

FINANCIAL SUMMARY – GROUPS OF ACTIVITIES

Long-term financial overview

Forecasts contained in this Annual Plan are developed on a project-by project basis incorporating the major assumptions as detailed in the individual groups of activities.

Further details are contained in the individual group of activity summaries on pages 18 to 121 and in the financial information on pages 125 to 143.

In general, the forecasts contained in the individual group of activity summaries and in the financial statements indicate the following:

- Any deficits will be funded from existing reserves only to the extent that Environment Canterbury's ability to meet its long-term commitments to maintain infrastructural assets and to reasonably provide for contingencies is not compromised.
- A healthy financial position will be maintained with net worth or equity increasing over time.
- Liquidity position will remain stable over time with short-term assets outweighing short-term debt and a healthy cash position.
- Borrowing will be required to fund the Clean Heat Loan Scheme and will be offset by an advance to ratepayers of the same value and term secured by a targeted rate on the individual properties.

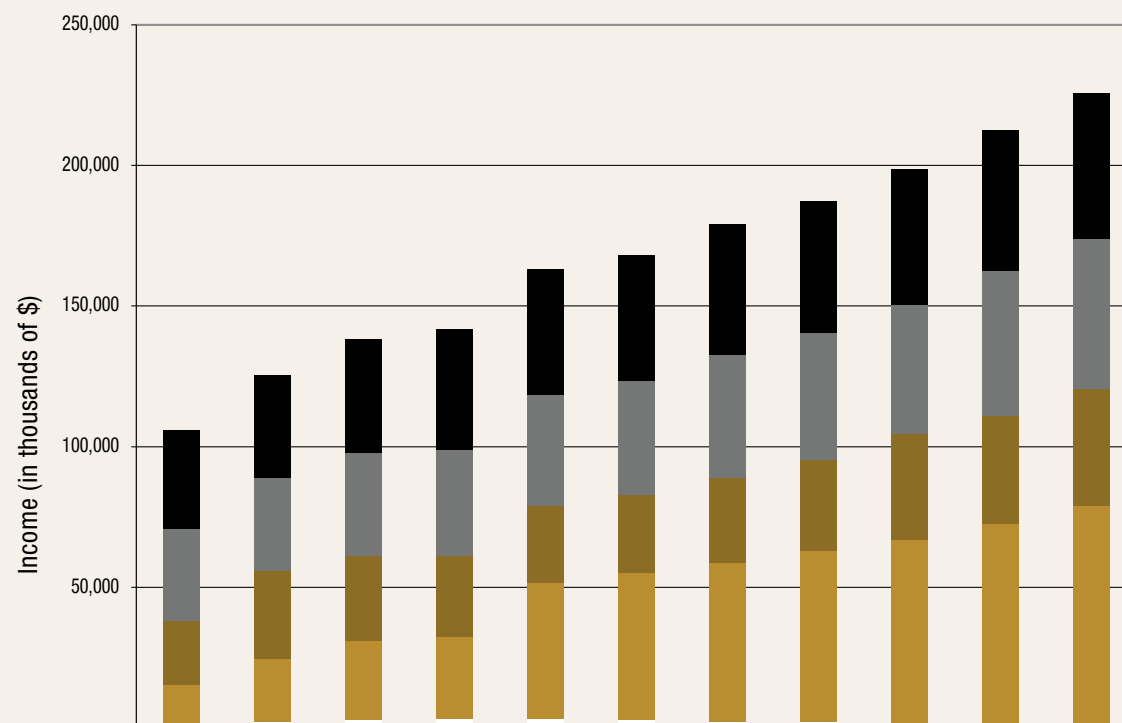
See the Funding Impact Statement for more details.

Rates: figures for general and targeted rates are net of estimated remissions (adjusted annually for inflation). Remissions on Maori land are not significant.

Capital Expenditure: details of capital expenditure including renewals, replacements and maintenance and funding sources are set out in Appendix 3.

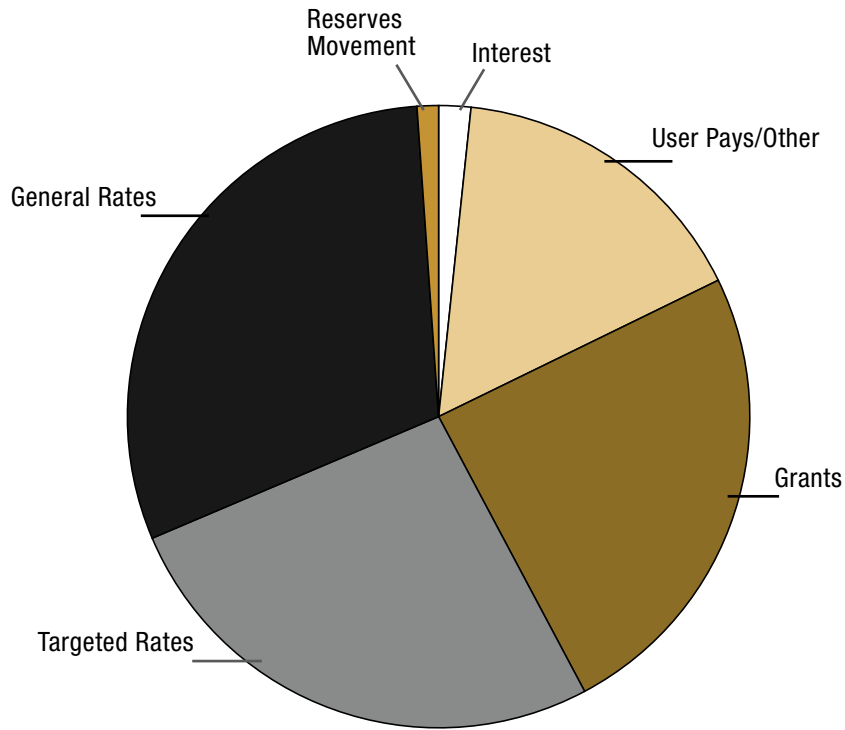
Sources of Funds: the basis for selecting funding sources is detailed in Part B Funding & Financial Policies of the 2009-19 Long term Community Plan. This document is available on our website www.ecan.govt.nz, from our Christchurch and Timaru offices, or contact Customer Services on 0800 EC INFO.

Operating Surplus/(Deficit) per Financial Statements: the operating surplus/(deficit) per this Financial Summary does not include income and expenditure for activities that do not form part of the groups of activities. This includes interest on reserves other than general and targeted rate reserves and business unit results that do not relate specifically to a group of activities. Details are set out in the following table.

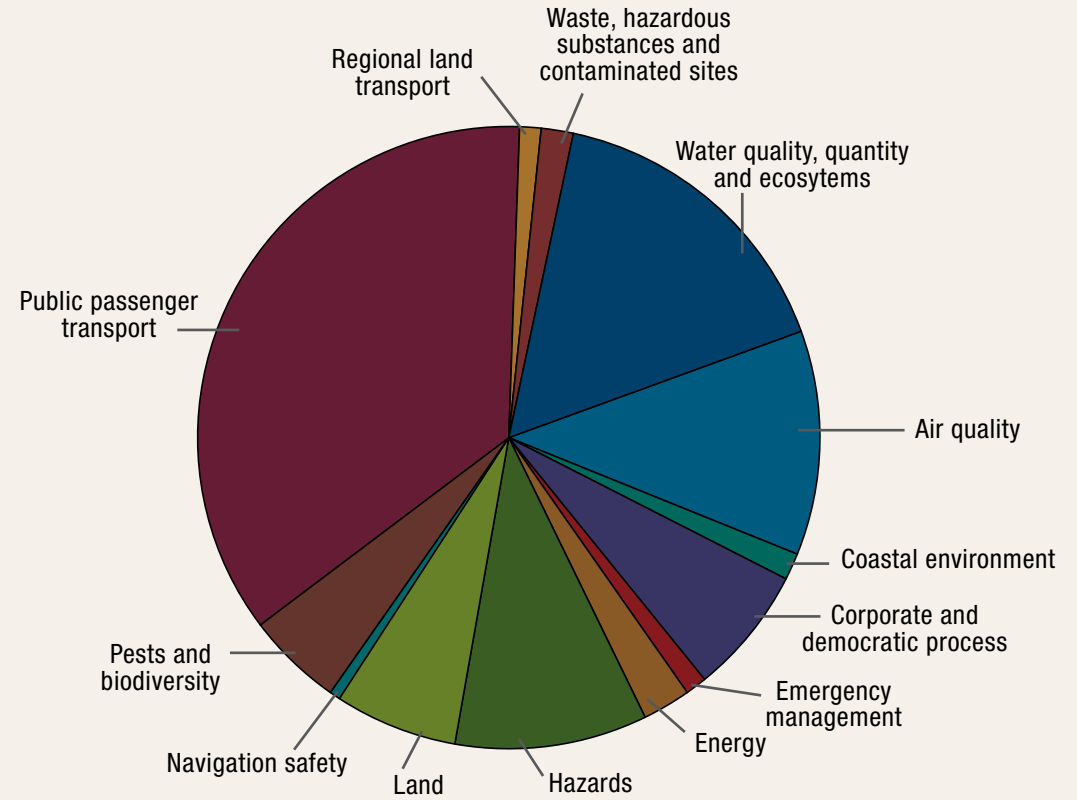


	2008/09 Annual Plan	2009/10 LTCCP	2010/11 LTCCP	2011/12 LTCCP	2012/13 LTCCP	2013/14 LTCCP	2014/15 LTCCP	2015/16 LTCCP	2016/17 LTCCP	2017/18 LTCCP	2018/19 LTCCP
Interest	1,854	2,268	2,914	3,188	3,099	2,751	2,409	2,092	1,801	1,553	1,327
User Pays/Other	13,681	20,255	28,108	29,187	48,637	52,401	56,216	60,904	65,133	71,015	77,557
Grants	22,503	31,035	30,026	28,921	27,079	27,761	30,480	32,565	37,415	38,677	41,398
Targeted Rates	32,945	33,306	36,785	37,765	39,787	40,418	43,504	44,931	46,098	51,251	53,725
General Rates	34,840	38,519	40,229	42,855	44,519	44,674	46,372	46,681	48,170	50,160	51,558
Total Income	105,823	125,383	138,062	141,916	163,121	168,005	178,981	187,173	198,617	212,656	225,565
Operating Expenditure	108,963	123,982	138,107	142,903	163,941	164,335	176,146	183,994	193,468	213,905	222,444
Operating Surplus/(Deficit)	(3,140)	1,401	(45)	(987)	(820)	3,670	2,835	3,179	5,149	(1,249)	3,121
Reserves	3,140	(1,401)	45	987	820	(3,670)	(2,835)	(3,179)	(5,149)	1,249	(3,121)
Reconciliation of group of activities to financial statements											
Operating Surplus (Deficit)	(3,140)	1,401	(45)	(987)	(820)	3,670	2,835	3,179	5,149	(1,249)	3,121
Business unit results & interest on other reserves	1,358	1,528	1,506	1,526	1,640	1,675	1,928	1,877	2,092	2,108	2,269
Operating Surplus (Deficit) per financial statements	(1,782)	2,929	1,461	539	820	5,345	4,763	5,056	7,241	859	5,390

SOURCES OF FUNDS 2009/10



OPERATING EXPENDITURE 2009/10



Sources of Funds 2009/10	\$000
Interest	2,268
User Pays/Other	20,255
Grants	31,035
Targeted Rates	33,306
General Rates	38,519
Reserves Movement	(1,401)
Summary	123,982

Operating Expenditure 2009/10	\$000
Air Quality	14,292
Coastal environment	2,007
Corporate and democratic process	8,235
Emergency management	1,383
Energy	3,033
Hazards	12,328
Land	8,039
Navigation safety	666
Pests and biodiversity	6,250
Public passenger transport	44,450
Regional land transport	1,286
Waste, hazardous substances and contaminated sites	2,021
Water quality, quantity and ecosystems	19,990
Summary	123,982

Report to the readers of Environment Canterbury's Long-Term Council Community Plan for the ten years commencing 1 July 2009

The Auditor General is the auditor of the Canterbury Regional Council (Environment Canterbury). The Auditor General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to report on the Long-Term Council Community Plan (LTCCP), on his behalf.

The Auditor-General is required by section 94(1) of the Local Government Act 2002 (the Act) to report on:

- the extent to which the LTCCP complies with the requirements of the Act;
- the quality of information and assumptions underlying the forecast information provided in the LTCCP; and
- the extent to which the forecast information and performance measures will provide an appropriate framework for the meaningful assessment of the actual levels of service provision.

It is not our responsibility to express an opinion on the merits of any policy content within the LTCCP.

Opinion

Overall Opinion

In our opinion the LTCCP of Environment Canterbury incorporating Parts A and B dated 25 June 2009 provides a reasonable basis for long-term integrated decision-making by Environment Canterbury and for participation in decision-making by the public and subsequent accountability to the community about the activities of Environment Canterbury.

In forming our overall opinion, we considered the specific matters outlined in section 94(1) of the Act which we report on as follows.

Opinion on Specific Matters Required by the Act

In our view:

- **Environment Canterbury has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment;**
- **the underlying information and assumptions used to prepare the LTCCP provide a reasonable and supportable basis for the preparation of the forecast information; and**
- **the extent to which the forecast information and performance measures within the LTCCP provide**

an appropriate framework for the meaningful assessment of the actual levels of service provision, reflects good practice for a council of its size and scale within the context of its environment.

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 25 June 2009, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of Environment Canterbury and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

We planned and performed our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the LTCCP does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

Our audit procedures included assessing whether:

- the LTCCP provides the community with sufficient and balanced information about the strategic and other key issues, choices and implications it faces to provide an opportunity for participation by the public in decision-making processes;
- Environment Canterbury's financial strategy, supported by financial policies as included in the LTCCP is financially prudent, and has been clearly communicated to the community in the LTCCP;
- the presentation of the LTCCP complies with the legislative requirements of the Act;
- the decision-making and consultation processes underlying the development of the LTCCP are compliant with the decision-making and consultation requirements of the Act;

- the information in the LTCCP is based on materially complete and reliable asset or activity management information;
- the agreed levels of service are fairly reflected throughout the LTCCP;
- the key plans and policies adopted by Environment Canterbury have been consistently applied in the development of the forecast information;
- the assumptions set out within the LTCCP are based on best information currently available to Environment Canterbury and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;
- the rationale for the activities is clearly presented;
- the levels of service and performance measures are reasonable estimates and reflect the key aspects of Environment Canterbury's service delivery and performance; and
- the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the LTCCP.

We do not guarantee complete accuracy of the information in the LTCCP. Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTCCP and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

Environment Canterbury is responsible for preparing an LTCCP under the Act, by applying Environment Canterbury's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. Environment Canterbury's responsibilities arise from Section 93 of the Act.

We are responsible for expressing an independent opinion on the LTCCP and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 94(1) of the Act.

Independence

When reporting on the LTCCP we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than this report and in conducting the audit of the Statement of Proposal for adoption of the LTCCP and the annual audit, we have no relationship with or interests in Environment Canterbury.



Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Matters relating to the electronic presentation of the audited Long-Term Council Community Plan

This audit report relates to the Long-Term Council Community Plan of Environment Canterbury for the ten years commencing 1 July 2009 included on Environment Canterbury's website. Environment Canterbury is responsible for the maintenance and integrity of the website. We have not been engaged to report on the integrity of the website. We accept no responsibility for any changes that may have occurred to the Long-Term Council Community Plan since it was initially presented on the website.

The audit report refers only to the Long-Term Council Community Plan named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the Long-Term Council Community Plan. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited Long-Term Council Community Plan as well as the related audit report dated 25 June 2009 to confirm the information included in the audited Long-Term Council Community Plan presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.