

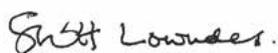


Summary
**Annual
Report**
2016-2017

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

Introduction

This summary document is an overview of the financial and service results for year two of the current Long-Term Plan (2015-25). You can find the full report for the year – 2016/17 – on www.ecan.govt.nz. In this document you will see the highlights and an overview of the financial information. This abridged version does not include the disclosures and full financial information included in the full Annual Report.



Steve Lowndes
Acting Chairman

19 October 2017



Bill Bayfield
Chief Executive

Where to find out more...

Visit www.ecan.govt.nz for more detailed information about Environment Canterbury, our full Annual Report for 2016/17, the current year's Annual Plan 2017/18 and the Long-Term Plan for 2015-25.



600,000

POPULATION OF
CANTERBURY
(STATISTICS NZ ESTIMATE)

45,000

SQUARE KILOMETRES
OF DIVERSE LANDSCAPE

280,764

PROPERTIES
IN CANTERBURY

\$172 BILLION

CAPITAL VALUE OF
CANTERBURY PROPERTIES

Activities and results

Environment Canterbury is the regional council for this beautiful region. While the majority of the Canterbury population lives in Christchurch, our communities are located in the districts managed by ten territorial authorities: Ashburton, Hurunui, Kaikōura, Mackenzie, Selwyn, Timaru, Waimakariri, Waimate, and Waitaki District Councils and the Christchurch City Council.

In our Long-Term Plan we set the activities/services, and the levels of service we will be measured against, for each of the first three years of the ten years the Long-Term Plan covers. 2016/17 was the second year of the current Long-Term Plan. In 2018 the next three years' activity will be mapped out as part of the new Long-Term Plan 2018-28.

How we performed in 2016/17

We achieved 92% of the levels of service targets set for the year.

For each level of service there are measures and targets and our performance is assessed against these. Service levels are usually specified in relation to quantity, quality, reliability, responsiveness, environmental acceptability and cost.

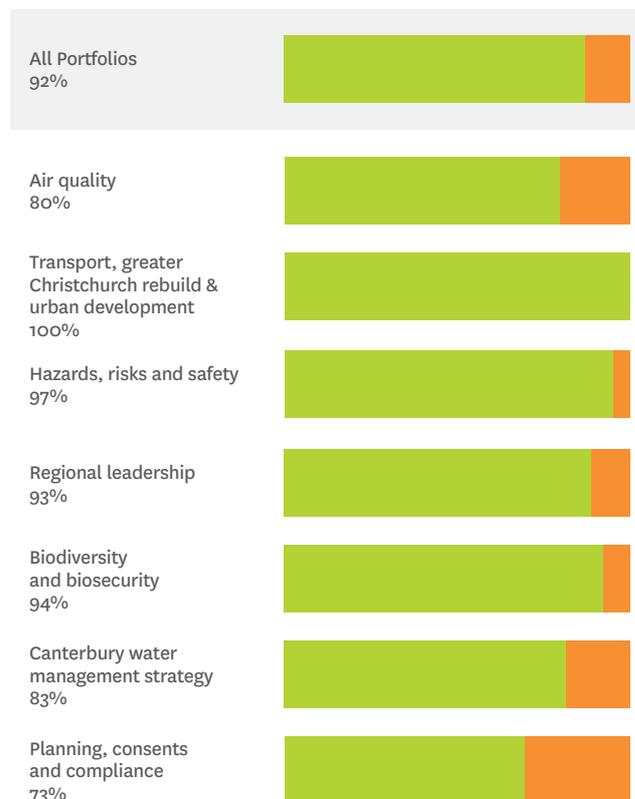
We achieved 100% of our service targets in one of our seven portfolios and an increase from 2015/16 in three of the seven.

The full annual report on www.ecan.govt.nz outlines all the measures and targets along with the results and further information for each.

Percentage of targets measured and met in 2016/17

The table to the right is a summary of our results for the 2016/17 financial year to end June 2017. It shows the percentage achieved (green) and not achieved (red) for each portfolio.

Targets for 2016/17



FINANCIAL FACTS FOR 2016/17

\$163.1M

TOTAL
INCOME

\$163.2M

TOTAL OPERATING
EXPENDITURE

\$93.3M

TOTAL INCOME
FROM RATES

2.9%

RATES INCREASE
ON 2015/16

\$70M

OPERATIONAL
ASSETS

\$835M

INFRASTRUCTURAL
ASSETS

2016/17 Summary

The 2016/17 year saw the transition of Environment Canterbury from the Commissioner-led council to the transitional governance model outlined in the Environment Canterbury (Transitional Governance Arrangements) Act 2016. Under the Act, Environment Canterbury ('the Council') 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.

Highlights

An organisation the size of the regional council covers a wide range of activities. For the full report, see www.ecan.govt.nz. In this summary, a few of the key outcomes from the 2016/17 year are noted below.

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 Kaikōura/Hurunui earthquake became a major focus for our organisation both in terms of the Civil Defence response and geotechnical, river engineering, Harbourmaster and ongoing waste disposal expertise. The support continues particularly around the Kaikōura harbour rebuild 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

Environment Canterbury would like to thank the region 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.

Our income

Rates

Your quarterly rates invoice from Environment Canterbury (received with your rates bill from the local authority where you live eg Timaru District Council), contains two different types of rates: a general rate and a targeted rate.

General rates

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

Targeted rates

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

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

Other sources of income

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

Environment Canterbury also receives grants to carry out work, particularly for public transport. Much of this funding comes from central government agencies. Grants make up around 20% of Council revenue.

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

\$32.6M

**GENERAL RATES
COLLECTED**

\$60.7M

**TARGETED RATES
COLLECTED**

\$69.7M

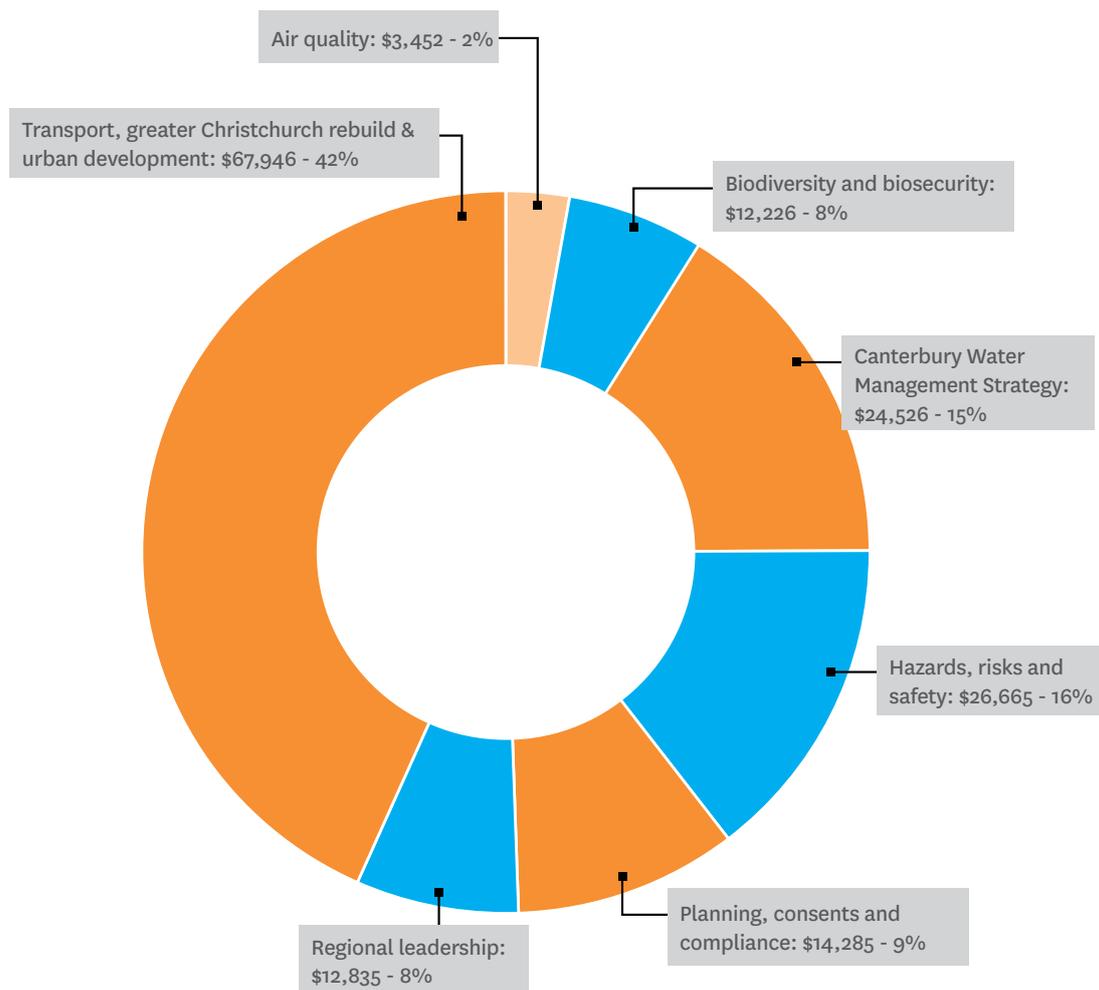
**OTHER INCOME,
INCLUDING \$45.7M FROM
PUBLIC TRANSPORT
GRANTS AND FARES**

Our expenditure

In 2016/17 Environment Canterbury divided activities and related budgets into seven service groups or portfolios. Each is funded by a combination of general rates, targeted rates, user charges, loans and subsidies.

This graph shows the proportion of expenditure on each or portfolio. Figures are in \$'000s.

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



2016/17 in numbers

The following are a few of the statistics for the 2016/17 year. More information is contained in the full Annual Report and on the Reporting Back page on www.ecan.govt.nz. The majority of our reports cover the financial year eg 2016/17 like this Annual Report Summary but other seasonal reports are released during the year, for example the recreational water use report just prior to the swimming season starting.

420KM

FENCING BUILT TO PROTECT STREAMS,
WETLANDS, LAGOONS AND BUSH
(VIA 400 RESTORATION PROJECTS)

MORE THAN

3,000

FARM ENVIRONMENT PLANS IN
PLACE ACROSS CANTERBURY

13.6MILLION

NUMBER OF BUS TRIPS
IN CHRISTCHURCH

MORE THAN

500,000

HECTARES OF
WILDING CONIFERS CLEARED

97%

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

MORE THAN

24,000

RESOURCE CONSENTS
IN CANTERBURY

85%

PERCENTAGE OF WATER TAKE CONSENT
HOLDERS PROVIDING DAILY DATA

98

RECREATIONAL WATER SITES
MONITORED OVER SUMMER

Regional leadership

Providing regional leadership in the areas under our remit continues to be an important part of the role of the Council. Governance arrangements with other agencies, strong relationships and a well-articulated common purpose drive this leadership.

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

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

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

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

Under the Mayoral Forum we have a formal undertaking to work with the ten local District Councils and the Christchurch City Council.

Success would not be possible without these relationships and the others that we have with industry bodies, community groups, schools, stakeholder organisations and the wider community.



Summary of Financial Statements

In 2016/17 Environment Canterbury received \$163.1m revenue and spent \$163.2m giving a deficit after taxation of \$119k.

Statement of comprehensive revenue and expense	Actual 2016/17	Annual Plan 2016/17	Actual 2015/16
Revenue			
General rates	32,639	32,118	31,707
Targeted rates	60,744	59,790	59,718
Subsidies and grants	32,570	29,929	27,403
Fees and charges	32,259	34,889	31,603
Other revenue/gains	4,905	716	5,053
Total operating revenue	163,115	157,443	155,485
Expenditure			
Personnel costs	43,443	43,733	42,068
Other expenses	119,781	116,542	116,714
Total operating expenditure	163,224	160,275	158,781
Surplus/(deficit) before tax	(108)	(2,832)	(3,296)
Tax (expense)/benefit net of loss offset	(11)	-	(6)
Surplus/(deficit) after tax	(119)	(2,832)	(3,302)
Other comprehensive revenue and expense	(189,229)	-	134,436
Total comprehensive revenue and expense	(189,348)	(2,832)	131,134

Statement of financial position	Actual 2016/17	Annual Plan 2016/17	Actual 2015/16
Current Assets	41,373	35,150	45,553
Total non current assets	916,551	986,108	1,105,649
Total assets	957,924	1,021,258	1,151,202
Total current liabilities	20,331	22,522	23,411
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

Statement of changes in net assets/equity	Actual 2016/17	Annual Plan 2016/17	Actual 2015/16
Equity at the beginning of the year	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

Cash flow statement	Actual 2016/17	Annual Plan 2016/17	Actual 2015/16
Net cash flow from operating activities	413	4,317	11,849
Net cash flow from investing activities	(4,416)	(6,093)	(31,508)
Net cash flow from financing activities	84	2,158	23,037
Movement in cash	(3,918)	381	3,377
Net increase / (decrease) in cash held	(3,918)	381	3,377
Add cash brought forward	13,589	6,929	10,212
Cash carried forward	9,670	7,310	13,589

The summary financial statements have been extracted from the full audited Annual Report dated 19 October 2017. The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial report. A copy of the full Annual Report of Council can be obtained from the Council's website (www.ecan.govt.nz) or by calling our Customer Services team (contact details are on page 12 of this summary).

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

All amounts are expressed in New Zealand Dollars and have been rounded to \$000's. The full Annual Report financial statements have been audited and unmodified audit opinion was issued on the full financial statements. The full financial statements were authorised for issue on the xx October 2017 as authorised by the Council.

* Impact of asset revaluation and accounting adjustments.

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

The summary of the annual report was derived from the annual report of the Canterbury Regional Council for the year ended 30 June 2017.

The summary of the annual report comprises the following summary statements on pages 6 to 8 and 10:

- the summary statement of financial position as at 30 June 2017; and
- the summaries of the statement of comprehensive revenue and expense, statement of changes in net assets/equity and cash flow statement for the year ended 30 June 2017; and
- the summary statement of portfolio performance.

Opinion

In our opinion:

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

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 19 October 2017.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS 43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

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 compliance statement 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
19 October 2017



*Facilitating sustainable development
in the Canterbury region*

www.ecan.govt.nz

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