment Canterbury has access to low cost borrowing, which we have taken advantage of with \$25 million borrowed from the NZ Local Government Funding Agency in order to maintain our cash reserves in line with policy.

At the end of the 2016/17 financial year, total liabilities are \$50.3 million, this is \$3.9 million lower than the prior year and is primarily due to lower payables at year end.

Environment Canterbury's financial strategy sets limits around debt and interest rate levels along with performance targets for investments. The financial strategy is outlined in Environment Canterbury's Long-Term Plan 2015-25. The aim is to achieve efficient and effective regional governance by prudently managing finances in a manner that protects the public's investment and minimises the exposure to risk. Environment Canterbury has complied with its financial strategy in 2016/17.

EQUITY – YOUR INVESTMENT IN ENVIRONMENT CANTERBURY

The equity figure of \$907 million in the statement of financial position represents the net assets of Environment Canterbury.

Equity is further classified into various reserves, representing funds collected with a specific purpose—see note 15 for full details of Environment Canterbury's reserves. Reserves that are held for specific purposes help to smooth costs in those activities over time.

Equity has decreased this year by \$189 million, with most of the decrease relating to the revaluation of assets.

FINANCIAL INFORMATION

The financial information contained in this Annual Report has been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and present fairly, in all material aspects the activities of Environment Canterbury during the year and its financial position at the end of the year.

KATHERINE HARBROW

Chief Financial Officer, B.Com CA



Statement of accounting policies

REPORTING ENTITY

Environment Canterbury is a regional local authority governed by the Local Government Act 2002; it is domiciled and operates in New Zealand.

Environment Canterbury has designated itself as a Public Benefit Entity for financial reporting purposes. The primary objective of a Public Benefit Entity is to provide goods and services for regional or social benefit, rather than for making a financial return.

Environment Canterbury's principal activity is the provision of local authority services, including: air quality, biodiversity and biosecurity, Canterbury Water Management Strategy, coastal environment, consents and compliance, emergency management, flood protection and control, land, natural hazards, navigation safety, public passenger and regional transport, regional leadership, and waste, hazardous substances and contaminated sites.

We work with people all over Canterbury to manage the region's water, land and air, and to deliver public transport.

The financial statements of Environment Canterbury are for the year ended 30 June 2017. Council authorised the financial statements for issue on 19 October 2017.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of Compliance

The financial statements of Environment Canterbury have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements 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 financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

MEASUREMENT BASE

The financial statements are prepared using a measurement base of historical cost modified by the revaluation of certain assets as set out in the specific accounting policies below.


SPECIFIC ACCOUNTING POLICIES

The following accounting policies, which materially affect the measurement of results and financial position, have been applied:

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. The recognition criteria for specific revenue items is described below:

- Rates revenue is recognised when levied. General rates and targeted rates are non-exchange transactions.
- Grants are recognised when any conditions are complied with. Grants are non-exchange transactions.



- New Zealand Transport Agency passenger services subsidies are recognised upon entitlement. These subsidies and grants are non-exchange transactions.

- Interest revenue is measured at amortised cost and recognised using the effective interest method. Interest is an exchange transaction.

Taxation

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

Goods and Services Tax

The financial statements have been prepared exclusive of GST with the exception of receivables and payables, which are stated with GST included. The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net amount of GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cashflow in the statement of cashflows. Commitments and contingencies are disclosed exclusive of GST.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Environment Canterbury's financial assets include: cash, receivables, accruals, and investments.

Environment Canterbury's financial liabilities include: payables and borrowings.

Cash

Cash includes cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

Receivables may include both current and long-term amounts due and are stated at cost less any provision for impairment.

Clean Heat loans ceased to be issued after 2012 and were issued with a nil interest rate. After initial recognition, the Clean Heat loans are measured at amortised cost using the effective interest rate method. Gains or losses on impairment of the asset are recognised in the statement of comprehensive revenue and expense.

A provision for impairment is established when there is evidence that Environment Canterbury will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the amounts expected to be collected.

Investments

Investments include cash and fixed income investments in bank and are initially measured at the amount invested. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and net realisable value.

Property, plant and equipment

Property, plant and equipment consist of operational assets, infrastructural assets, and restricted assets.

(a) Operational assets - These include land, buildings, computer equipment, plant and equipment, motor vehicles and furniture and fittings.

(b) Infrastructural assets - Infrastructural assets consist of flood protection and control works (i.e. river control works and land drainage schemes), forests (which are planted with the primary objective of river and erosion control) and wells.

(c) Restricted assets - Restricted assets are reserves owned by Environment Canterbury that provide a benefit or service to the community, which cannot be disposed of because of legal or other restrictions. Environment Canterbury receives lease rental revenue from its reserve land under leases granted to third parties. Environment Canterbury classifies all of its reserve land as property, plant and equipment.

Land (operational and restricted) is measured at fair value, and buildings and infrastructural assets are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Additions and other subsequent costs

The initial or subsequent cost of an item of property, plant and equipment is recognised as an asset only if it is probable that future economic benefits or service potential associated with the item will flow to Environment Canterbury and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired in a non-exchange transaction for nil or for a nominal consideration, the asset is initially recognised at fair value.

Work in progress is recognised at cost less impairment and is not depreciated.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves, in respect of those assets, are transferred to retained earnings.

Revaluation

Asset classes that are revalued, are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. The valuation cycle for revalued asset classes is normally three years.

Environment Canterbury accounts for revaluations of property, plant and equipment on a class-of-asset basis. The results of revaluing are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense, but the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then other comprehensive revenue and expense.

Depreciation

Depreciation is provided on a straight-line basis at rates which will write-off the cost or valuation of the assets to their estimated residual values over their useful lives.

Land and forests are not depreciated. Depreciation is also not provided for components of river control works and land drainage schemes (excludes culverts, floodgates, tracks and fences). An asset management plan has been prepared for these schemes and, in the absence of significant flood events, they are not considered to deteriorate. Environment Canterbury expenses as maintenance all repairs, and capitalises additions, which increase the service potential of the assets.

The useful lives, residual value and associated depreciation rates of Environment Canterbury's assets have been estimated as follows:

ENVIRONMENT CANTERBURY'S ASSETS' ESTIMATED USEFUL LIFE

Asset Category	Estimated useful life (years)	Residual value (%)	% of cost depreciated annually
Fixed assets:			
Buildings: structure	5-100	1	1-20
Buildings: fit-out	5-20	1	5-20
Motor vehicles	3-10	22-40	6-20
Furniture & fittings	10	1	10
Computer equipment	4-7	1	14-25
Plant & equipment	4-10	1-30	8-20
Infrastructural assets:			
Culverts & floodgates	25-80	-	1.25-4
Tracks & fences	50-75	-	1.33-2
Wells	33	-	3

Intangible assets

Environment Canterbury's intangible assets are primarily the costs associated with acquiring software. Acquired software licenses are capitalised on the basis of the costs incurred to bring into use the specific software.

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated in the table below:

ENVIRONMENT CANTERBURY'S INTANGIBLE ASSETS

Asset Category	Estimated useful life (years)	Residual value (%)	% of cost depreciated annually
Computer software	3-8	33	8-22

Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.



Emission Trading Scheme units have an indefinite life as they are not being amortised.

The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use. Value in use is determined using depreciated replacement cost.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards of ownership. Assets acquired by way of finance lease are stated initially at an amount equal to the present value of the minimum lease payments, and are depreciated over the period that Environment Canterbury is expected to benefit from their use.

Operating lease

An operating lease is a lease that does not transfer to the lessee substantially all the risks and rewards of ownership. Payments are representative of the pattern of benefits derived from the leased assets and, accordingly, are charged to the surplus or deficit in the periods of expected benefit.

Borrowing costs are recognised as an expense in the period in which they are incurred.

Accounts payable

Short-term payables are recorded at their face value.

Employee entitlements

Annual, sick, long service and retirement leave and time-in-lieu entitlements estimated to be payable to employees are accounted for on the basis of statutory and contractual requirements as employees become entitled to them.

Liability for sick leave is measured as the amount of unused entitlement accumulated at balance date that the Council anticipates employees will use in future periods in excess of the days to which they are entitled.

Provisions

Environment Canterbury recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, and it is probable that expenditure will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Equity

Equity is the community's interest in Environment Canterbury and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into: retained earnings, restricted reserves and asset revaluation reserves.

Reserves may be legally restricted or created by Environment Canterbury. Legally restricted reserves are those subject to specific conditions accepted as binding by Environment Canterbury and which may not be revised by Environment Canterbury without reference to the Court or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Created restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Budget figures

The budget figures in the financial statements are those approved by Environment Canterbury as part of the annual planning process. Council has approved no additional expenditure outside the 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 accounting estimates and assumptions

The financial statements are prepared using estimates and assumptions concerning the future and may differ from the subsequent actual results.

Estimates and assumptions are continually reviewed and are believed to be reasonable under the circumstances.

There are no estimates or assumptions that are likely to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

Grants received

Environment Canterbury must exercise judgement when recognising grant revenue to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

Standards issued and not yet effective, and not early adopted

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

- *Interests in other entities* (PBE IPSAS 34-38), which becomes effective for annual periods beginning on or after 1 January 2019.
- *Financial Instruments* (PBE IFRS 9), which becomes effective for annual periods beginning on or after 1 January 2021.

The Council has not yet assessed the effects of these new standards.

Financial statements

Statement of comprehensive revenue and expense (\$'000's)

	Note	Actual 2016/17	Annual Plan 2016/17	Actual 2015/16
Revenue				
General rates	2	32,639	32,118	31,707
Targeted rates	2	60,744	59,790	59,718
Subsidies and grants	3	32,570	29,929	27,403
Fees and charges		32,259	34,889	31,603
Interest revenue		712	716	1,355
Other revenue		3,637	-	3,134
Other gains	3	554	-	565
Total operating revenue	1	163,115	157,443	155,485
Expenditure				
Personnel costs	4	43,443	43,733	42,068
Depreciation and amortisation expense	4	6,095	6,408	3,961
Finance costs	4	1,059	1,257	1,016
Other expenses		112,627	108,876	111,736
Total operating expenditure	1,4	163,224	160,275	158,781
Surplus/(deficit) before tax		(108)	(2,832)	(3,296)
Tax (expense)/benefit net of loss offset	5	(11)	-	(6)
Surplus/(deficit) after tax		(119)	(2,832)	(3,302)
Other comprehensive revenue and expense				
Financial assets at fair value	15	83	-	72
Revaluation of assets	10,11	(189,312)	-	134,364
Total other comprehensive revenue and expense		(189,229)	-	134,436
Total comprehensive revenue and expense		(189,348)	(2,832)	131,134

The accompanying notes form part of these financial statements.

As part of monthly management reporting, which is provided to the Council, a portfolio surplus of \$0.8 million (2016 \$3.2 million) was reported (see *Financial Health report to the Performance, Audit and Risk Committee for year ending June 2017*). This result excluded income from insurance, the revaluation of assets, business unit results and late adjustments that are included in Comprehensive revenue and expense of -\$189.3 million (2016 \$131.1 million).

Major variances to budget are explained in Appendix 1 - Funding Impact Statements.

Council does not receive any income from development and financial contributions.

Statement of changes in net assets/equity (\$'000's)

	Note	Actual 2016/17	Annual Plan 2016/17	Actual 2015/16
Equity at the beginning of the year	15	1,096,970	970,764	965,836
Total comprehensive revenue and expense		(189,348)	(2,832)	131,134
Equity at the end of the year		907,622	967,932	1,096,970

The accompanying notes form part of these financial statements.

Statement of financial position (\$'000)

	Note	Actual 2016/17	Annual Plan 2016/17	Actual 2015/16
Current Assets				
Cash		9,670	7,310	13,589
Investments	6	13,000	5,500	16,000
Receivables and accruals	7	16,247	20,964	14,304
Current portion of clean heat and energy efficiency loans	8	553	727	685
Inventories		611	649	975
Land and buildings held for sale	10	1,292	-	-
Total current assets		41,373	35,150	45,553
Non current assets				
Investments (other financial assets)	6	966	475	889
Receivables and accruals	7	415	-	-
Non current portion of clean heat loans	8	1,085	886	1,752
Tax asset	5	-	-	15
Property plant & equipment	10	905,930	980,376	1,095,152
Intangible assets	11	8,155	4,371	7,842
Total non current assets		916,551	986,108	1,105,649
Total assets		957,924	1,021,258	1,151,202
Current liabilities				
Accounts payable and accruals	12	16,930	18,833	20,171
Provisions (including employee benefits)	13	3,129	3,167	3,056
Current portion of lease liabilities	14,17	268	-	184
Current portion of loans	14	-	522	-
Tax liability	5	4	-	-
Total current liabilities		20,331	22,522	23,411
Non-current liabilities				
Payables and deferred revenue	12, 14, 17	4,971	5,803	5,821
Borrowings and other financial liabilities	14	25,000	25,000	25,000
Total non-current liabilities		29,971	30,803	30,821
Total liabilities		50,302	53,325	54,232
Net assets		907,622	967,932	1,096,970
Equity		907,622	967,932	1,096,970

The accompanying notes form part of these financial statements.

Cash flow statement (\$'000)

	Note	Actual 2016/17	Annual Plan 2016/17	Actual 2015/16
Cash flows from operating activities:				
Cash provided from:				
Rates		92,882	92,139	93,049
Grants		31,840	30,125	31,121
Interest received		578	716	802
Recoveries/miscellaneous income		35,050	32,611	34,100
		160,350	155,591	159,072
Cash applied to:				
Payment of interest on loans		1,059	1,257	1,016
Payments to suppliers and employees		158,709	150,017	146,080
Goods and services tax (net)		169		127
		159,937	151,274	147,223
Net cash flow from operating activities	16	413	4,317	11,849
Cash flows from investing activities				
Cash provided from:				
Insurance proceeds for fixed assets		-	8,850	165
Sale of fixed assets		153	-	180
Sale of land held for sale		-	-	95
Clean heat loans repaid		933	866	1,125
		1,086	9,716	1,565
Cash applied to:				
Purchase of fixed and intangible assets		8,585	15,809	39,645
Purchase of investments		(3,083)	-	(6,572)
		5,502	15,809	33,073
Net cash flow from investing activities		(4,416)	(6,093)	(31,508)
Cash flows from financing activities				
Cash provided from:				
Loans raised		-	2,158	25,000
		-	2,158	25,000
Cash applied to:				
Repayment of principal on loans		-	-	2,000
Clean heat finance repaid		(84)	-	(37)
		(84)	-	1,963
Net cash flow from financing activities		84	2,158	23,037
Movement in cash				
Net increase / (decrease) in cash held		(3,918)	381	3,377
Add cash bought forward		13,589	6,929	10,212
Cash carried forward		9,670	7,310	13,589
Made up of:		9,670	7,310	13,589
Cash and bank		9,670	7,310	13,589

The accompanying notes form part of these financial statements.

The GST (net) component of operating activities reflects the net of GST paid to and received from the IRD. The GST (net) component is shown on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Notes to the financial statements

Note 1: Portfolio summary (\$'000's)

Revenue	Actual 2016/17	Annual Plan 2016/17	Actual 2015/16
Air quality	3,414	3,348	3,952
Biodiversity and biosecurity	11,568	8,133	8,413
Canterbury Water Management Strategy	24,283	23,721	24,866
Hazards, risks and safety	29,572	25,691	26,271
Planning, consents and compliance	13,733	15,140	14,133
Regional leadership	12,847	12,001	12,396
Transport, greater Christchurch rebuild & urban development	67,328	69,409	65,143
Total activity revenue	162,745	157,443	155,175
Other revenue including insurance proceeds	370	-	310
Total revenue	163,115	157,443	155,485

Expenditure	Actual 2016/17	Annual Plan 2016/17	Actual 2015/16
Air quality	3,452	3,667	4,265
Biodiversity and biosecurity	12,226	9,360	9,192
Canterbury Water Management Strategy	24,526	25,260	24,303
Hazards, risks and safety	26,665	23,177	22,158
Planning, consents and compliance	14,285	15,140	14,998
Regional leadership	12,835	13,095	11,073
Transport, greater Christchurch rebuild & urban development	67,946	69,332	65,622
Total activity expenditure	161,935	159,033	151,611
Add/(deduct) other expenditure adjustments	1,291	1,241	7,170
Total expenditure	163,224	160,275	158,781
Surplus/(deficit) before taxation	(108)	(2,832)	(3,296)
Tax expense net of tax loss offset	(11)	-	(6)
Surplus/(deficit) after taxation	(119)	(2,832)	(3,302)

Note 2: Rates (\$000's)

The Council is required by the Local Government Funding Agency (LGFA) Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other local authorities rate. The annual rates income of the Council for the year ended 30 June 2017 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	2016/17	2015/16
Revenue from rates		
General rates	32,639	31,707
Targeted rates:		
Works rating districts	6,359	7,320
Air quality	1,801	2,117
Catchment works	2,642	1,566
Clean heat	189	(30)
Civil defence	1,521	1,478
Pest rating districts	1,336	1,713
Passenger transport	20,458	19,144
Regional park	1,031	970
Canterbury water management strategy water study	25,407	25,440
Total targeted rates	60,744	59,718
Total rates	93,383	91,425

The negative clean heat amount shown in 2015/16 is due to a timing difference between Christchurch City Council and Environment Canterbury recording of sales of properties where clean heat loans have been issued. All current rating is now recorded against the Air quality category.

Rates on properties owned by Environment Canterbury totalling \$67,290 (2016 \$62,444) have not been eliminated from revenue and expenditure.

Rates remissions: Revenue from rates is shown, net of rates remissions. The Council remits rates in accordance with its rates remission policies. The total rates remitted during the year to 30 June 2017 totalled \$582,502 (2016 \$532,895).

Non-rateable land: Under the Local Government (Rating) Act 2002 some properties are non-rateable, such as schools, churches and public gardens. This land is non-rateable in respect of general rates but, where applicable is rateable in respect of targeted rates. Non-rateable land does not constitute a remission under the Council's rates remission policies.

Note 3: Subsidies, grants and other gains (\$000's)

	2016/17	2015/16
Grant revenue		
New Zealand Transport Agency	26,376	25,061
Ministry for the Environment	1,851	714
Ministry of Civil Defence	179	105
Other government grants	50	50
Total government grants	28,456	25,930
Grants from non-government agencies	4,114	1,473
Total grant revenue	32,570	27,403
Other gains/(losses)		
Gain on disposal of property, plant and equipment	554	565
Total gains/(losses)	554	565

Note 4: Expenditure (\$'000)

	2016/17	2015/16
Auditors' Remuneration		
Fees to Audit New Zealand for audit of financial statements	112	109
Fees to Audit New Zealand for other services	9	-
Audit fees to other assurance providers	20	25
Cost of credit		
Bad debts written off	2	6
Interest expense	1,059	1,016
Movement in doubtful debts provision	(45)	(253)
Governance fees		
Councillor and Ex-Commissioners' fees	1,212	973
Significant activities		
Loss on sale of assets	377	342
Impairment on revaluation	-	5,525
Inventories movement	573	888
Employee benefits	43,443	42,068
Rental expense on operating leases	477	3,827
Depreciation and amortisation expense by portfolio		
Air quality	161	177
Biodiversity and biosecurity	11	8
Canterbury water management strategy	479	403
Planning, consents and compliance	12	15
Hazards, risks and safety	541	521
Transport, greater Christchurch rebuild & urban development	688	695
Regional leadership	113	21
Total directly attributable depreciation and amortisation by portfolio	2,006	1,840
Other depreciation and amortisation	4,090	2,123
Total depreciation and amortisation expense	6,095	3,961

1 A provision for impairment of receivables is created when there is evidence that amounts due are unlikely to be collected.

2 Further detail on councillor remuneration is provided as part of the key personnel disclosures in note 19 related party transactions.

3 There were two severance payments made this year (three in 2016) totalling \$106,995 (2016 \$169,220), the value of each of the payments was \$31,872 and \$75,123 (2016 \$7,384, \$23,146, \$138,690).

Note 5: Taxation (\$000's)

Environment Canterbury is subject to income tax on revenue derived from council-controlled organisations.

	2016/17	2015/16
Surplus/(deficit) for the year before tax	(108)	(3,297)
Prima facie tax expense at 28%	30	923
Plus/(less) tax effect of permanent differences	(41)	(929)
Tax (expense)/benefit	(11)	(6)
Less loss offset	-	-
Tax (expense)/benefit net of loss offset	(11)	(6)
Comprising:		
Current tax	(11)	(6)
Total	(11)	(6)

Tax assets/(liabilities)	2016/17	2015/16
Balance as at 30 June	15	(11)
Charged to surplus or deficit	(8)	31
Charged to other comprehensive revenue and expense	(11)	(6)
Closing balance	(4)	15

Note 6: Investments (\$000's)

	2016/17	2015/16
Current investments		
Cash and fixed revenue investments	13,000	16,000
Total current investments	13,000	16,000
Non-current investments:		
Civic Assurance	232	216
Marlborough Forestry Corporation	334	272
Borrower notes in NZ Local Government Funding Agency Ltd (NZLGFA)	400	400
Total non-current investments	966	889
Total investments	13,966	16,889

The carrying amounts of term deposits approximate their fair value. The effective interest rate for cash was 1.67% (2016 2.00%) and the fixed interest rate was 3.26% (2016 4.84%).

NZ Local Government Insurance Corporation and Marlborough Forestry Corporation assets are recorded at fair value. Where there is no active market, net asset backing has been used to approximate the fair value of these assets.

There were no impairment provisions for these investments.

Note 7: Receivables & accruals (\$'000's)

	2016/17	2015/16
Current receivables and accruals		
Trade receivables	2,945	3,391
Rates receivable	5,944	5,444
Accrued revenue	5,950	4,335
Prepayments	883	909
GST receivable	772	540
	16,494	14,619
Provision for impairment	(247)	(315)
Total current receivables and accruals	16,247	14,304
Non current receivables and accruals		
Prepayments	415	-
Total non current receivables and accruals	415	-
Total accounts receivable	16,662	14,304

Total receivables comprise:

Receivables from non-exchange transactions	14,104	12,304
Receivables from exchange transactions	2,143	2,000

Debtors and other receivables are non-interest bearing and receipt is normally due by the 20th of the following month. Therefore the carrying value of debtors and other receivables approximates their fair value.

Prepayments consist of \$883,126 (2016 \$909,032) current and \$415,469 (2016 nil) non-current portions. The non-current portion relates to rent paid in advance.

Environment Canterbury does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future payments.

The impairment provision has been calculated by reviewing all debtors individually at year end and estimating the expected losses from each debtor based on historic default trends.

MOVEMENTS IN THE PROVISION FOR IMPAIRMENT OF RECEIVABLES

	2016/17	2015/16
Opening balance	315	698
Additional provision	(13)	145
Provisions reversed	(32)	(401)
Receivables written off during year	(23)	(126)
Closing balance	247	315

The carrying amount of receivables that would otherwise be past due or impaired, but for which terms have been negotiated is \$35,661 (2016 \$98,950).

THE AGEING PROFILE OF RECEIVABLES

	2016/17			2015/16		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	10,036	(52)	9,984	7,836	(39)	7,796
Past due 1 - 60 days	6,029	(14)	6,015	5,677	(3)	5,674
Past due > 60 days	844	(182)	663	1,108	(275)	834
Total accounts receivable	16,909	(247)	16,662	14,619	(315)	14,304

Environment Canterbury holds no collateral as security or other credit enhancements that are either past due or impaired.

Note 8: Clean Heat loans (\$000's)

Loans for the Clean Heat project are provided at nil interest. These loans are measured at amortised cost using the effective interest rate method. The face value of loans outstanding is \$1,797,582 (2016 \$2,730,729). The discount rates to calculate the face value for the loans outstanding for 2017 were between 4.06% and 8.75%, and average of 6.41% (2016 6.41%).

	2016/17	2015/16
Book value current portion	553	685
Book value non current portion	1,085	1,752
Total Clean Heat and Energy Efficiency loans receivable	1,638	2,437

Note 9: Inventories (\$000's)

	2016/17	2015/16
Inventories	611	976

Environment Canterbury only holds inventories for distribution; no inventories are pledged as security for liabilities (2016 nil). The carrying amount of inventories for distribution is measured at weighted average cost.

Note 10: Property, plant and equipment (\$'000's)

2016/17	Opening Cost/ Revaluation	Accumulated Depreciation	Carrying value 1 July 2016	Additions/ Transfers	Impairment/ Disposals (net) ³	Depreciation	Revaluation Value ⁴	Closing Cost/ Revaluation	Accumulated Depreciation	Carrying value 30 June 2017
Operational Assets										
Land ¹	13,382	-	13,382	-	(1,815)	-	-	11,567	-	11,567
Buildings	49,820	-	49,820	456	(1,828)	(2,307)	-	48,391	(2,251)	46,140
Motor vehicles	6,784	(2,502)	4,282	338	(167)	(506)	-	6,689	(2,741)	3,948
Furniture & fittings	1,911	(189)	1,722	54	-	(179)	-	1,965	(367)	1,598
Computer equipment ²	2,940	(1,237)	1,397	1,060	-	(514)	-	4,001	(1,751)	1,943
Plant & equipment	11,429	(7,483)	3,946	822	(16)	(781)	-	12,131	(8,160)	3,971
Capital WIP - Buildings	1,114	-	1,114	287	-	-	-	1,401	-	1,401
Total Operational Assets	87,380	(11,411)	75,662	3,018	(3,826)	(4,287)	-	86,144	(15,270)	70,568
Infrastructural Assets										
Flood protection and control works	701,077	(1,117)	699,960	5,380	-	(400)	(197,868)	508,589	-	508,589
Forests	4,868	-	4,868	(129)	-	-	7,197	11,936	-	11,936
Wells	1,946	(446)	1,500	409	(31)	(72)	-	2,323	(517)	1,807
Capital WIP - Infrastructure	-	-	-	-	-	-	-	-	-	-
Total Infrastructural Asset	707,892	(1,563)	706,329	5,660	(31)	(472)	(190,671)	522,849	(517)	552,332
Restricted Assets										
Land reserves ⁵	313,161	-	313,161	76	(114)	(93)	-	313,123	(93)	313,030
Total Restricted Assets	313,161	-	313,161	76	(114)	(93)	-	313,123	(93)	313,030
Total Property, Plant & Equipment	1,108,433	(12,974)	1,095,152	8,753	(3,970)	(4,852)	(190,671)	922,116	(15,879)	905,930

¹ There were 9 plots of land held for sale in current assets as at 30 June 2017. There was no land held for sale in 2016.

² During the period, computer equipment totalling \$590,450 was purchased, sold and leased back under finance leases on the same dates. The initial purchase and sale of the equipment are not subject to depreciation nor are they included within computer equipment additions and disposals. The net carrying amount of computer equipment held under finance leases is \$725,332 (2016 \$425,060) which includes the acquisitions of \$590,450 during the period.

³ Impairment/Disposals are reported net of accumulated depreciation.

⁴ Land and buildings of the same class are revalued every three years in line with Council policy. Valuations were undertaken at 31 May 2016 by Quotable Value New Zealand (a NZ registered valuation provider). River control works and land drainage schemes were valued at 31 May 2017 at replacement cost, based on methods developed by the Council's engineers. Flood protection assets with a defined life are valued at depreciated replacement cost, all others are valued at replacement cost. The method was independently reviewed by AECOM New Zealand Ltd who determined the method to be appropriate. Restricted assets have been valued at fair value. Valuations were carried out by registered valuers Quotable Value New Zealand Ltd as at 31 May 2016.

5 Environment Canterbury forestry assets are primarily for the flood protection benefits that it provides. Forestry forms an important part of the protection schemes for several of the region's rivers. The primary purpose for the forestry asset is for the management of land of river banks and adjacent land owned by the Council. Forestry assets are revalued on a three yearly cycle and were revalued as at 30 June 2017 by Council staff and independently reviewed by registered forestry consultant Owen Springfield.

6 The carrying amount of restricted assets represents the estimated value of that land in an open market transaction between a willing buyer and willing seller. The purpose in reporting restricted asset value in this way is to provide a meaningful and realistic representation of the amount and worth of land for which the Council has stewardship responsibilities, it is not intended to represent net realisable value to the Council. As this land was mostly vested in the Council by the Crown, the Crown would generally be entitled to any proceeds from sales of this land. It should be noted that disposals of this type of land are extremely rare and the Council's role is to hold this land in perpetuity.

Insurance disclosure - The gross replacement cost of Flood protection and control works is \$601,236,000 (2016 \$694,888,667). The carrying value of assets insured is \$50,453,799 (2016 \$63,202,660) the sum assured is \$92,607,047 (\$86,930,937). Environment Canterbury does not participate in any other financial risk sharing arrangements, all other assets (carrying value \$914,020,285) (2016 \$1,032,173) are self insured. The value of the fund for the purpose of self insurance is \$5,309,567 (2016 \$8,021,865).

2015/16	Opening Cost/ Revaluation	Accumulated Depreciation	Carrying value 1 July 2015	Additions/ Transfers	Impairment/ Disposals (net) ³	Depreciation	Revaluation Value ⁴	Closing Cost/ Revaluation	Accumulated Depreciation	Carrying value 30 June 2016
Operational Assets										
Land ¹	9,523	-	9,523	-	-	-	3,859	13,382	-	13,382
Buildings	7,372	(354)	7,019	48,647	(30)	(605)	(6,167)	49,820	-	49,820
Motor vehicles	6,970	(2,924)	4,046	1,320	(571)	(514)	-	6,784	(2,502)	4,282
Furniture & fittings	1,526	(898)	628	1,354	(136)	(124)	-	1,911	(189)	1,722
Computer equipment ²	2,261	(969)	1,292	758	-	(347)	-	2,940	(1,237)	1,397
Plant & equipment	10,582	(6,769)	3,813	920	(28)	(759)	-	11,429	(7,483)	3,946
Capital WIP - Buildings	21,581	-	21,581	28,432	(48,647)	-	(253)	1,114	-	1,114
Total Operational Assets	59,815	(11,914)	47,901	81,432	(49,411)	(2,349)	(2,561)	87,380	(11,411)	75,662
Infrastructural Assets										
Flood protection and control works	694,523	(692)	693,831	6,554	-	(425)	-	701,077	(1,117)	699,960
Forests	4,788	-	4,788	80	-	-	-	4,868	-	4,868
Wells	1,773	(390)	1,384	173	-	(57)	-	1,946	(446)	1,500
Total Infrastructural Asset	701,084	(1,081)	700,003	6,808	-	(482)	-	707,892	(1,563)	706,329
Restricted Assets										
Land reserves ⁵	183,398	(96)	183,301	(152)	(2)	(59)	129,917	313,161	-	313,161
Total Restricted Assets	183,398	(96)	183,301	(152)	(2)	(59)	129,917	313,161	-	313,161
Total Property, Plant & Equipment	944,297	(13,091)	931,206	88,007	(49,413)	(2,889)	127,357	1,108,433	(12,974)	1,095,152

Note 11: Intangible assets (\$000's)

Software	2016/17	2015/16
Cost		
Balance at beginning of year	10,327	10,309
Additions	1,714	962
Disposals	-	(944)
Balance at year end	12,041	10,327
Accumulated amortisation and impairment losses		
Balance at beginning of year	6,830	6,698
Amortisation expense	1,243	1,072
Amortisation relating to disposals	-	(940)
Balance at year end	8,073	6,830
Carrying amounts		
As at beginning of year	3,497	3,612
Balance at year end	3,968	3,497

Included in intangible assets balance is the bus ticketing software system with a net carrying value of \$1,038,971 (2016 \$1,705,393). This asset is expected to be fully amortised by December 2018.

The Council acquired 243,400 New Zealand units issued as part of the emission trading scheme. These units were recognised at fair value when the units were issued and subsequently revalued at balance date at the lowest price. The shares have been valued at the lowest price available which is \$17.20 NZU (2016 \$17.85 NZU). \$0.158 million has been recognised in other comprehensive expenditure (2016 \$2.69 million other comprehensive revenue).

Environment Canterbury has received New Zealand units in partial compensation for the loss in value of land with pre-1990 forests. These units were allocated under the Climate Change Response Act 2002 and its amendments. If deforestation of the pre-1990 forests occurs, the potential liability may exceed the compensation received of 243,400 New Zealand Units.

New Zealand emission units	2016/17	2015/16
Opening balance at 1 July	4,345	1,655
Revaluation of New Zealand units	(158)	2,690
Closing balance at 30 June	4,187	4,345

Note 12: Accounts Payable & accruals (\$000's)

	2016/17	2015/16
Trade payables	3,085	3,188
Employee entitlements	2,347	2,015
Accounts payable and accruals	11,498	14,969
Total accounts payable	16,930	20,171
Total payables comprise:		
Payables from non-exchange transactions	3,760	3,882
Payables from exchange transactions	13,170	16,289
Non-current liabilities - exchange transactions (Payables and deferred revenue)	3,966	3,808

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of trade and other payables approximates their fair value.

Note 13: Employee entitlements (\$000's)

	2016/17	2015/16
Current portion		
Annual leave	3,005	2,817
Sick leave	125	127
Provision for restructuring	-	112
Total current employee benefit liabilities	3,130	3,056
Non current	-	-
Total employee benefits	3,130	3,056

Note 14: Other financial liabilities (\$000's)

	2016/17	2015/16
(a) Current		
Lease liabilities	268	184
Bank loan	-	-
Total current	268	184
(b) Non Current		
Lease liabilities (Payables and deferred revenue)	457	241
Borrowings - NZLGFA	25,000	25,000
Total non current	25,457	25,241

ANALYSIS OF FINANCE LEASES

	2016/17	2015/16
Total minimum lease payments are payable		
Not later than 1 year	315	210
Later than 1 year and not more than five years	503	260
Later than five years	-	-
Total minimum lease payments	818	471
Future finance charge	(93)	(46)
Present value of minimum lease payments	725	425
Present Value of minimum lease payments are payable		
Not later than 1 year	268	184
Later than 1 year and not more than five years	457	241
Later than five years	-	-
Total minimum lease payments	725	425

During the period, Environment Canterbury acquired equipment totalling \$590,450 (2016 \$265,193) by way of finance leases. The carrying amount of leased items within each class of property, plant and equipment is shown in note 10. There are no restrictions placed on Environment Canterbury by any of the finance leasing arrangements. The rate of interest applied to lease liabilities is 7.5% (2016 7.5%).

The Council has negotiated a drawdown facility with ASB Bank, a \$5 million facility is in place in case of a major disaster.

Due to the immaterial size and nature of the Council's investment in the LGFA, the Council has estimated the fair value of this investment based on the LGFA's net asset backing as at 30 June.

Note 15: Equity (\$'000's)

The Council's capital is its equity (or ratepayers' funds) which includes retained earnings and reserves. The Local Government Act 2002 requires the Council to manage its finances prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are a derivative of managing revenues, expenses, assets, liabilities, investments, and other general financial dealings. The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Local Government Act 2002 and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and does not require them to meet the full cost of long-term assets that will benefit ratepayers in future generations.

Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance. Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit, relating to these separate areas of benefit, is applied to the specific reserves. Self insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can only generally be approved by Council. Environment Canterbury operates a centralised treasury function with the key purpose to minimise its cost of funds. Environment Canterbury does not operate an internal borrowing programme as defined in the Local Government Act 2002.

Targeted rate reserves:	2016/17	2015/16	
<u>Biodiversity reserve</u>			
Opening balance	35	33	Reserves to assist with initial response to pest incursion.
Transfer (to)/from general fund	(0)	2	
Closing balance	35	35	
<u>Catchment rating district reserve</u>			
Opening balance	(6,608)	(4,937)	Reserves to fund planned and unplanned maintenance and repair of flood protection schemes.
Transfer (to)/from general fund	(1,219)	(1,670)	
Closing balance	(7,827)	(6,608)	
<u>Civil defence reserve</u>			
Opening balance	890	842	Reserves for the provision of civil defence emergency management operations within the Canterbury region.
Transfer (to)/from general fund	(1,471)	48	
Closing balance	(581)	890	
<u>Clean heat reserve</u>			
Opening balance	2,091	2,152	Reserves for Clean Heat programmes in the Canterbury region.
Transfer (to)/from general fund	(47)	(61)	
Closing balance	2,044	2,091	
<u>Energy efficiency reserve</u>			
Opening balance	348	347	Reserves that are restricted to energy efficiency programmes in the Canterbury region.
Transfer (to)/from general fund	4	1	
Closing balance	352	348	
<u>Passenger transport reserve</u>			
Opening balance	4,968	5,335	Reserves to ensure funding is available to provide an uninterrupted passenger transport service
Transfer (to)/from general fund	(1,052)	(366)	
Closing balance	3,916	4,968	
<u>Pest rating districts reserve</u>			
Opening balance	1,429	1,435	Reserves to enable quick response to meet obligations under the Regional Pest Management Strategy
Transfer (to)/from general fund	(49)	(6)	
Closing balance	1,381	1,429	
<u>Regional park reserve</u>			
Opening balance	(260)	(98)	Reserves for the provision of regional park activities within the Canterbury region.
Transfer (to)/from general fund	(162)	(163)	
Closing balance	(423)	(260)	
<u>Air quality reserve</u>			
Opening balance	(206)	-	Reserves for the provision of strategic air quality services for the Canterbury region.
Transfer (to)/from general fund	8	(206)	
Closing balance	(198)	(206)	

Water study reserve

Opening balance	2,997	3,326	Reserves for the provision of strategic water services for the Canterbury region.
Transfer (to)/from general fund	(917)	(330)	
Closing balance	2,080	2,997	

General and other reserves

General accumulated funds

	2016/17	2015/16	
Opening balance	3,898	3,048	The revenue appropriation account for general funds.
Operating surplus for the year	(119)	(3,303)	
Other reserve fund transfers	466	4,152	
Closing balance	4,245	3,898	

AFS reserve

Opening balance	1,094	2,644	Reserves to provide for development and maintenance of office buildings.
Transfer (to)/from general fund	(794)	(1,550)	
Closing balance	300	1,094	

Contracts reserve

Opening balance	171	434	Reserves to fund on-going contractual obligations.
Transfer (to)/from general fund	222	(264)	
Closing balance	393	171	

Other reserves

Opening balance	303	221	Proceeds from sale of land. Legislation restricts how this can be applied.
Transfer (to)/from general fund	(0)	82	
Closing balance	303	303	

Capital and asset reserves:

Asset replacement reserve

Opening balance	1,176	1,434	To provide sufficient funding to maintain service level capability of existing assets.
Transfer (to)/from general fund	4,133	(258)	
Closing balance	5,309	1,176	

Asset revaluation reserve

Opening balance	933,832	799,530	Reserves generated by movements in: investments – note 6, property plant, and equipment – note 10, and intangible assets – note 11.
Gain/(loss) on revaluation	(190,349)	136,432	
Investment revaluation movement	83	72	
Impairment losses	-	(2,202)	
Transfer to general funds on disposal	-	-	
Closing balance	743,567	933,832	

Capital reserve

Opening balance	150,811	150,088	Represents the Council's investment in fixed and infrastructural assets.
Transfer (to)/from general fund	1,916	723	
Closing balance	152,727	150,811	

Total equity	907,622	1,096,970	
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Note 16: Cash flow reconciliation with net surplus (\$000's)

	2016/17	2015/16
Net surplus/(deficit) per Statement of comprehensive revenue and expense	(119)	(3,303)
Add/(deduct) Non Cash Items		
Depreciation and amortisation	6,095	3,961
(Increase)/decrease in Clean Heat investment	(134)	(204)
(Increase)/decrease in deferred tax	15	(25)
(Increase)/decrease in other investments	(77)	(414)
Provision for bad and doubtful debts	(68)	(382)
Non-cash movement in provisions	47	246
Property, plant and equipment impairment	-	5,525
Property, plant and equipment acquisition	160	152
	6,038	8,858
Add/(deduct) movements in Working Capital		
(Increase)/decrease in receivables and accruals	(1,874)	4,834
(Increase)/decrease in prepayments	(390)	(201)
(Increase)/decrease in inventories	365	(330)
Increase/(decrease) in employee entitlements	333	1,030
Increase/(decrease) in payables and accruals	(2,687)	1,093
Increase/(decrease) in revenue in advance	(723)	(129)
	(4,976)	6,296
Add/(deduct) items classified as investing or financing activity		
Insurance proceeds for fixed assets	-	(165)
Net (gain)/loss on disposal of property, plant and equipment	(530)	162
	(530)	(3)
Net cash flows from operating activities	413	11,848

Note 17: Commitments (\$000's)

Operating lease commitments:	2016/17	2015/16
Payable no later than one year	826	1,203
Later than one year no later than two	624	772
Later than two years no later than five	478	1,130
Later than five years	-	-
Total operating lease commitments	1,928	3,106

Onerous contracts:	2016/17	2015/16
Payable no later than one year	243	505
Later than one year no later than two	243	505
Later than two years no later than five	62	762
Later than five years	-	-
Total provision for onerous contracts (Payables and deferred revenue)	548	1,772

Capital commitments - Buildings	-	-
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Included within the operating lease commitments are onerous contracts for office leases. A provision has been made in the current year in respect of an operating lease for an office space which has been unoccupied since the move to Tuam Street in April 2016. Any revenue received in the future from letting this office will be recognised in the period in which it is received.

Note 18: Operating lease rental income commitments (\$000's)

Environment Canterbury receives revenue from land leases, income commitments are as per the table below.

Operating lease rental revenue	2016/17	2015/16
Receivable no later than one year	5,299	3,377
Later than one year no later than five	18,362	10,541
Later than five years	43,941	23,292
Total operating lease rental revenue	67,602	37,210

Note 19: Related party transactions

Environment Canterbury is the ultimate parent of the following companies:

- Environment Canterbury Limited

Environment Canterbury Limited is a non-trading company held for the purposes of name protection. Environment Canterbury has exempted this entity from reporting as a Council Controlled Organisation under section 7 of the Local Government Act 2002. As this entity is non-trading, there are no performance targets or other measures by which the performance is to be judged by the Council.

Environment Canterbury also has an interest in another Council Controlled Organisation, along with several other territorial authorities. Canterbury Economic Development Co. Limited (overseen by the Canterbury Regional Economic Governance Group) acts as an interface with Central Government and co-ordinates the disbursement of government funding particularly the Regional Strategy Fund. There have been no transactions with this entity during the year (2016 \$nil).

Council does not have any investments in Council controlled organisations.

KEY PERSONNEL

During the year key personnel were involved in minor transactions with Environment Canterbury (such as payment of rates, resource consent applications etc). All such transactions were part of a normal customer relationship.

No provision has been required for impairment of receivables for any loans or other receivables to related parties (2016 \$nil).

Remuneration of members and Chief Executive Officer	2016/17	2015/16
Dame Margaret Bazley	99,650	214,680
David Bedford	184,331	165,199
David Caygill	116,032	170,316
Iaeen Cranwell	51,049	-
Rod Cullinane	55,324	-
Elizabeth Cunningham	82,844	65,131
Tom Lambie	132,119	132,724
Stephen Lowndes	69,258	-
Claire McKay	57,177	-
Lan Pham	53,196	-
Cynthia Roberts	53,556	-
Peter Scott	61,137	-
Peter Skelton	104,231	126,310
John Sunckell	56,471	-
Rex Williams	35,535	98,272
Total Councillor and ex-Commissioner remuneration	1,211,910	972,632

Bill Bayfield, Chief Executive	427,012	407,018
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Remuneration for the purposes of this note includes the daily rate for time worked, reimbursement for travel and reimbursement of other expenses incurred in the performance of duties.

Remuneration for key personnel is valued at agreed total annual remuneration, which includes the values of non-financial benefits, as required by clause 32A, schedule 10 of Local Government Act 2002.

Key management personnel compensation	2016/17	2015/16
Councillor and ex-Commissioners		
Remuneration	1,211,910	972,632
Full-time equivalent members	13	7
Executive Leadership Team		
Remuneration	1,186,711	1,464,980
Full-time equivalent members	5	7
Chief Executive Officer		
Remuneration	427,012	407,018
Full-time equivalent members	1	1
Total	2,825,633	2,844,629

There were no termination benefits paid in respect of the executive leadership team during the year (2016 \$295,383).

COUNCIL STAFFING LEVELS AND REMUNERATION

At balance date the Council employed 465 full-time employees (2016 448), with an additional 140 part-time staff representing 108 full-time equivalent employees (2016 97). A full-time employee is defined as a staff member working 37.5 hours per week if they were employed before 16 December 2014, 40 hours per week if employed after.

Total annual remuneration, by band, for employees as at 30 June, based on head count is disclosed below:

Total annual remuneration includes salary and any other non-financial benefits for the year, such as private use of a Council motor vehicle.

Band	2016/17	Band	2015/16
Under \$59,999	185	Under \$59,999	192
\$60,000-\$79,999	208	\$60,000-\$79,999	193
\$80,000-\$99,999	124	\$80,000-\$99,999	121
\$100,000-\$119,999	52	\$100,000-\$119,999	41
\$120,000-\$139,999	16	\$120,000-\$139,999	16
\$140,000-\$159,999	7	\$140,000-\$159,999	7
\$160,000-\$179,999	8	\$160,000-\$179,999	9
\$180,000-\$429,999	5		
Total	605	Total	579

Note 20: Financial instrument risks (\$'000's)

Environment Canterbury is risk averse and seeks to minimise exposure from its treasury activities. As part of its normal operations the Council is exposed to credit risk, interest rate risk and liquidity risk.

The Council's exposure to these risks, and the action that the Council has taken to minimise the impact of these risks, are outlined as follows:

CREDIT RISK

Credit risk is the risk that a third party will default on its obligations to the Council, resulting in a loss to the Council. The maximum exposure to credit risk at balance date is the fair value of the financial instruments as stated in the Statement of Financial Position. Significant concentrations of credit risk apply principally in respect of bank accounts, investments and receivables. In the case of bank accounts and investments, the Council reduces the risk by diversification and investing with high credit rated institutions, in accordance with Council's investment policy.

The following table shows the credit ratings, credit risk and maturity periods of Environment Canterbury's financial assets and liabilities:

Financial Assets	Credit Rating	2016/17	2015/16
Cash and cash equivalents	AA	-	-
	AA-	9,670	13,589
Receivables and accruals	*	14,592	12,855
Clean Heat loans	*	1,638	2,437
Investments – managed investment portfolio	AAA	-	-
	AA	-	-
	AA-	13,000	16,000
	A	-	-
	BBB	-	-
	Unrated	-	-
Investments – Local Government Insurance Corporation and Marlborough Forestry Corporation	*	966	889
		39,866	45,770

* Where receivables have arisen from the Council's statutory functions, there are no procedures to monitor credit quality with reference to external credit ratings.

The Council's main source of revenue is rates, which are collected on behalf of the Council by the relevant authorities, which exercise powers under the Local Government (Rating) Act 2002 to recover outstanding debt. The Council has no significant concentrations of credit risk in relation to receivables.

INTEREST RATE RISK

Interest rate risk is the risk that the value of the Council's financial instruments will fluctuate due to changes in market interest rates. The Council is exposed to interest rate risk from its interest-earning financial assets and interest-bearing liabilities. The Council is risk averse and seeks to minimise exposure arising from its treasury activities. Investment and borrowing are undertaken in accordance with the Council's investment and liability management practises. These policies do not allow Environment Canterbury to enter into any speculative transactions.

Environment Canterbury will manage its interest rate risks by adhering to the fixed and floating rate borrowing percentages has defined in Environment Canterbury's Liability Management & Treasury policies the application of which depends on the term of its outstanding debt

If interest rates on financial assets had fluctuated by plus or minus 0.5%, the effect would have been to increase/decrease interest revenue by \$105,351 (2016 \$103,176) and expenditure by \$125,000 (2016 \$132,518). Movements in interest rates have no effect on derivative financial liabilities as hedges are 100% effective.

LIQUIDITY RISK

Liquidity risk is the risk that Council will not be able to fund its commitments as they fall due. Facilities are maintained in accordance with the Council's investment and liability management policies. The Council maintains sufficient funds in short-term facilities to cover all obligations as they fall due.

The following table shows a contractual maturity analysis of financial assets and liabilities:

2016/17	Total	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Assets						
Cash and cash equivalents	9,670	9,670	9,670	-	-	-
Receivables and accruals	14,592	14,592	14,592	-	-	-
Clean Heat loans	1,638	1,798	553	474	611	-
Investments	13,966	13,966	13,000	-	-	966
Total	39,866	40,026	37,815	474	611	966
Financial Liabilities						
Loans and borrowings	1,273	26,399	268	(240,997)	242,002	-
Accounts payable and accruals	13,170	13,170	13,170	-	-	-
Total	14,443	39,569	13,438	(240,997)	242,002	-
2015/16	Total	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Assets						
Cash and cash equivalents	13,589	13,589	13,589	-	-	-
Receivables and accruals	12,855	12,855	12,855	-	-	-
Clean Heat loans	2,437	2,731	685	593	1,141	19
Investments	16,889	16,889	16,000	-	-	889
Total	45,770	46,064	43,129	593	1,141	908
Financial Liabilities						
Loans and borrowings	2,197	25,809	184	1,915	98	-
Accounts payable and accruals	16,289	16,289	16,289	-	-	-
Total	18,486	42,098	16,473	1,915	98	-

Note 21: Contingent assets and liabilities

Local Government Funding Agency

The New Zealand Local Government Funding Agency Limited (LGFA), which commenced in December 2011, is the new alternative debt provider majority owned by and operated for local authorities. Council is not a shareholder but participates as one of 53 borrowers and guarantors of LGFA. When Council borrows through the LGFA they are required to invest 1.6% of the proceeds back with the LGFA as borrower notes which the LGFA retain as capital. Also, together with other guarantors, the Council is a guarantor of all of the LGFA's borrowings. At 30 June 2017, the LGFA had borrowings totalling \$8.250 billion (2016 \$6.445 billion).

There are no other significant contingent liabilities.

There are no significant contingent assets (2016 no significant contingent assets).

Note 22: Post balance date events

There are no significant post balance date events (2016 one post balance date event).

Note 23: Rating base information

CANTERBURY PROPERTY VALUES AS AT 30/06/2016 INCLUDING THOSE THAT WERE NON-RATEABLE

Local Authority	Properties	Capital Value	Land Value
Kaikoura	3,197	1,556,739,900	944,275,000
Hurunui	8,379	5,972,159,500	3,833,392,450
Waimakariri	25,714	14,046,535,600	6,779,573,600
Christchurch	169,336	92,224,134,060	41,028,681,750
Selwyn	24,983	20,079,770,900	10,913,981,950
Ashburton	15,187	16,856,023,550	11,501,542,450
Timaru	22,722	12,099,010,751	6,085,500,700
Mackenzie	4,734	3,390,447,420	1,796,393,600
Waimate	4,450	4,034,122,450	2,567,374,550
Waitaki	2,062	2,062,181,600	887,969,000
Totals	280,764	172,321,125,731	86,338,685,050

Note 24: Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The LGA requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.


The LGA requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

The Council has the following Council-created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by the Council.



Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable, and deductions are made where funds have been used for the purpose they were donated.

Disclosure statement

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2017

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 is required to include this statement 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.

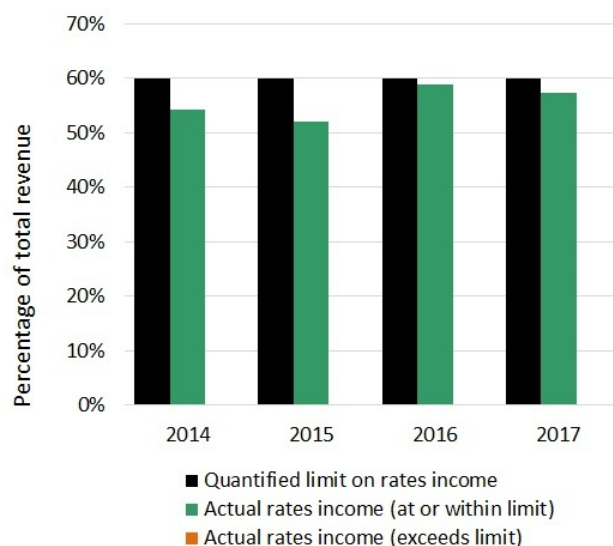
RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if -

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

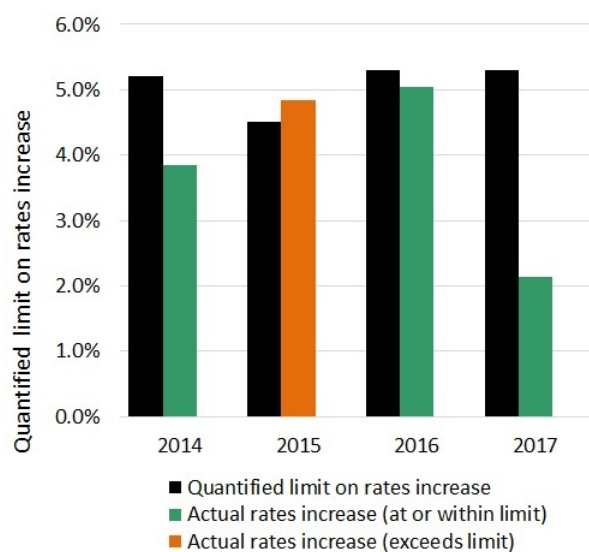
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is total rates will not exceed 60% of total revenue in any given year.



Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit in the 2015-25 Long-Term Plan is 5.3%, previously the limit was the average annual increase in Local Government Cost Index + 1%.

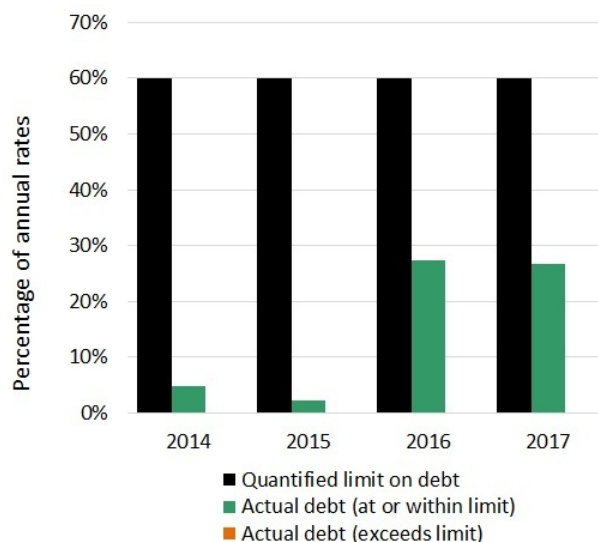
In 2015 the increase in the total rates exceeded the limit set in the Financial Strategy. This arose because of an increase in the rating base which occurred as a result of new building construction exceeding building demolition throughout the year. Because this portion of the increase in rates is collected from new rating units, existing ratepayers did not receive any additional increase in their rates as a direct result of this increase in the rating base.



DEBT AFFORDABILITY BENCHMARK

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

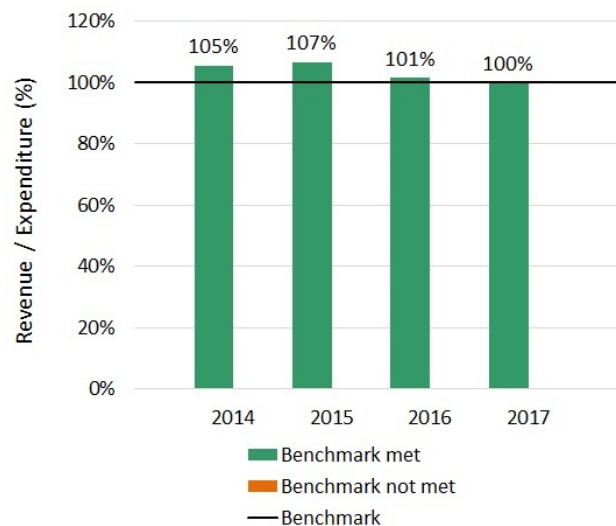
The following graph compares the councils' actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The quantified limit is \$300 of debt per capita.



BALANCED BUDGET BENCHMARK

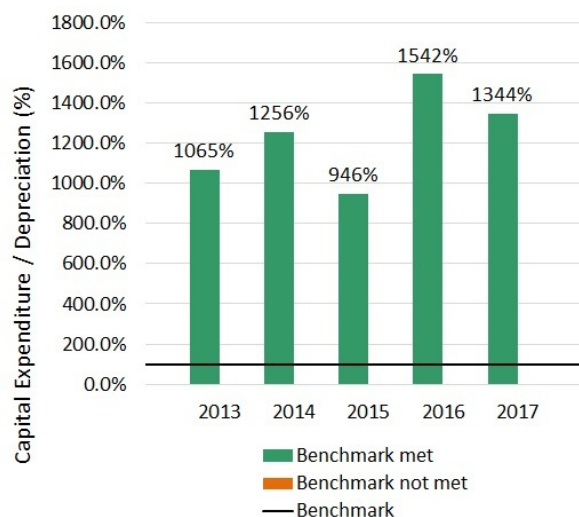
The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial 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 (i.e Flood Protection) 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.



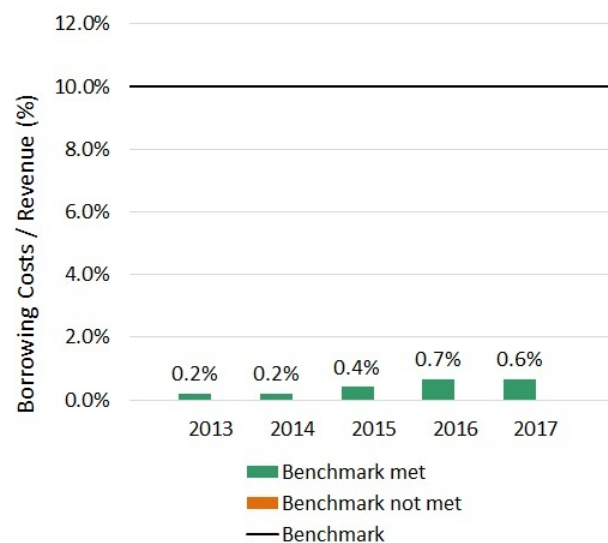
ADDITIONAL INFORMATION OR COMMENT

Environment Canterbury does not depreciate Flood Protection stop banks because stopbanks are maintained to an agreed level of service. Items such as flood gates etc are depreciated but the value of that is small in comparison to the overall Flood Protection capital spend. In addition, a major construction and capitalisation of a new stop bank is underway. This explains why the benchmark is exceeded by such a large extent as will always be the case during an increase in underlying capital assets.

DEBT SERVICING BENCHMARK

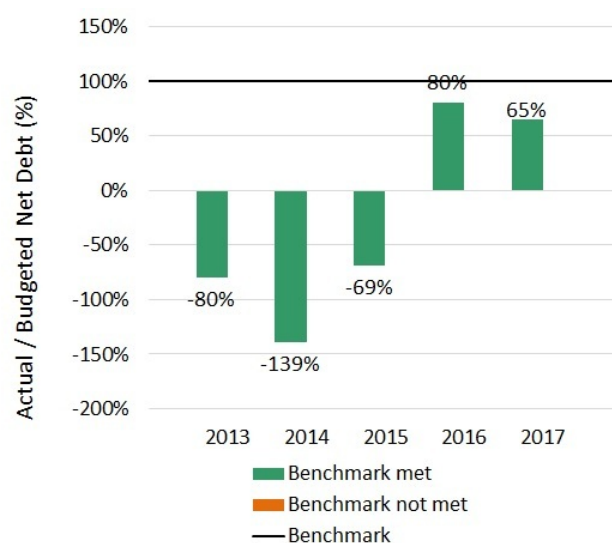
The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment).

Because Statistics New Zealand projects the council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



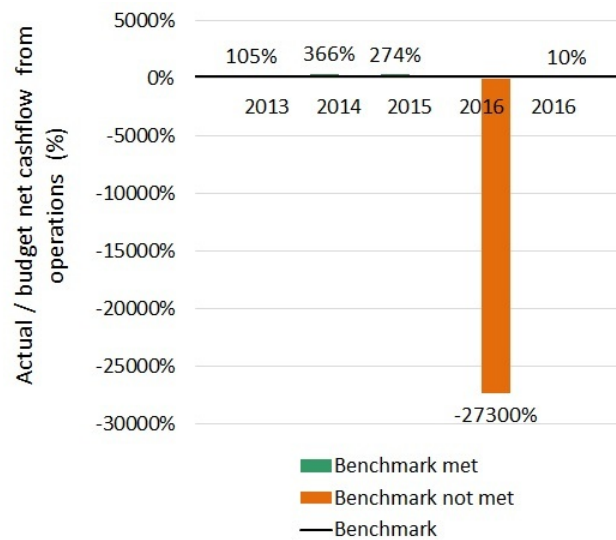
DEBT CONTROL BENCHMARK

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.



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.



ADDITIONAL INFORMATION OR COMMENT

In 2016/17 the expectation was for operations cashflow to have an outflow, the actual outflow was lower than expected due to additional rates received in the year, lower than expected receivables and lower payables.



THE ORGANISATION

Councillors and their responsibilities

PERFORMANCE, AUDIT AND RISK COMMITTEE

This committee deals with audit, external financial reporting, financial risk management, internal control, strategic performance management and operational performance. Rod Cullinane, Claire McKay, Lan Pham, Peter Scott and John Sunckell make up the Performance, Audit and Risk Committee. Rod Cullinane is the chair.

REGULATION HEARING COMMITTEE

This committee has delegated functions to appoint hearings commissioners under Resource Management Act processes and make decisions on resource consent applications in accordance with delegated powers. Peter Skelton is chair of this committee, with members Elizabeth Cunningham, Tom Lambie and Lan Pham.

CANTERBURY REGIONAL TRANSPORT COMMITTEE

This is a joint statutory committee with two Environment Canterbury representatives, one elected member from each territorial authority, one representative from New Zealand Transport Authority, and one independent transport sector expert. This group prepares a regional land transport plan and advises and assists the Environment Canterbury on any other matter relating to its transport responsibilities. Chairman David Bedford and Peter Scott are the Environment Canterbury representatives, with David Bedford as Chair and Peter Scott as Deputy Chair.

CANTERBURY CIVIL DEFENCE AND EMERGENCY MANAGEMENT GROUP JOINT COMMITTEE

This is a joint committee under the Civil Defence Emergency Management Act, made up of elected representatives from territorial authorities and Environment Canterbury, exercising governance and determining Canterbury group emergency management policy. John Sunckell is the Environment Canterbury representative.

CANTERBURY REGIONAL WATER MANAGEMENT COMMITTEE

This committee was established under the Local Government Act 2002 in accordance with the Canterbury Water Management Strategy 2009, and is a committee of Environment Canterbury. The committee monitors progress of the implementation of the Canterbury Water Management Strategy across the Canterbury region and provides advice to Environment Canterbury on regional issues associated with implementation of the Canterbury Water Management Strategy. Rod Cullinane and Claire McKay are the Environment Canterbury representatives.

CANTERBURY WATER MANAGEMENT STRATEGY ZONE COMMITTEES

Environment Canterbury representatives are on each of the ten joint Water Management Zone Committees:

Kaikoura: Steve Lowndes

Hurunui-Waiiau: Cynthia Roberts

Waimakariri: Claire McKay

Christchurch-West Melton: Tom Lambie

Banks Peninsula: Elizabeth Cunningham

Selwyn-Waihora: Iaeen Cranwell



Ashburton: David Caygill

Orari-Temuka-Opihi-Pareora: Lan Pham

Upper Waitaki: John Sunckell

Lower Waitaki South Coastal Canterbury: Peter Scott

GREATER CHRISTCHURCH PARTNERSHIP COMMITTEE

Comprising the Greater Christchurch Partners – Canterbury Regional Council (Environment Canterbury), Christchurch City Council, Waimakariri District Council, Selwyn District Council, Te Rūnanga o Ngāi Tahu, Canterbury District Health Board, New Zealand Transport Agency, Regenerate Christchurch and the Greater Christchurch Group of the Department of the Prime Minister and Cabinet – this group determines an agreed strategic framework to manage growth and address urban development, regeneration, resilience and long-term wellbeing for Greater Christchurch as expressed through the Greater Christchurch Urban Development Strategy (2007) and the associated Strategy Update (2016). David Bedford, Cynthia Roberts and Peter Skelton are the Environment Canterbury representatives on the committee.

GREATER CHRISTCHURCH PUBLIC TRANSPORT JOINT COMMITTEE

This is a joint committee whose membership comprises three Environment Canterbury members, three Christchurch City Council members, one Waimakariri District Council member, one Selwyn District Council member, and one representative from the New Zealand Transport Authority. The committee provides leadership with respect to the provision of public transport services and infrastructure in Greater Christchurch through the development (and implementation) of the Regional Public Transport Plan. David Bedford, David Caygill and Steve Lowndes are the Environment Canterbury representatives on the committee.

CHIEF EXECUTIVE EMPLOYMENT, PERFORMANCE AND REMUNERATION COMMITTEE

This committee acts for and advises Council on matters pertaining to the employment of the Council's Chief Executive. David Bedford, Steve Lowndes and Elizabeth Cunningham make up the committee membership.

PARTNERSHIP & CO-GOVERNANCE


Te Rōpū Tuia

The Council seeks to build durable relationships and partnerships with Māori (Ngāi Tahu Papatipu Rūnanga, Te Rūnanga o Ngāi Tahu and Ngā Maata Waka) and give effect to the Council's obligations under the Treaty of Waitangi, Ngāi Tahu Claims Settlement Act 1998, Local Government Act 2002 and related obligations under the Resource Management Act 1991. Te Rōpū Tuia provides leadership for mana whenua contributions to local government and environmental management within the greater Canterbury region. David Bedford is the Councillor responsible for this function. Te Rōpū Tuia membership includes the Chairpersons (or their nominee) of all ten Canterbury Papatipu Rūnanga and all Councillors.

Additional to Te Rōpū Tuia, Councillors also meet quarterly with the Kaiwhakahaere and Deputy Kaiwhakahaere from Te Rūnanga o Ngāi Tahu.

Te Waihora Co-Governance

Environment Canterbury, Te Rūnanga o Ngāi Tahu, Selwyn District Council and Christchurch City Council share responsibility for Te Kete Ika a Rākaihautū and the wider Te Waihora catchment. The Councils and Ngāi Tahu respectively hold statutory and tikanga responsibilities in relation to the Te Waihora catchment. The parties have entered into an agreement, the Te Waihora Co-Governance Agreement, that jointly commits each organisation to independently dedicate resources and expertise to protect, restore and enhance the lake and catchment.



The parties have also jointly contracted with the Crown, in the spirit of co-governance, to an accelerated cultural and ecosystem restoration programme in the catchment known as Whakaora Te Waihora. Co-governance of the catchment is a specific goal in the Canterbury Water Management Strategy. David Bedford, Elizabeth Cunningham and Peter Skelton are the Environment Canterbury representatives on Te Waihora Co-Governance.

COUNCIL PORTFOLIOS

Councillors are responsible for groups of activities, as follows:

Air quality: Peter Scott (Portfolio Lead)

Biodiversity/Biosecurity: Cynthia Roberts (Portfolio Lead) and Iaeen Cranwell, Tom Lambie

Canterbury Water Management Strategy: Claire McKay (Portfolio Lead) and David Caygill, Peter Scott, John Sunckell, Lan Pham, Iaeen Cranwell

Planning, Consents and Compliance: Peter Skelton (Portfolio Lead), Tom Lambie, Lan Pham, Cynthia Roberts, Iaeen Cranwell

Hazards, Risk and Safety: Elizabeth Cunningham (Portfolio Lead), Rod Cullinane, Lan Pham, John Sunckell

Public Passenger Transport: David Bedford, David Caygill and Steve Lowndes

Regional Leadership: David Bedford and Elizabeth Cunningham

Regional Transport: David Bedford, Peter Scott

Urban Development: Peter Skelton (Portfolio Lead), David Bedford and Cynthia Roberts



Groups and Directors' contact details

BILL BAYFIELD

Chief Executive

bill.bayfield@ecan.govt.nz

JILL ATKINSON

Director Strategy and Planning

jill.atkinson@ecan.govt.nz

NADEINE DOMMISSE

Chief Operating Officer

nadeine.dommisse@ecan.govt.nz

Nadeine was appointed on 31st July 2017

MILES MCCONWAY

Director Finance and Corporate Services

miles.mcconway@ecan.govt.nz

STEFANIE RIXECKER

Director Science

stefanie.rixecker@ecan.govt.nz

KATHERINE TROUGHT

Director Communications and External Relations

katherine.trought@ecan.govt.nz

DON RULE

Chief Operating Officer for the 2016/17 year. Don left Environment Canterbury on 28th July 2017.

APPENDIX 1 - FUNDING IMPACT STATEMENTS

Council funding 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.

	Long-Term Plan 2015/16	Actual 2015/16	Annual Plan 2016/17	Actual 2016/17
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	31,108	31,707	32,118	32,639
Targeted rates	58,186	59,718	59,790	60,744
Subsidies and grants for operating purposes	27,637	27,403	29,929	32,570
Fees and charges	37,831	31,603	34,889	32,259
Interest and dividends from investments	833	1,355	716	712
Local authorities fuel tax, fines, infringement fees, and other receipts	-	3,134	-	3,637
Total operating funding (A)	155,595	154,919	157,443	162,562
Applications of operating funding				
Payments to staff and suppliers	151,824	153,804	152,609	156,071
Finance costs	726	1,016	1,257	1,059
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	152,550	154,820	153,867	157,129
Surplus (deficit) of operating funding (A – B)	3,045	99	3,576	5,433
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	22,666	23,066	2,158	300
Gross proceeds from sale of assets	741	565	8,850	554
Lump sum contributions - Insurance proceeds	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	23,407	23,631	11,008	855
Application of capital funding				
Capital expenditure				
• to improve the level of service	6,685	5,826	6,893	6,680
• to replace existing assets	32,493	33,615	8,916	2,073
Increase (decrease) in reserves	(12,726)	(9,624)	(2,832)	457
Increase (decrease) of investments	-	(6,086)	1,607	(2,923)
Total applications of capital funding (D)	26,452	23,730	14,584	6,287
Surplus (deficit) of capital funding (C – D)	(3,045)	(99)	(3,576)	(5,433)
Funding balance ((A – B) + (C – D))	-	-	-	-

Reconciliation of Operating Funding to Statement of Comprehensive Revenue and expense

Surplus / (deficit) of operating funding	3,045	99	3,576	5,433
<i>Adjust for other sources of non-cash funding excluded from the funding impact statement</i>				
Depreciation	(3,376)	(3,961)	(6,408)	(6,095)
<i>Adjust for other income and expenditure for capital</i>				
Other revenue	-	565	-	554
Other non-operating income/(expenditure)	-	-	-	-
Tax expense	-	(6)	-	(11)
Surplus/(deficit) per statement of comprehensive income	(331)	(3,303)	(2,832)	(119)

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Additional rates of \$1.5m were received due to the Order in Council which allows part year charging and collection of rates revenue. Subsidies and grants are higher than anticipated due to Ministry for Primary Industries funding for wilding conifer control, which is offset by corresponding increase in operating costs. 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 3.4% higher than originally expected. There is a classification difference between the Annual Plan and actual revenue which has been recorded as 'other income'.

Portfolio expenditure for the year is \$161.9 million compared to a budget of \$159.0 million, or 1.8% higher than budget. The major variances are in the Hazards, Risk and Safety portfolio (\$3.5m) in relation to the North Canterbury earthquake response; Biodiversity and Biosecurity portfolio (\$2.9m); and Transport and Greater Christchurch Rebuild portfolio (-\$1.4m).

Air quality

	Long-Term Plan 2015/16	Long-Term Plan 2016/17	Actual 2016/17
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,344	1,193	1,151
Targeted rates	2,058	2,012	1,990
Subsidies and grants for operating purposes	100	-	-
Fees and charges	295	252	32
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	3,797	3,457	3,174
Applications of operating funding			
Payments to staff and suppliers	2,843	2,405	2,346
Finance costs	199	147	-
Internal charges and overheads applied	1,065	1,031	906
Other operating funding applications	-	-	-
Total applications of operating funding	4,107	3,582	3,252
Surplus/(deficit) of operating funding	(310)	(125)	(78)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(878)	(866)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(878)	(866)	-
Applications of capital funding			
Capital expenditure - to meet additional demand	-	-	-
- to improve the level of service	181	174	60
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	(1,369)	(1,164)	(138)
Increase (decrease) of investments	-	-	-
Total applications of capital funding	(1,188)	(991)	(78)
Surplus/(deficit) of capital funding	310	125	78
Funding balance	-	-	-
The above table excludes the following non cash charges:			
Depreciation expense	199	203	200

Biodiversity and Biosecurity

Sources of operating funding

	Long Term Plan 2015/16	Long Term Plan 2016/17	Actual 2016/17
General rates, uniform annual general charges, rates penalties	3,862	4,323	4,525
Targeted rates	2,938	3,717	2,897
Subsidies and grants for operating purposes	727	561	3,501
Fees and charges	137	107	(2)
Internal charges and overheads recovered	-	-	155
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	490
Total operating funding	7,664	8,707	11,568

Applications of operating funding

Payments to staff and suppliers	7,172	6,594	9,797
Finance costs	-	-	-
Internal charges and overheads applied	1,952	2,071	2,375
Other operating funding applications	-	-	-
Total applications of operating funding	9,123	8,665	12,172
Surplus/(deficit) of operating funding	(1,459)	42	(604)

Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-

Applications of capital funding

Capital expenditure - to meet additional demand	-	-	-
- to improve the level of service	10	10	68
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	(1,469)	32	(672)
Increase (decrease) of investments	-	-	-
Total applications of capital funding	(1,459)	42	(604)
Surplus/(deficit) of capital funding	1,459	(42)	604

Funding balance

The above table excludes the following non cash charges:			
Depreciation expense	29	35	54

Canterbury Water Management Strategy

Sources of operating funding

	Long Term Plan 2015/16	Long Term Plan 2016/17	Actual 2016/17
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	23,695	24,281	23,846
Subsidies and grants for operating purposes	223	-	220
Fees and charges	19	17	(1)
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	176
Total operating funding	23,937	24,298	24,242

Applications of operating funding

Payments to staff and suppliers	16,397	16,052	14,577
Finance costs	-	-	-
Internal charges and overheads applied	6,991	7,451	8,545
Other operating funding applications	-	-	-
Total applications of operating funding	23,387	23,503	23,122
Surplus/(deficit) of operating funding	550	795	1,120

Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-

Applications of capital funding

Capital expenditure - to meet additional demand	-	-	-
- to improve the level of service	684	920	626
- to replace existing assets	320	267	296
Increase/(decrease) in reserves	(454)	(391)	198
Increase (decrease) of investments	-	-	-
Total applications of capital funding	550	795	1,120
Surplus/(deficit) of capital funding	(550)	(795)	(1,120)

Funding balance

The above table excludes the following non cash charges:			
Depreciation expense	580	779	1,404

Flood Protection and Control Works

Sources of operating funding

	Long Term Plan 2015/16	Long Term Plan 2016/17	Actual 2016/17
General rates, uniform annual general charges, rates penalties	1,761	1,845	1,926
Targeted rates	8,382	8,792	9,001
Subsidies and grants for operating purposes	331	331	475
Fees and charges	4,817	4,821	5,161
Internal charges and overheads recovered	-	-	113
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	951
Total operating funding	15,290	15,789	17,628

Applications of operating funding

Payments to staff and suppliers	9,423	9,302	9,013
Finance costs	490	668	325
Internal charges and overheads applied	2,022	2,145	2,210
Other operating funding applications	-	-	-
Total applications of operating funding	11,936	12,114	11,547
Surplus/(deficit) of operating funding	3,355	3,675	6,080

Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	10,268	3,364	-
Gross proceeds from sale of assets	272	367	290
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	10,540	3,731	290

Applications of capital funding

Capital expenditure	- to meet additional demand	-	-	-
	- to improve the level of service	4,705	4,694	4,974
	- to replace existing assets	1,397	1,041	277
Increase/(decrease) in reserves		7,793	1,671	1,119
Increase (decrease) of investments		-	-	-
Total applications of capital funding		13,895	7,406	6,370
Surplus/(deficit) of capital funding		(3,355)	(3,675)	(6,080)

Funding balance

The above table excludes the following non cash charges:			
Depreciation expense	605	712	1,589

Hazards, Risks and Safety

Sources of operating funding

	Long Term Plan 2015/16	Long Term Plan 2016/17	Actual 2016/17
General rates, uniform annual general charges, rates penalties	4,849	5,806	5,566
Targeted rates	2,404	2,505	2,552
Subsidies and grants for operating purposes	417	174	1,450
Fees and charges	1,412	1,379	867
Internal charges and overheads recovered	-	-	42
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	1,468
Total operating funding	9,081	9,864	11,945

Applications of operating funding

Payments to staff and suppliers	6,718	7,074	9,285
Finance costs	-	-	-
Internal charges and overheads applied	2,627	2,944	3,423
Other operating funding applications	-	-	-
Total applications of operating funding	9,345	10,017	12,708
Surplus/(deficit) of operating funding	(264)	(153)	(763)

Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-

Applications of capital funding

Capital expenditure - to meet additional demand	-	-	-
- to improve the level of service	106	26	79
- to replace existing assets	348	596	-
Increase/(decrease) in reserves	(718)	(775)	(842)
Increase (decrease) of investments	-	-	-
Total applications of capital funding	(264)	(153)	(763)
Surplus/(deficit) of capital funding	264	153	763

Funding balance

Funding balance	-	-	-
The above table excludes the following non cash charges:			
Depreciation expense	218	321	821

Planning, Consents and Compliance

Sources of operating funding

	Long Term Plan 2015/16	Long Term Plan 2016/17	Actual 2016/17
General rates, uniform annual general charges, rates penalties	7,791	8,182	7,386
Targeted rates	-	-	-
Subsidies and grants for operating purposes	300	308	190
Fees and charges	7,083	7,377	6,003
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	155
Total operating funding	15,174	15,866	13,733

Applications of operating funding

Payments to staff and suppliers	7,934	8,093	6,017
Finance costs	-	-	-
Internal charges and overheads applied	7,129	7,536	7,416
Other operating funding applications	-	-	-
Total applications of operating funding	15,062	15,629	13,433
Surplus/(deficit) of operating funding	111	238	300

Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-

Applications of capital funding

Capital expenditure - to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	25	-
Increase/(decrease) in reserves	111	212	300
Increase (decrease) of investments	-	-	-
Total applications of capital funding	111	238	300
Surplus/(deficit) of capital funding	(111)	(238)	(300)

Funding balance

The above table excludes the following non cash charges:			
Depreciation expense	162	238	852

Transport, Greater Christchurch Rebuild and Urban Development

Sources of operating funding

	Long Term Plan 2015/16	Long Term Plan 2016/17	Actual 2016/17
General rates, uniform annual general charges, rates penalties	1,174	977	1,131
Targeted rates	18,709	19,654	20,458
Subsidies and grants for operating purposes	25,474	26,952	26,463
Fees and charges	22,417	24,546	18,569
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	707
Total operating funding	67,774	72,129	67,328

Applications of operating funding

Payments to staff and suppliers	65,916	67,574	64,710
Finance costs	-	-	-
Internal charges and overheads applied	2,128	2,224	2,368
Other operating funding applications	-	-	-
Total applications of operating funding	68,043	69,798	67,078
Surplus/(deficit) of operating funding	(269)	2,331	250

Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-

Applications of capital funding

Capital expenditure - to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	3,700	31
Increase/(decrease) in reserves	(269)	(1,369)	220
Increase (decrease) of investments	-	-	-
Total applications of capital funding	(269)	2,331	250
Surplus/(deficit) of capital funding	269	(2,331)	(250)

Funding balance

The above table excludes the following non cash charges:			
Depreciation expense	704	1,183	868

Regional Leadership

Sources of operating funding

	Long Term Plan 2015/16	Long Term Plan 2016/17	Actual 2016/17
General rates, uniform annual general charges, rates penalties	10,327	10,725	10,953
Targeted rates	-	-	-
Subsidies and grants for operating purposes	65	67	271
Fees and charges	1,367	1,333	1,243
Internal charges and overheads recovered	-	-	19
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	361
Total operating funding	11,760	12,125	12,847

Applications of operating funding

Payments to staff and suppliers	8,901	8,408	8,143
Finance costs	-	-	-
Internal charges and overheads applied	3,459	3,602	4,383
Other operating funding applications	-	-	-
Total applications of operating funding	12,359	12,009	12,526
Surplus/(deficit) of operating funding	(600)	116	321

Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-

Applications of capital funding

Capital expenditure - to meet additional demand	-	-	-
- to improve the level of service	340	82	875
- to replace existing assets	15	15	111
Increase/(decrease) in reserves	(955)	18	(665)
Increase (decrease) of investments	-	-	-
Total applications of capital funding	(600)	116	321
Surplus/(deficit) of capital funding	600	(116)	(321)

Funding balance

The above table excludes the following non cash charges:			
Depreciation expense	65	136	309

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