



Annual Report 2017-2018

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

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THE YEAR IN OVERVIEW

It is appropriate to begin this Annual Report by paying tribute to our chairman, David Bedford, who passed away at the beginning of the year. David was elected Environment Canterbury chairman by the Council in 2016. It was his avowed decision to lead the Council successfully through to the return to full democracy in 2019. As the newly elected Chairman, I wholeheartedly share that vision.

With the Council's overriding priority of improving the region's freshwater quality, we have, over the last eight years, produced a suite of comprehensive regulatory instruments and, during this 2017/18 year, we have been busy implementing them. This has included providing advice to farmers to help them comply with new rules and strict nutrient limits. An independent audit scheme helps farmers to know where to take further action and what is working on-farm.

It is important to note that, while Environment Canterbury is a regulatory authority, we are also regulated ourselves in what we can do – and not do – under various Acts. Sometimes this means our actions are not popular, or may not seem to meet a need. But we have to follow the rules too.

In this 2017/18 Annual Report, Environment Canterbury is reporting against the financial and service measures and targets we set for the third year of the Long-Term Plan 2015-25. A summary of this Annual Report, and our new Long-Term Plan 2018-28, are available on our website.

For 2017/18, we are pleased to report that the work of our organisation and our partners and community has resulted in 94% of our Levels of Service targets being met (2% higher than last year), evidence that for the most part we did what we said we would do, and spent very close to what we said we would spend. In this document we report against all our levels of service.

Key to our success was delivery of our regulatory functions and environmental safeguards, working with the community, and maintaining robust relations with other councils, Ngāi Tahu, industry and other stakeholder groups.

Points of interest from the 2017/18 year

What follows are a few of the key points from the 2017/18 year.

Tuia: Tuia is our relationship with Ngāi Tahu and means 'shoulder to shoulder'. For the Long-Term Plan 2015-25 this was one of three key priorities. It has now become part of all our activity. Maintaining strong relationships with the ten Canterbury Papatipu Rūnanga and Te Rūnanga o Ngāi Tahu remained a key focus for the year, and further work was done to embed the cultural partnership. One significant aspect was the work of a cultural land management advisor in the Selwyn Waihora zone team to assist with the implementation requirements of the Cultural Land Values Management Area. Based on this success, additional cultural land management advisors are planned for other parts of the region to assist with mahinga kai values within the CWMS, implementation of Farm Environment Plans, and compliance work.

Freshwater management: In the 2017/18 year, Environment Canterbury continued its strong, eight-year commitment to the Canterbury Water Management Strategy (CWMS) with progress on each of the target areas.

Our regional regulatory framework is the Land and Water Regional Plan (LWRP), which establishes the rules for the region's necessary step-change in water management. The LWRP covers 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. A number of plan changes, including catchment zone-specific plan changes, have been introduced since the LWRP was notified in 2016. Work continued on these during the year to refine the rule framework to meet specific needs for zones. You can find out more about what is happening in each of the ten water zones on www.ecan.govt.nz

Climate change: Climate change considerations are an integral part of all of Environment Canterbury's work. During the year in review, we have taken an active role in central Government engagement on the topic, and we established and coordinated the regional Climate Change Working Group. A new Climate Change Integration programme has been established which, during the 2018/19 year, will focus on increasing the visibility of our information and decision-making processes around adaptation to the impacts of climate change.

Biodiversity and Biosecurity: A total of 63 biodiversity projects were initiated during the year, including fencing freshwater habitats, establishing native plants along waterways, predator control and weed control. We saw significant increases in braided river bird breeding as a result of our management site initiatives and initiated a process to identify the extent of braided riverbeds. We also made good progress with the joint-agency Whakaora Te Ahuriri project to develop a constructed wetland at the currently drained and degraded Ahuriri Lagoon. Indigenous biodiversity has been identified as one of the two strategic priorities for Environment Canterbury over the next 10 years.

We continued our work to protect the environment from the spread of introduced plant and animal pests. In response to the growing rabbit population, Environment Canterbury worked with other councils to import and release a new rabbit virus in the second half of the year. Using a slower natural spread method, there was still a 40% reduction in rabbit numbers. Other introduced pests under surveillance included the giant willow herb and 'Lake Snow', which is present in the upper Waimakariri catchment. The new Regional Pest Management Plan commenced.

Air Quality: The Canterbury Air Regional Plan became operative before the end of 2017. In early 2018 we commenced a campaign to educate wood burner owners to tackle the issue of emissions from home heating. There was a campaign focus on South Canterbury where recorded winter air quality has been poor. A related campaign for people to replace their older style wood burners resulted in high numbers of building consents for new burners being submitted to councils before the 31 October deadline. We also worked closely with health boards, social service agencies and councils to raise awareness of how to burn smoke-free, and introduced the Timaru Cosy Homes Hub to this effect. At the same time, we continued work on approving new Ultra Low Emission Burners developed or imported locally.

Air quality near working quarries became high profile during the year, and we undertook extensive independent monitoring of ambient air quality near these quarries. As a result we signalled more stringent rules for quarry operators.

Natural hazards and safety: Our flood protection work around the region continued, with advanced success in the \$40 million 10-year Waimakariri Flood Protection programme, meaning it will be completed next year – a year ahead of schedule.

We continued to collect and provide data and information on natural hazards and the processes contributing to them. We carried out investigations and risk assessments of flood, geologic and coastal hazards, and provided up-to-date information to individuals, decision-makers and other regional stakeholders.

Support for post-earthquake North Canterbury continued during the year. For example, we completed the recovery programme for the South Bay boat harbour lifeline, which is now fully operational for recreational and commercial users. We also carried out new post-earthquake and tsunami flood hazard modelling for Kaikōura and provided engineering support for post-earthquake remediation in the Clarence Valley and on the Kaikōura plains. During the year, our Civil Defence and Emergency Management Office moved into its first purpose-built facility in the Justice and Emergency Services Precinct in Christchurch.

The Harbourmaster's Office, for which we are responsible, responded to a number of incidents during the year, including the fire aboard the ship Dong Won 701 in Timaru Port. Although the vessel suffered significant damage, we worked closely with all parties to ensure safety throughout the response and to prevent any pollution from the fire and subsequent clean-up.

Transport: The 2017/18 year saw a return to positive public transport patronage growth in Christchurch, albeit a modest 1%. After several years of patronage decline post-earthquakes, this is a significant milestone. Another pleasing result was the continued positive experience our customers enjoyed, with overall customer satisfaction remaining high at 96.6%. However, the year was financially challenging for public transport. Even the return to positive growth was not enough to balance the costs of delivering the

service. One result of this was the decision, made after consultation on the new Long-Term Plan, to raise the public transport targeted rate and bus fares, coupled with a number of route changes and the removal of some routes. These changes will be implemented in the 2018/19 year.

Our review of the Regional Land Transport Plan was completed and we commenced the second phase of work on identifying the opportunity for freight mode shift in the South Island. We also commenced a transport resilience stocktake, initiated a project to improve road safety outcomes, and advocated on Government policy.

Urban Development: We worked closely with Regenerate Christchurch, key stakeholders and other strategic partners to support regeneration, including in the development of the Ōtākaro/Avon River Corridor Regeneration Plan and Southshore/South New Brighton Regeneration Strategy. We continued our work with the Greater Christchurch Partnership to review the Urban Development Strategy and give effect to the National Policy Statement on Urban Development Capacity. We also collaborated with Lyttelton Port Company Limited, Te Hapū o Ngāti Wheke and Te Rūnanga o Ngāi Tahu, the Christchurch City Council and the local community on the Whakaraupō/Lyttelton Harbour Catchment Management Plan. This was launched in March 2018.

Governance: Preparations were made for the transition back to a fully elected Council in 2019, with a representation review underway in June. Currently the Council is a mix of elected and appointed Councillors; from the next election in 2019, the Council will be fully elected. The inclusion of Ngāi Tahu Councillors in the current Council has further strengthened the relationship with Ngāi Tahu and we are working to maintain this strong link.

Overall 2017/18 was a year of shift from a strong planning focus to on-the-ground operations, with results seen across all our portfolios.

Steve Lowndes

Chairman

18 October 2018

Bill Bayfield

Chief Executive

In this Annual Report the work of Environment Canterbury is reported under seven portfolios as noted below. In the new Long-Term Plan for 2018-28, these have been reduced to six portfolios.

The seven portfolios for 2017/18 were:

- 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

Canterbury Water Management Strategy

Supporting the Canterbury Water Management Strategy (CWMS) to improve the region's freshwater quality has been Environment Canterbury's highest priority for the last eight years. The CWMS provides a collaborative framework for addressing water management issues, empowering and enabling present and future generations to gain the greatest environmentally sustainable social, economic, recreational and cultural benefits from Canterbury's water resources.

In this portfolio there are five programmes of work:

- Canterbury Water Management Strategy committee facilitation
- Environmental monitoring and progress reporting
- Resource Management Act water framework
- Zone implementation programme delivery
- Regional water infrastructure

The CWMS sets targets for Canterbury water management out to 2040. The ten local zone committees – joint committees of Environment Canterbury and the local authority that covers each zone – are established under the Local Government Act. Their focus is the development and implementation of water management programmes to achieve these targets for their respective water catchment areas.

Each committee presents an annual report to the Council. Our most recent progress report on the targets can be found on the 'Reporting Back' page of www.ecan.govt.nz.

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 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. Since it was notified in 2012 there have been a number of plan changes in response to changing needs.

Catchment-specific chapters

A number of 'sub-regional' catchment-specific changes to the LWRP were progressed during the 2017/18 year.

Hinds Plains (Plan Change 2) was developed to address the challenges of reducing nutrient discharges and managing flows in the Hinds/Hekeao Plains area, while still maintaining a viable agricultural community and economy. Although it was notified in the 2014/15 year, it has subsequently been through a public hearing and submissions process and was made operative in June 2018.

The South Coastal Canterbury sub-regional catchment plan (Plan Change 3) was notified in April 2015 and became operative in September 2017. The plan change sets limits for improving water quality in South Canterbury coastal streams, particularly in Wainono Lagoon and sets out good farm practices relating to nutrient management, irrigation management, grazing of intensively farmed stock, cultivation and collected animal effluent, while also providing opportunities for economic development.

In June 2017, Council adopted the decision of the independent hearings panel on Plan Change 5, Part B, introducing specific water quality limits and related policies and rules for the Waitaki catchment. At July 2018, this decision is under appeal.

Extensive work continued in the both Waimakariri and Orari-Temuka-Opihi-Pareora (OTOP) zones. In December 2017, the OTOP zone committee released a draft solutions package for consultation with the community. This will be finalised in late 2018. The Waimakariri zone committee commenced collaborative work on a draft solutions package, which will also be finalised in late 2018. Both zone committees sought and received extensions from Council to complete further technical work and consultation with affected communities. Notifications of these catchment-specific plan changes are scheduled for mid-2019.

A targeted plan change for the Hurunui Waiau zone will be notified in late 2018.

Environmental monitoring and progress reporting

In the 2017/18 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 143 state of the environment sites and data was collected at a further 140 sites for short-term investigations. We also monitored 97 recreational sites over the summer months from November 2017 to the beginning of March 2018.

Macroinvertebrates and habitat data was collected from over 204 sites throughout Canterbury to provide indicators for ecosystem health. Data was collected from November 2017 through to the end of February 2018. 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 territorial authority areas) are tasked with developing Zone Implementation Programmes which make recommendations for implementing the CWMS targets in each zone. Community members go through an appointment process every three years, usually after local government and rūnanga elections. Every committee is now supported by a zone team to help deliver on these recommendations and support 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 water and land management that protect and improve water quality and ecosystem health.

During the year, the Council's approach, having set environmental flows and catchment load limits, was to work with farmers and irrigation groups to ensure they accounted for and managed nitrate leaching from their farms, and demonstrated how they were managing it through the use of Farm Environment Plans. Industry organisations like DairyNZ, Fonterra, Beef & Lamb and Irrigation New Zealand continued to work with Environment Canterbury to support farmers through the changes.

As a result of the new limits and rules, 2,300 of the region's 8,800 farms had immediate responsibilities to obtain land use consents to farm, implement good management practices and meet nitrogen loss limits. The Council's challenge during the year was to tackle how to engage with and support these farmers, to ultimately improve water quality across the region.

With the establishment of industry-agreed Good Management Practices for farming and 17 approved auditors in place, by year end there were over 3,000 Farm Environment Plans in place and more than 900 farms audited.

Biodiversity officers are part of Environment Canterbury's zone teams and, working with community groups and individuals, they supported the development of more than 400 restoration projects. These have been awarded funding totalling \$8.5 million since 2010 to deliver 500km of fencing to protect over 1,900 ha of stream riparian margins, wetlands, lagoons and native bush.

During 2017/18, the CWMS Regional Committee (which focuses on regional issues of biodiversity protection and enhancement, water storage, distribution and efficiency, as well as recreation and amenity), 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 to ensure that Canterbury's water infrastructure was aligned to all CWMS target areas. The on-going work programme included a general focus on maintaining or increasing reliability of water supply to enable efficient water use and a high standard of nutrient management; advancing infrastructure integration for takes and associated storage from alpine rivers; and accelerating uptake of approaches that increase on-farm and distribution water use efficiency.

The work programme also included implementation of augmentation concepts (Managed Aquifer Recharge, Targeted Stream Augmentation and Near River Recharge) and exploration of the potential for replacing groundwater supply with stored alpine river supply in the OTOP Zone.


83% of the levels of service were met in this portfolio in 2017/18.

PERFORMANCE AGAINST LEVELS OF SERVICE TARGETS

In partnership with the Canterbury region's district and city councils and Ngai 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	11 reports that demonstrate progress on <ul style="list-style-type: none"> - environmental restoration - improved water quality - water quality initiatives - 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.

MEASURE	See detailed table including: <ul style="list-style-type: none"> - rainfall - river flows - river/stream water quality - lake water quality - marine water quality - estuary water quality - ecosystem health - groundwater levels - groundwater quality - land - recreational swimming - water use
TARGET	See detailed table that includes: <ul style="list-style-type: none"> - number of sites - frequency of measure - availability of information
 RESULT	See attached table


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 45 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 information in the table above can be found at <https://www.ecan.govt.nz/do-it-online/reporting/>



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

MEASURE	Report on progress towards CWMS targets is complete.
TARGET	No report due in 2017/18 - the report is produced every two years.
RESULT	Not measured in 2017/18

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	Orari-Temuka-Opihi-Pareora and Waimakariri scheduled for Year 3 LTP (2017/18).
 RESULT	<p>We have continued to work with the community on the Orari-Temuka-Opihi-Pareora variation and the Waimakariri variation. Both were planned for notification in 2017/18.</p> <p>The Zone Committees for Orari Temuka Opihi Pareora and Waimakariri have both sought extensions to deliver their recommendations to council. The extensions have been granted. The Orari-Temuka-Opihi-Pareora Zone Committee have sought this so that further technical work on flows and allocation in the Opihi and Temuka catchments can be completed and shared with the community. The Waimakariri Zone Committee have sought additional time for consultation so that the options being considered can be communicated across the community. Recommendations from both committees are expected by the end of 2018.</p> <p>The South Coastal Canterbury Plan Change (LWRP Plan Change 3) was made operative 1 September 2017.</p> <p>The Hinds/Hekeao Plan Change (Plan Change 2) was made operative on 1 June 2018</p> <p>The recommendations of the hearing commissioners on the Nutrient Management & Waitaki Plan Change (LWRP Plan Change 5) were adopted by Council on 15 June 2017. This plan change is proceeding through the appeals process.</p>

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 2018.
 RESULT	<p>The ten work programmes covering all CWMS target areas have been completed.</p> <p>The work programmes reflect progress on work programmes set by each Zone Committee 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.</p> <p>Progress reports are available the Environment Canterbury website at https://www.ecan.govt.nz/your-region/your-environment/water/whats-happening-in-my-water-zone/</p>
MEASURE	Joint work programmes with CDHB, Irrigation New Zealand, the Canterbury dairy industry, Fish & Game (North Canterbury and Central South Island).
TARGET	Annual progress report on joint work programme available on the website.
 RESULT	<p>The joint work programme with the Canterbury District Health Board and report on progress is available on the website.</p> <p>Joint work programmes have been developed and continue to evolve with the Canterbury dairy industry and IrrigationNZ. These are also included on the Environment Canterbury website.</p> <p>Joint work programmes with Fish and Game (North Canterbury and Central South Island) have been updated and are available on the Environment Canterbury website at https://www.ecan.govt.nz/do-it-online/reporting/</p>

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

MEASURE	An annual schedule of work, that 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.
<input checked="" type="checkbox"/> RESULT	<p>The CWMS Regional Committee approved and oversaw the delivery of the regional infrastructure work programme. Minutes of the Regional Committee are available on our website which includes progress updates and the annual summary from June 2018. 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.</p> <p>The work programme also includes 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. Further information is available at https://www.ecan.govt.nz/do-it-online/reporting/</p>

Hazards, risks and safety

Hazards, Risks and Safety

Through this portfolio, Environment Canterbury worked with Canterbury communities to identify and reduce the risk posed by natural hazards, contaminants and waste, and navigation and boating activities.

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

Natural hazards

To ensure that decision makers and communities have the best available information to manage natural hazard risk, we continued to collect data on natural hazards, hazard events and the drivers of and processes contributing to natural hazards. We carried out investigations and risk assessments of flood, geologic and coastal hazards and provided up-to-date information to decision makers and other regional stakeholders.

In terms of natural hazards support and advice, 90% of respondents to our survey of territorial authorities and Civil Defence and Emergency Management customers rated the relationship and service provided by us during the year as good or very good. This result meant that we surpassed the Level of Service target of 80%. In the previous financial year, we failed to meet the target with a positive response of 60%.

During the year, we responded to 469 customer enquiries for flood and geologic hazard information on properties. We also provided continuing support for the North Canterbury earthquake recovery including undertaking new post-earthquake flood-hazard modelling and investigations.

We worked together with the Christchurch City Council to develop up-to-date tsunami evacuation zones for Christchurch and Banks Peninsula using the latest tsunami research.

To help reduce the community's risk from natural hazards such as earthquakes and floods, Environment Canterbury supported the Regional Approach to natural hazard risk initiative, including the delivery of three priority milestone projects. This collaborative initiative involves territorial authorities, CDEM Group, Te Runanga o Ngāi Tahu, and Environment Canterbury.

Navigational and recreational boating safety

Environment Canterbury is responsible for the operation of the Harbourmaster's Office.

The Harbourmaster's Office worked throughout the year to raise awareness and help people to comply with the new requirements of the Navigation Safety Bylaw 2016. 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, and requires vessels to be identified.

The recovery programme for Kaikōura's South Bay boat harbour is now complete. The final part of this was the installation, supported by the Harbourmaster's Office, of three pairs of new navigation beacons outlining the entrance channel. Combined with the completed dredging and facilities rebuild programme conducted by North Canterbury Transport Infrastructure Recovery (NCTIR) alliance, South

Bay is again fully operational as a lifeline and for both commercial and recreational users. The quality and significance of the work achieved resulted in Environment Canterbury winning a Society for Local Government Managers New Zealand award recognising collaborative project excellence.

The Harbourmaster's Office responded to a number of incidents during the year, including the publicised fire aboard the ship Dong Won 701 in Timaru. A preventative oil spill boom was placed around the ship and the situation monitored. We worked closely with Fire and Emergency NZ, Maritime NZ, PrimePort Timaru, the vessel's owners and other parties to ensure a safe response. Although the ship was seriously damaged, the well-coordinated response ensured no-one was seriously harmed and there was no pollution from the fire and subsequent clean-up.

The Harbourmaster's Office and others are able to monitor and communicate more reliably with vessels due to the ongoing roll-out of a dedicated network of land-based vessel monitoring stations along our coastline. Sites are now operational near Akaroa, Timaru and Lyttelton. The monitoring stations use a marine Automated Identification System (a type of transponder carried by commercial vessels, and increasingly by recreational ones) and marine VHF radio. Akaroa and Lyttelton sites were also equipped with high-definition cameras.

Coastal environment and hazards

We worked together with NIWA to collect information on Canterbury's wave and sea levels by the Canterbury Directional Wave Buoy and sea-level recorders at Sumner and Timaru.

During the year, we continued our long-term state of the coastal environment monitoring programme by collecting information on shoreline changes and the effects of coastal storms on the Canterbury coast through our long-term state of the coastal environment monitoring programme. There is now over 40 years of historic information on many parts of our coast.

A key part of our role was to provide information to local councils for decision-making around development of coastal areas.

Flood protection and control works

Flood protection is a large part of Environment Canterbury's work programme. In 2017/18 we spent approximately \$12 million on maintenance of assets across the region to deliver flood protection and control works, comprising primarily a network of stopbanks worth \$513 million.

During the year, we completed year eight (of ten) of the \$40 million Waimakariri Flood Protection programme ahead of both time and budget. The work on this flood protection scheme will be completed a year ahead of schedule in 2018/19 and it will protect assets in excess of \$8 billion.

Review of our Flood Protection and Drainage Bylaw (2013) started in May 2018. The review will ensure that the bylaw, which provides important legal protection for the flood protection and control assets managed by Environment Canterbury, is up-to-date and fit-for-purpose.

Our flood advisory service successfully provides warnings to key agencies when agreed trigger levels are exceeded. Police, Civil Defence Emergency Management (CDEM), the media, KiwiRail, the New Zealand Transport Agency, adjacent landowners and territorial authorities all receive flood warnings in accordance with established flood protocols. During the year, we continued to improve our protocols after flood events. For example, after a large flood event in the Waikirikiri/Selwyn River in July 2017, we implemented improvements to the water level monitoring system to improve its resilience, and in June 2018, we launched a new text message notification system for the same catchment to enable the community to receive alerts when the river reaches defined trigger levels.

Our river engineering support for North Canterbury following the November 2016 earthquakes has continued. In particular we facilitated work and provided engineering advice regarding the Clarence Valley and on the Kaikōura Plains.

Scheme reviews for the Kaikōura Rivers and Drainage, Ashley Rakahuri River and Halswell/Huritini Drainage schemes commenced and will be completed in 2018/19.

Emergency management

2017/18 was a significant year for the Canterbury CDEM Office and CDEM Group. In November 2017 the CDEM Office moved into the Justice and Emergency Services building in Christchurch (the Justice Precinct). Along with this the new multi-agency and multi-response level Emergency Operations Centre (EOC) and Emergency Coordination Centre (ECC) was established. The centre provides a modern purpose-built facility from which emergencies in Canterbury are coordinated and managed. With the move to the Justice Precinct, we started and managed a programme of training to up-skill Environment Canterbury and other organisations' staff to work in the new centre.

During the year the 'Canterbury 10' EOC Support Team was established, consisting of staff from all the Canterbury Councils who can deploy at short notice to other EOCs in the region when needed to help during an emergency. The Canterbury 10 team will also be used to support other regions in the South Island when requested. The first week-long training course for this was held in April.

In May, along with Christchurch City Council, Selwyn District Council and the NZ Army, we developed and ran a large exercise for our response team volunteers. Over a 24-hour period over 140 CDEM volunteers and over 60 Army personnel practised their incident management and rescue skills, 'rescuing' 130 volunteer patients.

The CDEM Group Office contributed to the South Island Alpine Fault Response Framework. This framework will be used by the Ministry of CDEM and all South Island CDEM Groups will use to manage the first seven days of a response to an Alpine Fault Earthquake, which poses a serious hazard risk for the South Island and lower North Island.

The ECC and EOCs in affected districts were activated in response to Cyclone Gita in April and then to flooding in South Canterbury in July.

Contaminated hazardous land and waste

During the year, Environment Canterbury and project partners continued to develop a nationally applicable project to better plan for and manage waste generated in a natural disaster. This project included \$100,000 from the Ministry of Civil Defence and Emergency Management (MCDEM) resilience fund to develop a template tool for managing disaster waste – planned for distribution in 2019. We also successfully completed the three-year NZ Rural Waste Minimisation Project, providing demonstrated options for managing a number priority rural waste streams, and supporting the rural community to reduce its environmental impact.

At an advocacy level, Environment Canterbury continued to work closely with the Ministry for the Environment (MfE) and regional council counterparts on the development of the National Environmental Standards for end-of-life tyres and progressing a product stewardship scheme for this priority waste product. We also worked with councils and industry to develop options for the disposal of coal tar in roading waste, and to promote best practice for managing asbestos in soil to align with national guidance and Worksafe protocols.

We undertook a joint contaminated land identification project with Timaru District Council and worked with industry partners to respond to requests from the Ministry for the Environment's work stream request regarding the fire-fighting foam (PFAS) contaminant issue. The former Concoors Electroplating site in Timaru was further investigated with MfE funding, and we continued to work closely with the Timaru District Council to decide on the best option for demolition and disposal of the building materials.

100% of the levels of service in this portfolio were met in the 2017/18 financial year.

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 ten working days.
<input checked="" type="checkbox"/> RESULT	All information has been provided to customers within 10 days unless by prior agreement. We provided formal responses to natural hazards information enquiries via 136 Land Information Requests and 161 specific and detailed Flood Hazard Assessments so that people are aware of the history and potential future risk of natural hazards to private property. In addition, we responded to 141 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.
<input checked="" type="checkbox"/> 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 table of reports displayed annually.
<input checked="" type="checkbox"/> 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. Five technical reports were completed during the year, compared to three the previous year. 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 80% 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).
<input checked="" type="checkbox"/> RESULT	90% of councils and CDEM survey respondents rated the relationship and service as good or very good. This result meets the target of 90% and is higher than last year when 60% of survey respondents rated the relationship and service as good or very good.

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.
<input checked="" type="checkbox"/> RESULT	The risk assessment regime and Safety Management System have been approved by Maritime New Zealand. The current Code Compliance certificate, issued in 2015, is still valid.
TARGET	ISO 9001:2008 certification and monitoring of the Safety Management System.
<input checked="" type="checkbox"/> RESULT	Surveillance audit completed February 2018, ISO9001:2015 certification maintained.
TARGET	Operational overview and emergency response function available at all times.

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

✓	RESULT	On call duty officer 24/7 with Harbourmaster and Deputy Harbourmaster as back-ups.
	TARGET	Qualified, experienced and independent Harbourmaster.
✓	RESULT	Harbourmaster is qualified as a Master Mariner with 14 years' sea-going experience; the Safety management system identifies the area of Harbourmaster statutory role versus 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 navigation safety officer works alongside community and user groups across the region assisting with understanding and implementation of the Navigation safety bylaws.

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 in the priority order as set out in the LTP (pages 105-107).
✓	RESULT	Halswell/Hurutini Scheme Review has commenced. Initial findings presented to Liaison Committee in March 2018 with a commitment to report back once review is complete. Ashley and Kaikoura Scheme reviews are underway and will be completed in the first half of the 2018/19 financial year.
	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	No river reviews completed this financial year, therefore no recommended actions to be completed.
	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	Waimakariri Flood Protection Project: Year 8 of the 10 year duration works programme has been completed as programmed and within budget. Key construction works consisted of the Miners to Weedons Ross Rd and Weedons Ross Rd to NZDF secondary stopbank contracts. Also design and tendering was completed for the NZDF to Thompsons Rd secondary stopbank, and Weedons Ross Rd to NZDF primary stopbank contract works, both programmed for completion by December 2018. Ashley-Rakahuri River: The design and tender process has been completed for 'filling-the-gaps' in the Rangiora secondary stopbank. Construction is programmed for completion by December 2018.
	TARGET	Deferred maintenance does not adversely impact the achievement of service objectives in any River Management Plan.
✓	RESULT	Deferred maintenance has not adversely impacted on the achievement of service objectives in any River Management Plan. Maintenance for all 59 River and Drainage Schemes across the region on target.

Reducing flood risk.

	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. In particular, the Selwyn River scheme was assessed in July 2017. The Opihi and Orari Schemes were assessed after heavy rainfall in February and May 2018.
	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 eight rainfall events in the 2017/18 year for which warning criteria was reached. Warnings were given on website, phone, email and in person as per protocol.
	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. Text message system to replace Selwyn Phone Tree. 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 eight rainfall events in the 2017/18 year for which warning criteria was reached. Flood warning information was placed on the website and instructions given to Civil Defence (evacuated Selwyn Huts).

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 staff and levels monitored via ground survey and the LiDAR in accordance with 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	Three regional parks are maintained and developed in accordance with their management plans, with a balance between safe and cost effective recreational use, biodiversity and efficient and appropriate forestry management.
✓	RESULT	Three regional parks were maintained and developed in accordance with their management plans. Eight Regional Park Plans are being progressively implemented, including six plans for different sections of the Waimakariri River Regional Park (WRRP) and separate plans for Ashely Rakahuri (ARRP) and Lake Tekapo Regional Parks (LTRP). Highlights this year include the completion of community consultation and operational planning for the next section of the Waimakariri Park on the south side of the river near Halkett. All assets have been maintained.
	MEASURE	Restoration projects on wetland and lowland forests.

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

	TARGET	Restoration management will be applied to at least 170ha of wetland and lowland regenerating forest.
✓	RESULT	Restoration management was applied to at least 170ha of wetland and lowland regenerating forest. This restoration work is ongoing under three restoration plans and 18 smaller corridor sites in the Waimakariri River Regional Park. In addition enhancement work was completed at another 12 sites in the Ashley Rakahuri Regional Park: Highlights included community involvement with local planting days, volunteer work and plants from Hornby Rotary and an ongoing partnership with Forest and Bird at the Sanctuary wetland at Coutts Island.
	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	Leases are monitored and at least 95% of those due for renewal in the financial year complied with lease terms/conditions and regional rules whilst maintaining acceptable risk levels and market rentals. In the last year 45 leases and licenses were inspected for renewal/rent review purposes, with others in the same areas also inspected. Of the 45 inspected 96% complied with lease terms/conditions and regional rules.
	TARGET	The Land Management Plan remains operative.
✓	RESULT	The Land Management Plan remains operative. Specifically, 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. Updating of the management plans is proposed to begin in the next year.
	TARGET	2016/17/18: All new leases will be managed in accordance with Environment Canterbury's Land Management Plan.
✓	RESULT	All new leases and licenses 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 ecology 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	Ngāi Tahu sites were protected. Specifically, when Ngāi Tahu sites are identified on Council-administered land, and Council 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. Discussions have begun with Ngāi Tahu about a process to identify other sites of significance on Environment Canterbury land.

Provide information about coastal hazards.

MEASURE	Coastal areas susceptible to coastal erosion and sea water flooding identified and mapped.
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Provide information about coastal hazards.

	TARGET	A total of 100% of coastal erosion areas mapped.
✓	RESULT	We continued to monitor and map areas of the Canterbury coastline that are identified as eroding to identify where and to what extent coastal erosion occurs on the Canterbury coastline. The monitoring programme involves surveying 250 beach profile sites along the Canterbury coast and is supplemented by erosion information derived from aerial photography and LiDAR data. Erosion information was provided to the public through direct enquiry and land information requests (LIRs). The largest number of public enquiries on coastal erosion information was for St Andrews, Motunau and Gore Bay.

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. During the year we had five qualified Regional On-Scene Commanders (ROSCs), and qualified personnel within the region. Our five ROSCs surpassed the Maritime Transport Act 1994 requirement to have a minimum of two. There was a ROSC 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 has participated as an active member of the Canterbury CDEM Group. Environment Canterbury Staff take part in and contribute to CDEM Group meetings as well as providing administrative support to the the CDEM Group and CDEM Group Office. Environment Canterbury continues to contribute to the Regional Approach to Managing Natural Hazard Risk, which assist the CDEM Group in achieving its reduction Group Plan objectives.
	TARGET	All emergency events are responded to as required.
✓	RESULT	This year the Emergency Coordination Centre was activated twice for flooding events in Canterbury. The first was in August 2017, when a flood event affected much of the South Canterbury area, Selwyn and Christchurch. In November 2017 the ECC moved to its new location in the Justice Emergency Services Precinct. It was activated in February 2018 for Cyclone Gita. In both activations Environment Canterbury staff were mobilised to perform various roles in the ECC.

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	Two projects coordinated in this year include the Rural Waste project and the Hurunui/Kaikōura Earthquake Recovery Waste project. The final stages of the Rural Waste project included two pilot events held in May in Geraldine and Matamata, and the final report is due end of June. Environment Canterbury led a Ministry for the Environment funded project to manage waste generated through the 2016 North Canterbury earthquake. The project included provision of a number of services, including pre-demolition inspections and hazardous substance

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

		disposal. It also provided the critical infrastructure repairs to support each local authority (Kaikōura and Hurunui) to manage the waste generated by the earthquake. Phase one Milestone one of this project was completed this year.
	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. Kaikōura and Hurunui earthquake waste project - 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 were 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	Waimakariri HAIL project was successfully completed with support and assistance from Waimakariri District Council. The information can now be used to inform landowners of potential risk, and to Waimakariri District Council to implement the National Environmental Standard for Soil.

Planning, consents and compliance

In this portfolio the statutory role of council to manage regional plans, consenting and compliance with those consents, is carried out under three programmes of work:

- Regional planning
- Consents
- Compliance with plans and consents

This year we have continued to work with the 10 Canterbury territorial authorities, supporting them to give effect to the Regional Policy Statement. The district and city plans for Christchurch City Council and Hurunui District Council are now operative and we are working on district plan reviews with Selwyn, Waimakariri, Timaru, Mackenzie and Waitaki District Councils. We are also providing planning and technical support to Kaikōura District Council. Relationships with these local authorities are strong, with an 85% positive audit rating in a 2018 survey of them on our service levels and responsiveness, 10% higher than last year.

In 2017/18 the regional planning section focused most strongly on the delivery of plans for the freshwater management zones under the Land and Water Regional Plan. Plan Change 2 – Hinds was made operative; and decisions were released and significant progress was made to resolve appeals on Plan Change 5 - Nutrient Management and Waitaki.

We also continued the sub-regional planning processes for the Orari-Temuka-Opihi-Pareora, Waimakariri and Hurunui Waiau Zones. More information is outlined in the earlier Canterbury Water Management Strategy chapter of this Annual Report.

The Air Regional Plan was reviewed and made operative in October 2017. A number of the consents issued under the Air Regional Plan were monitored and over 2000 reports of discharge to air were investigated with 97% meeting the appropriate environmental standards. More information on our work to improve Air Quality can be found in the Air Quality chapter of this report.

The planning framework for land and water management across the region is resulting in more complex and large scale applications for consents and we continued to improve our pre-application advice processes and the quality of our service.

This year we increased our focus on integrated delivery of compliance along with biodiversity and land management advice, through our ten water management zones across the region.

Automated compliance checking, such as telemetric water meters, has resulted in more proactive and targeted compliance work programmes. An annual snapshot of compliance and enforcement activities is available on our website in the Reporting Back section.

During the year, Environment Canterbury monitored 5754 consents for compliance, up from 5696 in the previous year. Our approach is to focus on high-risk consents or consent holders with a poor compliance record. For water consents 91% were compliant with an A-grade (83%) or B-grade (8%). C-grades (non-compliant) registered 8%, with D-grades (serious non-compliance) at less than 1%. Water consents made up nearly two-thirds of consents monitored.

The next biggest area was discharge to land, totalling just over one-quarter of consents monitored. Dairy discharge consents were 95% compliant (A+B); other discharge consents were 90% compliant, while the discharge of human effluent consents were 93% compliant.



Land use consents (8% of total consents monitored) recorded 94% compliance, with coastal consents at 81% compliance.

Our response for consent holders with an A or B grade is to work with them to maintain compliance. For consent holders with a C or D grade, our immediate response is to stop any environmental damage, and then provide advice and assistance to improve compliance. In serious cases enforcement action, including prosecution, may be warranted.


67% of the targets in this portfolio were met in 2017/18. Two targets were not measured.

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	There have been delays in progressing the plans for the Waimakariri and the Orari-Temuka- Opihi-Pareora Zones. The Zone Committees for Orari-Temuka- Opihi-Pareora and Waimakariri have both sought extensions to deliver their recommendations to council. The extensions have been granted. Therefore the timetable has not been met. There is further information in the CWMS section of this report.
	TARGET	Statutory plans are supported by implementation plans covering consents, compliance and communication activities.
	RESULT	A number of campaigns are underway and planned for the implementation of the Land and Water Regional Plan and subsequent plan changes. One focus of the last year has been planning campaigns to implement the planning decisions which were released in June 2017 on the Nutrient Management (Part A) and Waitaki (Part B) Plan Change, Plan Change 5 to the Land & Water Regional Plan.


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	The 2017/18 survey focused on delivery of service, communication, quality of engagement, and suggested areas for improvement. On a scale of 100 for delivering on expectations, the responses from the Territorial Authorities ranged from 80 – 95, with an average of 85. When the same question was asked last year the average was 77.




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 was at 30 per cent, slightly up from last year. There was however 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 24 days.	
	TARGET	A median of 24 days or less of total elapsed time is achieved.
	RESULT	The median total elapsed time was 29 days. There has been an increase in complex applications which take more time to process. That the target is not met does represent a reduction quality of work. Statutory timeframes were met.


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	The audit to establish the percentage of resource consents that were consistent with the Resource Management Act requirements was not carried out in 2017/18. We have consistently received positive results in the recent years. It was agreed that the application process was sufficiently robust and no changes have been made to the control environment, monthly processes and reporting and that the cost savings from moving to a two-yearly audits would be of greater benefit. The results for 2016/17 showed that ninety five per cent (95%) of the applications were processed satisfactorily or better and our internal reporting confirms that we would have met this target.

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. At 30 June 2018, of those non-compliant consents where action plans had been put in place, 45% were compliant. For the remainder, work towards compliance continued as agreed in the action plans.
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. Regional reports for Compliance Monitoring and Incident Reporting 2017/18 are available in the Reporting Back section of the Environment Canterbury website.
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 discussed with zone committees. The Year End Work Programme Progress Reports for each of the ten water management zones are available on the Environment Canterbury website.

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 measured 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.

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



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

Environment Canterbury has worked collaboratively with partners in this portfolio to develop, review and implement a number of statutory and non-statutory plans and strategies, and has continued to deliver public transport services in the region. The portfolio comprises three strongly inter-related programmes:

- Urban development
- Public transport
- Regional transport

Urban development

In recognition of the shifting focus in the Greater Christchurch area from rebuild and recovery after the Canterbury earthquakes to regeneration, a specific area of focus for Environment Canterbury was to support the development of various regeneration plans and strategies for some of the most earthquake-affected and vulnerable areas in the region.

This included supporting Regenerate Christchurch and other key strategic partners in developing the Ōtākaro/Avon River Corridor Regeneration Plan and the Southshore and South New Brighton Regeneration Strategy, with the latter providing an important opportunity to work closely with the community to consider how this area might plan for the effects of climate change and sea-level rise. Environment Canterbury collaborated with partners, stakeholders, mana whenua and the community to produce the Whakaraupō/Lyttelton Harbour Catchment Management Plan in March 2018, which is a pivotal step forward for restoring the ecological and cultural health of the harbour.

Planning for the future of Greater Christchurch was also a core area of work, especially in the context of the work being undertaken by the Greater Christchurch Partnership to review the Urban Development Strategy. The first phase of this review focused on key settlement pattern matters, and ensuring that there would be enough capacity for growth to meet the housing and business needs of the growing and changing population. It also aimed to give effect to the National Policy Statement on Urban Development Capacity by producing a Housing and Business Development Capacity Assessment and Future Development Strategy.

Linked to this work was enabling a more integrated approach to land use and transport planning in Greater Christchurch to help create safe, accessible and liveable urban areas.

Public transport

Public transport services form a core part of our regional transport network, and Environment Canterbury is responsible for investment in public transport services.

The 2017/18 financial year saw a return to positive patronage growth for public transport in greater Christchurch, albeit modest at 1%, and a stabilisation in Timaru with patronage remaining at a similar level to last year. Total patronage for the region was 13.7m. Considering we have been experiencing progressive declines in recent years, this is a significant milestone. As we reported last year, the key drivers of increased patronage are increased employment, commercial and social activity within the CBD. This highlights the important and strategic link between urban development and concentration of demand to support viable public transport.

Another pleasing result was the continued positive experience that our customers enjoyed. Our overall customer satisfaction rating for the year remained high at 96.6%.

The 2017/18 year continued to be a challenging time financially for public transport. While we saw a modest return to growth, this was not sufficient to balance the costs associated with delivering the service. With a number of current routes in the network having very low patronage rates, coupled with the requirement to apply inflationary adjustments to contracts, the public transport programme

continued to cost more than the available funding. Regrettably, following community consultation during the development of the next Long-Term Plan, a combination of rate and fare increases, coupled with a number of route changes, and in some cases removal, were necessary to balance the financial situation. These changes will be implemented in the 2018/19 financial year.

Our region's smaller communities were also a focus for us over the past year as their transport needs evolved and grew. Two new Community Vehicle Trusts in Amberley and Amuri began operations during the year with support from Environment Canterbury. This brings the total number of vehicle trusts in Canterbury to 14.

A significant amount of time was, and continues to be, invested into the development of a revised Regional Public Transport Plan for Canterbury. As a member of the greater Christchurch Public Transport Joint Committee we have been collaborating closely with our partners to jointly develop the future approach and strategy for public transport in greater Christchurch, while simultaneously putting considerable thought into what the future shape and delivery model of public transport might be for Timaru. This draft plan is due for release for consultation in September in the 2018/19 year.

In 2017/18 we took a step forward in trialling new opportunities to enhance the delivery of public transport in the future. A new non-stop service commenced from Rolleston to the CBD, WiFi trials were initiated on two routes, and research was done into Demand Responsive Transport. We also committed funding support in the Long-Term Plan 2018-28 for the procurement and trial of three electric buses on our network commencing early in 2019. Trialling new innovations is a key tactic in influencing the thinking and strategies for shaping the future of public transport, which will be articulated in the Regional Public Transport Plan.

Regional transport

In Canterbury, the Regional Transport Committee (a sub-committee of Environment Canterbury) is responsible for overseeing the prioritisation and co-ordination of transport investment in the region.

In June 2018, the Regional Transport Committee completed a review of the Regional Land Transport Plan, as required by statute. This Plan outlines the priorities for Canterbury's transport network and the transport investment that will take place around the region to give effect to these priorities. Total public expenditure for Canterbury land transport projects is forecast (as at February 2018) to be around \$4.7 billion over the ten years from 2015/16 to 2024/25. The objectives in the Plan were updated to focus more on safety, access (maintaining and enhancing accessibility and providing transport options, in particular, greater use of active and public transport) and reducing the impacts of transport on the environment. A new monitoring framework was developed and implemented, with quarterly reporting now available via our website.

The Regional Transport Committee agreed to a new work programme in May 2017. Consequently, we initiated a number of strategic projects to help us realise the benefits of a more effective transport network, including a project on identifying the opportunity for freight mode shift in the South Island. We led this work in partnership with the South Island Regional Transport Committee Chairs Group, for which we are the secretariat. Freight mode shift provides an opportunity to improve road safety and reduce congestion and the negative environmental impacts of road freight, particularly greenhouse gas emissions. It will also support the projected freight growth of 12-16 billion tonne-kilometres over 30 years and improve resilience (the risks of depending on road transport were highlighted by the North Canterbury earthquake in 2016). The project looks at whether more freight could be transported across the South Island by rail and coastal shipping, rather than by road. Following scoping work by Environment Canterbury, an external company was engaged to provide more detailed analysis of freight mode shift and an action plan for making changes. Their report is due in December 2018.

We also commenced a transport resilience stocktake. This work aims to identify gaps in the resilience of our transport network and address those gaps to help make sure communities can still access the goods and services they need following a disruption to the transport network, including being able to travel to access opportunities. Other work underway during the year included a region-wide project to improve road safety and ongoing advocacy on central Government policy to make sure national direction takes account of Canterbury's transport-related needs, particularly in light of the Government's intention to release a second Government Policy Statement on Land Transport.

In this portfolio 100% of the targets were met in 2017/18.

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.	
<input checked="" type="checkbox"/> RESULT	Based on latest available survey data, 96.6% of passengers were satisfied or better with the overall 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.	
<input type="checkbox"/> RESULT	Progress towards future target: 13.7m passenger boardings for the 2017/18 year, up 1% on last year.	
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.	
<input type="checkbox"/> RESULT	<p>As this is a future target that we are required to report on for NZTA, the progress is been monitored yearly. The current year patronage has grown 1% this fiscal year driven by increased employment within the central city and supported by targeted Travel Demand Management initiatives from greater Christchurch Partners. Improving service reliability, following completion of the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) program in late 2016, has also been a positive factor.</p> <p>Historically, this measure has been derived from the Ministry of Transport (MoT) Household Travel Survey. This survey has been repurposed by MoT in recent years. The latest results obtained from this repurposed survey, do not provide a true representation of the mode share measure due to insufficient sample size. We expect to be able to re-commence using this information source in the next year.</p>	
MEASURE	Proportion of costs covered by passenger fares.	
TARGET	50% cost recovery in Canterbury in 2020.	
<input type="checkbox"/> RESULT	Progress towards future target: Farebox recovery has reduced slightly to 38.1%, as patronage growth has not kept pace with with inflationary impact on contract costs.	
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.	
<input checked="" type="checkbox"/> RESULT	Percentage of customers 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.	
<input checked="" type="checkbox"/> RESULT	All communities who approached Environment Canterbury regarding vehicle trusts were supported. Two new trusts were created this year.	

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 six years, with a review after three years.	
	TARGET	Complete the review of the Regional Land Transport Plan by June 2018.
✓	RESULT	The review of the Regional Land Transport Plan was completed by June 2018 and the revised plan is available on Environment Canterbury's website.
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 and associated working groups received support at regular meetings. Agendas and papers for the Regional Transport Committee are available on the council and committee meetings section of Environment Canterbury's website. Environment Canterbury convened the Regional Transport Committee quarterly and also for an additional workshop, and provided secretariat support for these meetings (including the preparation of papers). The Transport Officers Group and Regional Road Safety Working Group also met quarterly, with agendas and papers being provided by Environment Canterbury. A quarterly report back from these groups is included in the papers that are provided to the Regional Transport Committee each quarter and which are published on Environment Canterbury's website, as noted above.
MEASURE	Advocate for integrated transport solutions regionally.	
	TARGET	Lead the development and implementation of a joint work programme for integrated regional transport.
✓	RESULT	In May 2017, the Regional Transport Committee approved a joint work programme for integrated regional transport, which gives effect to the Transport Workstream of the Canterbury Regional Development Strategy, developed by the Canterbury Mayoral Forum. Progress on implementing this work programme is outlined in a quarterly update provided to the Regional Transport Committee and published on Environment Canterbury's website. Work has included initial analysis of and commissioning of further research on the opportunity for freight mode shift in the South Island; the initiation of a resilience stocktake in partnership with the New Zealand Transport Agency; an initial report on key road safety issues in Canterbury; and supporting the South Island Regional Transport Committee Chairs Group, in particular on a project to undertake a desktop visitor flows study. Environment Canterbury also prepared a number of submissions on behalf of the Regional Transport Committee on core government policy, such as the draft Government Policy Statement on Land Transport 2018 and the Regional Fuel Tax Bill.

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 work groups as and when required.
✓	RESULT	Environment Canterbury works closely with Regenerate Christchurch to provide planning and technical advice that assists in the development of the Otakaro/Avon River Corridor Regeneration Plan.

Lead the review of the Greater Christchurch Urban Development Strategy.

MEASURE	Canterbury Regional Council works with strategic partners on a review of the Greater Christchurch Urban Development Strategy, commencing in 2017, and completed in 2019.
	TARGET Working to the Greater Christchurch Partnership Committee defined timeframes. Environment Canterbury provides input on the Review's scope and approach, and determines the resourcing it will provide to support the process. The engagement process, scope, time frames and resourcing for the review are agreed by partners, and implementation commenced.
✓	RESULT Environment Canterbury has contributed to the work of the Greater Christchurch Partnership to review the Urban Development Strategy, with the first phase of the review focused on settlement pattern matters and giving effect to the National Policy Statement on Urban Development Capacity. The project brief for this first phase was endorsed by the Greater Christchurch Partnership Committee on 7 April 2017, which outlined the project scope, assumptions, timeframes, consultation processes, resource requirements and delivery arrangements. Implementation of the project has commenced with key milestones including the publication of Quarterly Urban Development Indicators Monitoring Reports on the Greater Christchurch Partnership website and preparation of a draft Housing and Business Development Capacity Assessment in March 2018. A detailed scope for developing a Future Development Strategy as part of this project was endorsed by the Greater Christchurch Partnership Committee on 11 May 2018. Updated implementation timeframes have been endorsed by the Greater Christchurch Partnership Committee as the project has progressed.

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 Environment Canterbury worked alongside key stakeholders and strategic partners to develop the Whakaraupo/Lyttelton Harbour Catchment Management Plan, which was launched in March 2018.

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 programmes of work in this portfolio are:

- Governance services
- Regional policy, data, strategy and community engagement
- Ngāi Tahu 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 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 is now embedded 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 2017/18 year, activity of significance in the Tuia programme included the adoption of a Co-Governance Strategy by the Te Waihora Co-Governance Group (Te Rūnanga o Ngāi Tahu, Environment Canterbury, Selwyn District Council, and Christchurch City Council) and the work of the Cultural Land Management Advisor in the Selwyn Waihora zone team to assist with the implementation requirements of the Cultural Land Values Management Area. From next year additional cultural advisors will work across the region to assist with mahinga kai implementation of Farm Environment Plans, CWMS implementation, and compliance work.

Work was initiated on pilot projects to establish processes for reporting mātauranga Māori alongside state of the environment reporting, and a new Service Level Agreement is in place with Aoraki Environmental Consultancy to provide Tangata Whenua advisory services in South Canterbury.

At the request of the region's councils, Environment Canterbury hosts the regional forums' secretariat that supports the Mayoral Forum, the Chief Executives' Forum, and the Policy, Corporate and Operations Forums. On behalf of the Mayoral Forum, we continued to secure funding and advance the implementation of the Canterbury Regional Economic Development Strategy, which was relaunched in 2017.

A mid-term summary of progress and achievements in implementing the Canterbury Local Authorities' Triennial Agreement 2017–19 is available on the Canterbury Mayoral Forum website. The review highlighted the Mayoral Forum's effectiveness in engaging and advocating for issues impacting Canterbury and the South Island, and leveraging around \$7.5m in central government funding for Canterbury since local body elections in October 2016.

Our work continues to be supported by high quality policy analysis and advice, and strong relationships at national level ensure that central government policy is shaped and influenced by Canterbury perspectives. With the change in government in late 2017, we worked to build relationships in Wellington and to engage with Ministers to advance the interests of Canterbury.

During the 2017/18 year, Environment Canterbury provided feedback to central Government on several key policy issues, including the Threatened Species Strategy; the Government inquiry into Havelock North Drinking Water; the Productivity Commission Low-Emissions Economy issues paper; key elements of the proposed National Planning Standards; the Government Policy Statement on Land Transport; and the Regional Fuel Tax Bill.

During the year we also progressed well in telling our story to increase the understanding and awareness of the work Environment Canterbury does. Since the significant refresh of our website a year ago, there has been good progress in getting our message across and in the provision of data for public use, with a rise in access and use, particularly in freshwater quality and air quality information. Our work with youth in partnering with the Enviroschools programme also continued.

Our biennial stakeholder relationship survey showed a satisfaction rating of 92%, well above the year's target of 80%.

The national dedicated swimming water quality module for all regional councils monitored river, lake and coastal swimming sites; *Can I swim here?* was updated, including new features; and our data was fed through to the www.lawa.org.nz site (Land, Air, Water Aotearoa). The site also continued to receive air quality regional summaries for particulate matter (PM₁₀) from the Canterbury airsheds, and updated data for all freshwater and groundwater sites.

In addition to the data reporting through to LAWA, we continued to make our 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 through the Environment Canterbury website.

In 2017/18, we delivered our Long-Term Plan for 2018-28 with a refresh of the strategic direction and priorities and the levels of service, measures and targets for Environment Canterbury.

During the year, a review of the Regional Leadership and Planning, Consents and Compliance Portfolios was undertaken. It was decided to combine the two into a restructured Regional Leadership portfolio which will focus on maintaining effective relationships, providing evidence-based policy, supporting well-informed decision makers and the community, and robust, adaptive and cost-effective regulatory processes. This will come into effect through the Long-Term Plan 2018-28.

Preparations were made for the transition back to a fully elected Council in 2019, with a representation review underway. Currently the Council is a mix of elected and appointed Councillors; from the next election in 2019, the Council will be fully elected. The inclusion of Ngāi Tahu Councillors in the current Council has further strengthened the relationship with Ngāi Tahu, and we are working to maintain these strong links.

In this portfolio 100% of the targets were met in 2017/18.

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 80% of survey respondents rate the relationship as good or very good (on a scale of very poor, poor, fair, good and very good).
<input checked="" type="checkbox"/> RESULT	92% of respondents in a survey carried out in May 2018 rated their relationship with Environment Canterbury as good or very good.
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.
<input checked="" type="checkbox"/> RESULT	Environment Canterbury has provided secretariat support to the regional forums and ongoing implementation of the Canterbury Regional Economic Development Strategy (CREDS). Staff have also supported preparation of regional stakeholders 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 are readily accessible through the Environment Canterbury website for CWMS zones and Canterbury airsheds.
<input checked="" type="checkbox"/> RESULT	The 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 Canterbury water management zones is published for biodiversity/ecosystem health, freshwater is under construction, coastal to follow. Environment Canterbury data is regularly supplied to and updated on LAWA (www.lawa.org.nz), the New Zealand regional councils' state of the environment reporting website. Again, all annual LAWA data updates were completed including for air quality, freshwater quality and quantity and 'Can I Swim Here?'. A new LAWA groundwater quality module is currently under construction.
TARGET	State of the Environment reporting is published each year in accordance with Ministry for the Environment frameworks.
<input checked="" type="checkbox"/> RESULT	Environment Canterbury data was made available and used in Ministry for the Environment 2017-18 national state of the environment reports (Freshwater, Atmosphere and climate, Land). Environment Canterbury reporting, including on LAWA, uses the internationally (and MfE/ Statistics NZ) agreed Driving forces-Pressure-State-Impact-Response framework with scientifically agreed indicators and monitoring and reporting standards.

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.
<input checked="" type="checkbox"/> RESULT	All planning requirements and financial reporting standards were met for 2017/18.

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 of 6.75 or better on average.
<input checked="" type="checkbox"/> RESULT	The average score for the ten papers assessed, written in the year ending 30 June 2018, was 7.2 (the score was 7.0 in 2015/16 and 6.6 in 2016/17) . This is a significant improvement on recent years and compares well with other local government bodies (the highest score across local government bodies last year was also 7.2). This reflects the measures taken to lift the overall quality of policy advice e.g. training and improved templates.

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.
<input checked="" type="checkbox"/> 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.
<input checked="" type="checkbox"/> 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.
<input checked="" type="checkbox"/> RESULT	A new Co-Governance media protocol was adopted, in addition to the Whakaora Te Waihora media protocol. Protocols setting out guidelines for decision making on lake opening and the making and review of bylaws have been developed and used.

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 80% of survey respondents rate the relationship as good or very good (on a scale of very poor, poor, fair, good and very good).
✓	RESULT	A survey of key Papatipu Rūnanga and Te Rūnanga members indicates that 100% rate the relationship with Environment Canterbury as good or very good, with excellent feedback received.
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	In 2017/18 new sections to contract advice from Rūnanga advisory services included surface water science and zone delivery. Consents, river engineering, planning and strategy have continued to receive advice.

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

MEASURE	Staff working with Ngāi Tahu feel well-equipped and capable in their engagement.	
	TARGET	A total of 80% of staff working with Ngai Tahu feel well equipped and capable in their engagement.
✓	RESULT	Approximately 81% of respondents in the annual staff survey reported that they feel they are well equipped and capable in their engagement with Ngāi Tahu. The Tuia team continue to offer support to staff across the organisation in their engagement with Ngāi Tahu, and also provide ongoing opportunities for all staff to increase their knowledge of tikanga and te reo.
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	A number of sections at Environment Canterbury continue to seek tangata whenua advice. The creation of Tuia Development Plans for each section has increased the visibility of the integration of Tuia into work activities of each section. A new Service Level Agreement is in place with Aoraki Environmental Consultancy which covers the South Canterbury area.

Biodiversity and biosecurity

Environment Canterbury's 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 (CWMS). As well as protecting the most important remaining natural habitats and remediating pests threatening our biosecurity, we initiated or progressed over 90 projects 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.

There are two broad, closely aligned programmes in this portfolio, biodiversity and biosecurity.

Biodiversity

During the 2017/18 year, we increased our focus on identifying, protecting, and restoring biodiversity through a variety of on-the-ground activities such as fencing freshwater habitats, planting native plants along riparian margins, predator control, and investment in weed control in areas of high biodiversity value.

Each of the ten Canterbury Water Management Strategy water zone committees across the region, have agreed to a five-year work programme that includes the identification of zone priorities for biodiversity investment. During the year, we initiated or progressed 90 projects 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.

We saw significant increases in braided river bird breeding success at our management sites. We continued collaboration across the region to improve braided river habitat and native biodiversity, through mapping and localised activities. This work included weed and predator control, trials of 'safe breeding islands', fencing of spring fed streams and wetlands, monitoring programmes, developing new management techniques, interpretive signs, workshops, and supporting community initiatives.

We continued to work with our partners in the Braided Rivers Action Group to understand the issues of land-use change on the beds and margins of rivers. We focused on land tenure and agency responsibilities to achieve more consistent and effective public land management. We also initiated a process to provide greater certainty on the extent of the riverbed in braided rivers – something that will provide clarity about what activities land managers can undertake in river environments.

We worked with five district councils (Timaru, Selwyn, Waimakariri, Mackenzie and Waitaki) on the development of the biodiversity provisions in their respective plans. This work ensures our biodiversity planning provisions are integrated across the region. In addition to providing advice, we have been working across Environment Canterbury (bringing together the biodiversity, river engineering and in-zone implementation teams for example) to ensure that Environment Canterbury's activities are aligned with the District Councils' biodiversity work programmes.

Of particular note during 2017/18 was the progression by the Co-Governors of Te Waihora/Lake Ellesmere (Environment Canterbury, Te Rūnanga o Ngāi Tahu, Selwyn District Council and Christchurch City Council) of the Whakaora Te Ahuriri project to develop a constructed wetland at the currently drained and degraded Ahuriri Lagoon. Ahuriri is a site of great significance for Ngāi Tahu and has a long history as a mahinga kai resource for Ngāi Tahu whānau.

The wetland will improve water quality and biodiversity and mahinga kai values. The project site was selected and the design for a constructed wetland design completed. Whakaora Te Ahuriri will have a mātauranga Māori monitoring programme to gauge the changing value of the site for iwi, and an applied research component to measure improvements in water quality. As a demonstration site, it will show what can be achieved with constructed wetlands for nutrient 'stripping', meaning intensive monitoring and demonstration of results to landowners in the catchment.

For the Long-Term Plan 2018-28, indigenous biodiversity has been identified as one of the two strategic priorities of the Council and confirmed by stakeholders and the community. The other is freshwater management, reflecting the close link between our work in ecosystems and habitats to protect and enhance the region's biodiversity, and the Canterbury Water Management Strategy.

Biosecurity

In the 2017/18 year a number of large scale animal and plant pest control programmes took place.

In response to the growing rabbit population, Environment Canterbury worked with other councils across the country to import and release a new rabbit virus, known as RHDV1-K5 as part of a coordinated pest control measure. Cantabrians might recall the 1997 spread of a virus (calicivirus) by large scale aerial drops of virus-infected carrots to control the rabbit pest problem. The rabbit population had never been exposed to a virulent form of calicivirus and was very susceptible to contracting the fatal disease. The rabbit control initiated in the second half of the 2017/18 year, saw the K5 virus released using small quantities of bait at specific sites, relying on natural spread (flies), not bait, to infect rabbits. While natural spread does not have a quick, high-impact knock-down, the 40% reduction in rabbit numbers we expected was achieved.

We continued our work responding to new pests and managing existing pests. Staff identified and reported a finding of *Epilobium hirsutum* or giant willow herb – a highly invasive weed in North America and parts of Australia that hasn't been found in New Zealand before. It has the potential to spread rapidly and crowd out native wetland plants. Biosecurity NZ investigated and found six sites in the region that were put under management. Once the investigation is complete, a response will be determined.

We continued surveillance of 'Lake snow' (*Lindavia intermedia*) this year with a focus on lakes in the Waimakariri Catchment. *Lindavia* was confirmed present in Lakes Ida, Lyndon, Grassmere, Sarah and Pearson. There are no known control tools for *Lindavia*, so we will maintain surveillance in accordance with the management plan developed.

Extensive preparation and consultation work took place during the year to bring the new Canterbury Regional Pest Management Plan into commencement on 1 July 2018. The emphasis in the new plan is on maintaining efforts to prevent existing pests from proliferating, while also increasing the focus on stopping new pests entering the region and becoming established. The new direction places more responsibility on individual landowners to manage pests on their properties themselves, with Environment Canterbury's efforts focusing more on preventing pest spread to neighbouring properties.





91% of the levels of service for this portfolio were met in 2017/18.

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 continued the focus on identifying, protecting, and restoring biodiversity through fencing freshwater habitats, the planting of native plants along riparian margins, as well as a continued investment in weed control, specifically gorse, broom and willow removal, in areas of high biodiversity value. These actions have further increased the area within the region that is both legally and physically protected. There have been a total of 63 biodiversity projects this year: 42 new projects initiated under the Immediate Steps Programmes; 13 under the Canterbury Biodiversity Strategy fund; and eight through the Biodiversity Regional Initiatives Programme.
	TARGET	Investment in biodiversity initiatives is made in accordance with zone and regional work programmes.
✓	RESULT	Each of the zone committees have agreed to a five-year work programme which include the identification of zone priorities for biodiversity investment. The work programmes detail the specific action that has been undertaken by the CWMS partners to progress towards achievement of the five year outcomes. \$2.2M was invested via project grants in 2017/18, an increase from the 2016/17 level of \$1.5M.
	TARGET	At least two biodiversity projects are initiated or progressed in each CWMS zone annually.
✓	RESULT	Over 90 projects were initiated or progressed throughout the region. The breakdown per zone is as follows: Kaikōura: 4, Hurunui Waiau: 7, Waimakariri: 8, Christchurch West Melton: 2, Banks Peninsula: 14, Selwyn Waihora: 19, Ashburton: 11, Orari Temuka Opihi Pareora: 8, Lower Waitaki: 4, Upper Waitaki: 7
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 Timaru, Selwyn, Waimakariri, Mackenzie and Waitaki District Councils in the development of biodiversity provisions as part of their District Plan reviews.

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	Objectives in the Regional Pest Management Plan are met.
	RESULT	The Regional Pest Management Strategy has management objectives for plant and animal pests. Objectives vary from total control (eradication and preventing reappearance) to containment. In 2017/18 overall pest numbers generally remained relatively static, however, not every objective was met. There are a range of reasons for this and they vary across species. The development of the new Regional Pest Management Plan considered these matters and reflects the updated species management we will undertake.
	TARGET	A proposed new Regional Pest Management Plan is operative by June 2018.
	RESULT	The commencement of the Regional Pest Management Plan was publicly notified on 23 June 2018.
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	Management plans are in place and/or response decisions have been progressed for 100% of new pests. 'Lake snow' (<i>lindavia intermedia</i>) surveillance has continued in 2017/18 with a focus on lakes in the Waimakariri Catchment. <i>Lindavia</i> was confirmed present in Lakes Ida, Lyndon, Grassmere, Sarah and Pearson. There are no known control tools for <i>lindavia</i> , so we will maintain surveillance in accordance with the management plan. MPI is leading a response to <i>Epilobium hirsutum</i> or giant willow herb - an organism new to NZ and found at 6 sites in North Canterbury sites.
	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 national response status for Velvet Leaf has changed to Long Term Management. ECan has been supporting this response by assisting farmers to prepare on-farm biosecurity management plans that contain measures to control Velvet leaf and to minimise spread. MPI has not requested ECan assistance with any national responses 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	An annual work programme is agreed by programme partners and completed work reported to this group by 30 June 2018.
✓	RESULT	The completed work from the Whakaora Te Waihora Annual Work Plan and Budget 2017/2018 was reported to the Te Waihora Co-Governance Group by 30 June 2018. The Annual Work Plan and Budget 2018/2019 was approved by Te Waihora Co-Governance Group on 15 June 2018. The Annual Work Plan for the Whakaora Te Ahuriri project (a project within the Whakaora Te Waihora programme) was approved by the Te Waihora Co-Governance Group in June 2018.
	TARGET	At least 80% of survey respondents rate the relationship as good or very good (on a scale of very poor, poor, fair, good and very good).
✓	RESULT	The six Papatipu Rūnanga with customary rights over Te Waihora have been kept well informed and have been invited to participate in the steering group for the Whakaora Te Ahuriri project, which has been the main focus of activity for 2017/18. Four Papatipu Rūnanga members have worked with the steering group and when surveyed all of them, i.e. 100%, rated the relationship with respect to Whakaora Te Waihora/Whakaora Te Ahuriri as good or very good.
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	A survey was undertaken with representatives of the five Papatipu Rūnanga, all reported that the relationship with respect to the Whakaora Te Waihora programme was very good or good. The satisfaction and confidence in the Co-Governance Agreement is also demonstrated by the continued engagement of the four Parties to the agreement, including in the development of the Te Waihora Co-Governance Strategy and Action Plan, which was endorsed by all Parties and adopted in June 2018.

Air quality

There is one programme in this portfolio, which includes the following work streams:

- Monitoring and investigating air quality issues
- Reducing household PM10 emissions in polluted airsheds
- Managing air discharges and issues from odour, nuisance and dust
- Encouraging new technology development
- Reviewing and implementing the new Air Plan
- Supporting warm homes and clean air through working with other organisations to provide heating help and assistance programmes

The work undertaken during the year was a continuation and development of the work commenced to implement the national guidelines for cleaner air. Canterbury has made significant progress in reducing emissions over the last decade, with improvements seen again in 2017/18.

The Canterbury Air Regional Plan became operative before the end of 2017. A campaign for homeowners, to tackle the issue of emissions from home heating and the need to have the right type of burner, ran through winter 2017 to ensure people were aware of their responsibilities under the Air Plan. There was a campaign focus on South Canterbury where recorded winter air quality has been poor. High numbers of building consents for new compliant wood burners were submitted to local councils ahead of the 31 October 2017 deadline.

While the Air Plan was put into effect, we continued our work to approve new Ultra Low Emission Burners (ULEBs) as the industry brings suitable burners into development. Having a number of approved ULEBs on the market enables homeowners to have more choices around style and price, while still having confidence that they are installing a burner that will keep emissions low. We finished a successful 'ULEB swap-out' in Waimate, started in the previous financial year, where open fires were replaced with ultra low emission burners in 37 low-income households.

As well as having a compliant burner, it is also important that residents are aware of how to burn as cleanly as possible so they can still burn wood as a heat source and stay warm over winter. We worked 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. As part of this work, we set up the Timaru Cosy Homes Hub, which links social service agencies who have a role to play in warmer, healthier homes in Timaru. Over the winter months, our officers identified smoky chimneys and older wood burners, providing advice, instructions and demonstrations for better burning.

We finished the 2017/18 year with the commencement of additional temporary monitoring in 19 locations across Timaru for the winter. This information will inform our actions in 2018/19.

Although it is the primary source of air pollution, home heating is not the only source. In 2017/18, 2137 notifications of potential air pollution from other sources (such as industry or rural burn-offs) reported and received. In particular, we undertook extensive independent monitoring of ambient air quality near quarries, and as a result we signalled more stringent rules for quarry operators.

Work was carried out in 2017/18, as preparation for the Long-Term Plan 2018-28, to develop a new initiative which will be available in 2018/19 to allow homeowners to put the cost of home heating, insulation and ventilation on their rates bill and pay it off over a period of time. This initiative – called Healthier Homes Canterbury - works alongside our current subsidies and support available through other agencies.

100% of the targets set for the Air Quality portfolio in the Annual Plan for 2017/18 were met.

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 PM ₁₀ 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, eg. polluted airshed graphs of PM ₁₀ showing concentration reductions, are made public.
✓	RESULT	We now report in a range of ways on the outcomes of progress improving air quality, obtained through our monitoring work. Our website contains a range of graphs and air quality information showing the number of exceedances. The air quality module for the Land Air Water Aotearoa (LAWA) website displays real time data for all monitored pollutants across New Zealand. There are easy to read summaries, as well as more detailed reports. There are also a number of graphs with varying parameters to show the trends for air quality.

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 have an agreed programme in place with the Canterbury District Health Board. This focuses on ensuring health is considered in decision-making. Our air quality programme is agreed by territorial authorities. The focus is on working within their communities to improve air quality through by reducing home heating emissions. In particular, we have worked closely with Timaru District Council on implementing the Air Plan.

The Canterbury Air Plan 2015 and airshed action plans are in place.		
MEASURE	Adoption and implementation of the Canterbury Air Plan 2015.	
	TARGET	Air Plans are operative.
✓	RESULT	The Canterbury Air Regional Plan was made operative in October 2017.
	TARGET	Implementation plans are in place for seven polluted airsheds as agreed with territorial authorities and health boards.
✓	RESULT	The work programme focussed on reducing emissions from home heating is agreed by territorial authorities with air sheds in their area. This high level plan is then implemented as a seamless programme to the public, with internal criteria and priorities for the various airsheds, which align to the Canterbury Air Regional Plan.

Independent Auditor's Report

To the readers of Canterbury Regional Council's annual report for the year ended 30 June 2018

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 18 October 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 51 to 78:
 - present fairly, in all material respects:
 - the Regional Council's financial position as at 30 June 2018;
 - 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 Public Benefit Entity Reporting Standards; and
- the funding impact statement on pages 89 to 97, 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 42:

- presents fairly, in all material respects, the Regional Council's levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - 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 89 to 97, 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 89 to 97 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 performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 79 to 83, 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 our 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 1 to 4, 48 to 50 and 84 to 88 , 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 our audit of the audited information and our report on the disclosure requirements, we have audited the Regional Council's 2018 -28 long-term plan, 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 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

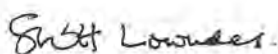
FINANCIAL INFORMATION

Financial commentary

STATEMENT OF COMPLIANCE

The Council of Environment Canterbury confirms 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
Chairman
18 October 2018



Bill Bayfield
Chief Executive

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 2017/18 Annual Plan (AP) targets and budgets. The operating deficit before tax of \$1.3m reflects a lower than planned use of reserves held for specific purposes.

The significant differences to our operating budget related to additional revenue and expenditure on wilding conifer control and the deferral of public transport capital expenditure. The cost of providing the public transport 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 2017/18 Annual Plan. Expenditure budgets are set based on the expected cost to deliver these agreed levels of service to the community.

In 2017/18 Environment Canterbury spent \$172.6 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 implementation
- 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 2017/18 Environment Canterbury received \$171.3 million from the following sources:

- Targeted rates – 38% of income
- Fees, charges and other revenue – 23% of income
- General rates – 19% 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 \$17.47 in general rates to Environment Canterbury. So for a property with a ratable value of \$500,000 we would have collected \$87.35 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

	2018	2017	2016	2015	2014
Proportion of rates to total income (%)	57%	57%	59%	52%	54%
General rate per \$100,000 capital value (\$) GST included	\$17.47	\$18.57	\$18.66	\$21.53	\$35.10
Total public debt as a percentage of total assets	3.11%	2.61%	2.17%	0.20%	0.40%

TOTAL COMPREHENSIVE REVENUE AND EXPENSE

Total Comprehensive Revenue and Expense for 2017/18 was a deficit of \$0.3 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 \$1.355 million. This is the difference between our Revenue and Expenditure for the 2017/18 financial year. These funds form part of the closing reserve balance.

ASSETS

Environment Canterbury manages \$921 million of long-term assets and \$43 million of current assets. Flood protection works, which are valued at \$513 million 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.

BORROWINGS

With total borrowings of \$30 million, public debt per capita equates to approximately \$49 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 \$30 million borrowed from the NZ Local Government Funding Agency (LGFA) in order to maintain our cash reserves in line with policy.

At the end of the 2017/18 financial year, total liabilities are \$57 million, this is \$7 million lower than the prior year and is primarily due to higher borrowings.

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 2017/18.

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 marginally decreased this year by \$0.3 million.

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

Financial statements

Statement of comprehensive revenue and expense for the year ended 30 June 2018

	Note	Actual 2017/18 \$000	Annual Plan 2017/18 \$000	Actual 2016/17 \$000
Revenue				
General rates	2	33,139	32,356	32,639
Targeted rates	2	64,485	62,770	60,744
Subsidies and grants	3	33,334	35,101	32,570
Fees and charges		33,521	33,409	32,259
Interest revenue		750	618	712
Other revenue		3,982	564	3,637
Other gains	3	2,095	-	554
Total operating revenue	1	171,305	164,817	163,115
Expenditure				
Personnel costs	4	46,487	47,734	43,443
Depreciation and amortisation expense	4	6,327	6,680	6,095
Finance costs	4	1,145	1,188	1,059
Other expenses		118,689	113,355	112,627
Total operating expenditure	1,4	172,648	168,957	163,224
Surplus/(deficit) before tax		(1,343)	(4,140)	(108)
Tax (expense)/benefit net of loss offset	5	(12)	-	(11)
Surplus/(deficit) after tax		(1,355)	(4,140)	(119)
Other comprehensive revenue and expense				
Financial assets at fair value	15	64	-	83
Revaluation of assets	10,11	949	-	(189,312)
Total other comprehensive revenue and expense		1,014	-	(189,229)
Total comprehensive revenue and expense		(342)	(4,140)	(189,348)

The accompanying notes form part of these financial statements.

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Additional rates of \$2.5m were received due to an increase in the capital value of the rating base and the Order in Council which allows part year charging and collection of rates revenue. Subsidies and grants are lower than budget due to the deferral of Public Transport capital expenditure, which would have been partially funded by NZTA grant of \$3.5m. Additional grant revenue of \$3.2M was received from the Ministry for Primary Industries for wilding conifer control, this is offset by a corresponding increase in operating costs. Other gains are revenue from asset sales which will be used to fund replacement operating assets in subsequent years. Overall the net effect of revenue variances is total operating revenue \$6.5m, 3.9% higher than originally expected.

Expenditure for the year is \$3.5m, 2.2% higher than budget primarily due to the wilding conifer control programme.

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

Statement of changes in net assets/equity for the year ended 30 June 2018

	Note	Actual 2017/18 \$000	Annual Plan 2017/18 \$000	Actual 2016/17 \$000
Balance as at 1 July	15	907,623	1,093,484	1,096,970
Total comprehensive revenue and expense for the year		(342)	(4,140)	(189,348)
Balance at 30 June		907,280	1,089,344	907,622

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2018

	Note	Actual 2017/18 \$000	Annual Plan 2017/18 \$000	Actual 2016/17 \$000
Current Assets				
Cash		13,319	8,382	9,670
Investments	6	10,000	4,000	13,000
Receivables and accruals	7	19,137	15,103	16,247
Current portion of clean heat and energy efficiency loans	8	449	525	553
Inventories	9	364	1,010	611
Land and buildings held for sale	10	-	-	1,292
Total current assets		43,279	29,020	41,373
Non current assets				
Investments (other financial assets)	6	1,046	889	966
Receivables and accruals	7	436	-	415
Non current portion of clean heat loans	8	586	641	1,085
Tax asset	5	-	-	-
Property plant & equipment	10	910,708	1,109,109	905,930
Intangible assets	11	8,700	7,842	8,155
Total non current assets		921,475	1,118,481	916,551
Total assets		964,745	1,147,501	957,924
Current liabilities				
Accounts payable and accruals	12	23,241	21,620	16,930
Provisions (including employee entitlements)	13	3,505	3,210	3,129
Current portion of lease liabilities	14,17	283	-	268
Current portion of loans	14	-	184	-
Tax liability	5	10	-	4
Total current liabilities		27,039	25,015	20,331
Non-current liabilities				
Payables and deferred revenue	12, 14, 17	425	8,143	4,971
Borrowings and other financial liabilities	14	30,000	25,000	25,000
Total non-current liabilities		30,425	33,143	29,971
Total liabilities		57,464	58,158	50,302
Net assets		907,280	1,089,344	907,622
Equity		907,280	1,089,344	907,622

The accompanying notes form part of these financial statements.

Cash flow statement for the year ended 30 June 2018

	Note	Actual 2017/18 \$000	Annual Plan 2017/18 \$000	Actual 2016/17 \$000
Cash flows from operating activities:				
Cash provided from:				
Rates		97,579	95,250	92,882
Grants		31,120	35,392	31,840
Interest received		668	371	578
Recoveries/miscellaneous income		37,809	33,088	35,050
		167,176	164,101	160,350
Cash applied to:				
Payment of interest on loans		(1,145)	(1,188)	(1,059)
Payments to suppliers and employees		(163,248)	(160,269)	(158,709)
Goods and services tax (net)		(864)	-	(169)
		(165,256)	(161,457)	(159,937)
Net cash flow from operating activities	16	1,920	2,644	413
Cash flows from investing activities				
Cash provided from:				
Insurance proceeds for fixed assets		-	-	-
Sale of fixed assets		2,001	300	153
Sale of assets held for sale		1,292	-	-
Clean heat loans repaid		686	632	933
		3,979	932	1,086
Cash applied to:				
Purchase of fixed and intangible assets		(10,316)	(16,343)	(8,585)
Purchase of investments		3,064	10,000	3,083
		(7,252)	(6,343)	5,502
Net cash flow from investing activities		(3,273)	(5,411)	(4,416)
Cash flows from financing activities				
Cash provided from:				
Loans raised		5,000	4,154	-
		5,000	4,154	-
Cash applied to:				
Repayment of principal on loans		-	(2,154)	-
Clean heat finance repaid		-	-	84
		-	(2,154)	84
Net cash flow from financing activities		5,000	2,000	84
Movement in cash				
Net increase / (decrease) in cash held		3,648	(767)	(3,918)
Add cash bought forward		9,670	9,149	13,589
		13,319	8,382	9,670
Made up of:				
Cash carried forward		13,319	8,382	9,670
Cash and bank		13,319	8,382	9,670

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.

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 2018. Council authorised the financial statements for issue on 18 October 2018.

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, the most critical estimations in this regard being depreciation and the useful life of assets.

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.

Notes to the financial statements

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

Revenue	Actual 2017/18 \$000	Annual Plan 2017/18 \$000	Actual 2016/17 \$000
Air quality	3,771	3,717	3,414
Biodiversity and biosecurity	11,773	7,966	11,568
Canterbury Water Management Strategy	25,758	24,060	24,283
Hazards, risks and safety	31,229	29,262	29,572
Planning, consents and compliance	15,622	15,844	13,733
Regional leadership	12,186	11,750	12,847
Transport, greater Christchurch rebuild & urban development	70,721	72,217	67,328
Total activity revenue	171,060	164,817	162,745
Other revenue including insurance proceeds	244	-	370
Total revenue	171,305	164,817	163,115

Expenditure	Actual 2017/18 \$000	Annual Plan 2017/18 \$000	Actual 2016/17 \$000
Air quality	4,503	4,007	3,452
Biodiversity and biosecurity	13,473	9,157	12,226
Canterbury Water Management Strategy	26,797	26,329	24,526
Hazards, risks and safety	27,221	26,696	26,665
Planning, consents and compliance	15,362	15,845	14,285
Regional leadership	14,255	13,577	12,835
Transport, greaterChCh rebuild & urban development	71,263	73,226	67,946
Total activity expenditure	172,874	168,837	161,935
Add/(deduct)other expenditure adjustments	(226)	119	1,291
Total expenditure	172,648	168,957	163,224
Surplus/(deficit) before taxation	(1,344)	(4,140)	(108)
Tax expense net of tax loss offset	(12)	-	(11)
Surplus/(deficit) after taxation	(1,356)	(4,140)	(119,097)

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 2018 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

Rates on properties owned by Environment Canterbury totalling \$358,157 (2017 \$67,290) 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 2018 totalled \$393,278 (2017 \$582,502).

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.

Revenue from rates	2017/18 \$000	2016/17 \$000
General rates	33,139	32,639
Targeted rates:		
Works rating districts	7,228	6,359
Air quality	2,059	1,801
Catchment works	1,635	2,642
Clean heat	209	189
Civil defence	2,082	1,521
Pest rating districts	1,455	1,336
Passenger transport	22,279	20,458
Regional park	1,138	1,031
Canterbury water management strategy	26,400	25,407
Total targeted rates	64,485	60,744
Total rates	97,624	93,383

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

Grant revenue	2017/18 \$000	2016/17 \$000
New Zealand Transport Agency	27,652	26,376
Ministry for the Environment	1,367	1,851
Ministry of Civil Defence	11	179
Ministry for Primary Industries	3,542	3,089
Other government grants	0	50
Total government grants	32,572	31,545
Grants from non-government agencies	763	1,025
Total grant revenue	33,334	32,570

Other gains/(losses)	2017/18 \$000	2016/17 \$000
Gain on disposal of property, plant and equipment	2,095	554
Total gains/(losses)	2,095	554

Note 4: Expenditure (\$'000)

Significant activities	2017/18 \$000	2016/17 \$000
Loss on sale of assets	1,124	377
Impairment on revaluation	-	-
Inventories movement	295	573
Employee benefits	46,487	43,443
Rental expense on operating leases	523	477

Auditors' Remuneration	2017/18 \$000	2016/17 \$000
Fees to Audit New Zealand for audit of financial statements	114	112
Fees to Audit New Zealand for other services	5	9
Fees to other assurance providers for other audit services	80	20
Cost of credit		
Bad debts written off	15	2
Interest expense	1,145	1,059
Movement in doubtful debts provision	(55)	(45)
Governance fees		
Councillors fees	1,149	1,212

Depreciation and amortisation expense by portfolio	2017/18 \$000	2016/17 \$000
Air quality	157	161
Biodiversity and biosecurity	16	11
Canterbury water management strategy	498	479
Planning, consents and compliance	8	12
Hazards, risks and safety	513	541
Transport, greater Christchurch rebuild & urban development	685	688
Regional leadership	245	113
Total directly attributable depreciation and amortisation by portfolio	2,122	2,006
Other depreciation and amortisation	4,205	4,090
Total depreciation and amortisation expense	6,327	6,095

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 three severance payments made this year (two in 2017) totalling \$51,000 (2017 \$106,995), the value of each of the payments was \$15,000, \$15,000 and \$21,000 (2017 \$31,872, \$75,123).

Note 5: Taxation (\$000's)

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

	2017/18 \$000	2016/17 \$000
Surplus/(deficit) for the year before tax	(1,343)	(108)
Prima facie tax expense at 28%	376	30
Plus/(less) tax effect of permanent differences	(388)	(41)
Tax (expense)/benefit	(12)	(11)
Less loss offset	-	-
Tax (expense)/benefit net of loss offset	(12)	(11)
Comprising:		
Current tax	(12)	(11)
Total	(12)	(11)

Tax assets/(liabilities)	2017/18 \$000	2016/17 \$000
Balance as at 30 June	(4)	15
Charged to surplus or deficit	5	(8)
Charged to other comprehensive revenue and expense	(12)	(11)
Closing balance	(10)	(4)

Note 6: Investments (\$000's)

	2017/18 \$000	2016/17 \$000
Current investments		
Cash and fixed revenue investments	10,000	13,000
Total current investments	10,000	13,000
Non-current investments:		
Civic Assurance	231	232
Marlborough Forestry Corporation	335	334
Borrower notes in NZ Local Government Funding Agency Ltd (NZLGFA)	480	400
Total non-current investments	1,046	966
Total investments	11,046	13,966

The carrying amounts of term deposits approximate their fair value. The effective interest rate for cash was 1.73% (2017 1.67%) and the fixed interest rate was 3.38% (2017 3.26%).

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)

	2017/18 \$000	2016/17 \$000
Current receivables and accruals		
Trade receivables	4,655	2,945
Rates receivable	5,989	5,944
Accrued revenue	6,379	5,950
Prepayments	977	883
GST receivable	1,329	772
	19,330	16,494
Provision for impairment	(192)	(247)
Total current receivables and accruals	19,137	16,247
Non current receivables and accruals		
Prepayments	436	415
Total non current receivables and accruals	436	415
Total accounts receivable	19,573	16,662
Total receivables comprise:		
Receivables from non-exchange transactions	17,643	14,104
Receivables from exchange transactions	1,495	2,143

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.

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

	2017/18 \$000	2016/17 \$000
Opening balance	247	315
Additional provision	17	(13)
Provisions reversed	(72)	(32)
Receivables written off during year	-	(23)
Closing balance	192	247

The carrying amount of receivables that would otherwise be past due or impaired, but for which terms have been negotiated is \$33,478 (2017 \$35,661).

THE AGEING PROFILE OF RECEIVABLES

	2017/18 \$000			2016/17 \$000		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	13,799	(33)	13,767	10,036	(52)	9,984
Past due 1 - 60 days	5,353	(7)	5,347	6,029	(14)	6,015
Past due > 60 days	613	(154)	460	844	(182)	663
Total accounts receivable	19,765	(192)	19,573	16,909	(247)	16,662

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)

	2017/18 \$000	2016/17 \$000
Book value current portion	449	553
Book value non current portion	586	1,085
Total Clean Heat and Energy Efficiency loans receivable	1,034	1,638

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 \$1,111,882 (2017 \$1,797,582). The discount rates to calculate the face value for the loans outstanding for 2018 were between 4.06% and 8.75%, and average of 6.41% (2017 6.41%).

Note 9: Inventories (\$000's)

	2017/18 \$000	2016/17 \$000
Inventories	364	611

Environment Canterbury only holds inventories for distribution; no inventories are pledged as security for liabilities (2017 nil). The carrying amount of inventories for distribution is measured at weighted average cost.

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

2017/18	Opening Cost/ Revaluation \$000	Accumulated Depreciation and Impairment \$000	Carrying value 1 July 2017 \$000	Additions \$000	Disposals ³ \$000	Impairment \$000	Depreciation \$000	Revaluation Surplus ⁴ \$000	Closing Cost/ Revaluation \$000	Accumulated Depreciation and Impairment \$000	Carrying value 30 June 2018 \$000
Operational Assets											
Land ¹	11,567	-	11,567	10	-	-	-	-	11,577	-	11,577
Buildings	48,391	(2,251)	46,140	326	(54)	-	(2,315)	-	48,663	(4,566)	44,097
Motor vehicles	6,689	(2,741)	3,948	2,554	(1,092)	-	(571)	-	8,151	(3,312)	4,839
Furniture & fittings	1,965	(367)	1,598	297	(1)	-	(194)	-	2,261	(561)	1,700
Computer equipment ²	4,001	(1,751)	1,943	1,050	(931)	-	(557)	-	4,120	(2,308)	1,812
Plant & equipment	12,131	(8,160)	3,971	750	(25)	-	(768)	-	12,855	(8,927)	3,928
Capital WIP - Buildings	1,401	-	1,401	1,932	-	-	-	-	3,333	-	3,333
Total Operational Assets	86,144	(15,270)	70,567	6,920	(2,104)	-	(4,405)	-	90,960	(19,675)	71,286
Infrastructural Assets											
Flood protection and control works	508,589	-	508,589	4,982	-	-	(372)	-	513,571	(372)	513,200
Forests	11,936	-	11,936	17	(413)	-	-	-	11,541	-	11,541
Wells	2,323	(517)	1,807	257	(0)	-	(78)	-	2,580	(594)	1,986
Capital WIP - Infrastructural	-	-	-	-	-	-	-	-	-	-	-
Total Infrastructural Asset	522,849	(517)	522,333	5,256	(413)	-	(449)	-	527,692	(966)	526,727
Restricted Assets											
Land reserves ⁶	313,123	(93)	313,030	25	(264)	-	(94)	-	312,884	(187)	312,697
Total Restricted Assets	313,123	(93)	313,030	25	(264)	-	(94)	-	312,884	(187)	312,697
Total Property, Plant & Equipment	922,116	(15,879)	905,930	12,201	(2,780)	-	(4,948)	-	931,537	(20,827)	910,709

- 1 There was no land held for sale in 2018. There were 9 plots of land held for sale in current assets as at 30 June 2017.
 - 2 During the period, computer equipment totalling \$303,662 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 \$708,202 (2016 \$725,332) which includes the acquisitions during the period.
 - 3 Impairment and 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 \$507,664,034 (2017 \$601,236,000). The carrying value of assets insured is \$48,935,585 (2017 \$50,453,799) the sum assured is \$86,283,911 (\$92,607,047). Environment Canterbury does not participate in any other financial risk sharing arrangements, all other assets (carrying value \$827,988,812) (2017 \$914,020,285) are self insured. The value of the fund for the purpose of self insurance is \$6,892,187 (2017 \$5,309,567).

2016/17	Opening Cost/ Revaluation \$000	Accumulated Depreciation and Impairment \$000	Carrying value 1 July 2016 \$000	Additions \$000	Disposals ³ \$000	Impairment \$000	Depreciation \$000	Revaluation Surplus ⁴ \$000	Closing Cost/ Revaluation \$000	Accumulated Depreciation and Impairment \$000	Carrying value 30 June 2017 \$000
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	(0)	-	(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)	70,567
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 - Infrastructural	-	-	-	-	-	-	-	-	-	-	-
Total Infrastructural Asset	707,892	(1,563)	706,329	5,660	(31)	-	(472)	(190,671)	522,849	(517)	522,333
Restricted Assets											
Land reserves ⁶	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

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

Software	2017/18 \$000	2016/17 \$000
Cost		
Balance at beginning of year	12,041	10,327
Additions	1,008	1,714
Disposals	-	-
Balance at year end	13,049	12,041
Accumulated amortisation and impairment losses		
Balance at beginning of year	8,073	6,830
Amortisation expense	1,411	1,243
Amortisation relating to disposals	-	-
Balance at year end	9,485	8,073
Carrying amounts		
As at beginning of year	3,968	3,497
Balance at year end	3,565	3,968

New Zealand emission units	2017/18 \$000	2016/17 \$000
Opening balance at 1 July	4,187	4,345
Revaluation of New Zealand units	949	(158)
Closing balance at 30 June	5,137	4,187

Included in intangible assets balance is the bus ticketing software system with a net carrying value of \$378,568 (2017 \$1,038,971). 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 \$21.10 NZU (2017 \$17.20 NZU). \$949,260 million has been recognised in other comprehensive revenue (2017 \$0.158 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.

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

	2017/18 \$000	2016/17 \$000
Trade payables	3,670	3,085
Employee entitlements	2,277	2,347
Accounts payable and accruals	17,294	11,498
Total accounts payable	23,242	16,930
Total payables comprise:		
Payables from non-exchange transactions	3,682	3,760
Payables from exchange transactions	19,560	13,170
Non-current liabilities - exchange transactions (Payables and deferred revenue)	-	3,966

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)

	2017/18 \$000	2016/17 \$000
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Current portion

Annual leave	3,380	3,005
Sick leave	125	125
Provision for restructuring	-	-
Total current employee benefit liabilities	3,505	3,130

Non current	-	-
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Total employee benefits	3,505	3,130
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Note 14: Other financial liabilities (\$000's)

	2017/18 \$000	2016/17 \$000
(a) Current		
Lease liabilities	283	268
Bank loan	-	-
Total current	283	268
(b) Non Current		
Lease liabilities (Payables and deferred revenue)	425	457
Borrowings - NZLGFA	30,000	25,000
Total non current	30,425	25,457

ANALYSIS OF FINANCE LEASES

Total minimum lease payments are payable	2017/18 \$000	2016/17 \$000
Not later than 1 year	328	315
Later than 1 year and not more than five years	462	503
Later than five years	-	-
Total minimum lease payments	790	818
Future finance charge	(82)	(93)
Present value of minimum lease payments	708	725
Present Value of minimum lease payments are payable		
Not later than 1 year	283	268
Later than 1 year and not more than five years	425	457
Later than five years	-	-
Total minimum lease payments	708	725

During the period, Environment Canterbury acquired equipment totalling \$304,662 (2017 \$590,450) 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% (2017 7.5%).

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)

General and other reserves	2017/18 \$'000	2016/17 \$'000	
General accumulated funds			
Opening balance	4,245	3,898	
Operating surplus for the year	(1,355)	(119)	
Other reserve fund transfers	(1,688)	466	The revenue appropriation account for general funds.
Closing balance	1,202	4,245	
AFS reserve			
Opening balance	300	1,094	Reserves to provide for development and maintenance
Transfer (to)/from general fund	619	(794)	of office buildings.
Closing balance	919	300	
Asset replacement reserve			
Opening balance	5,309	1,176	To provide sufficient funding to maintain service level
Transfer (to)/from general fund	1,973	4,133	capability of existing assets.
Closing balance	7,281	5,309	
Contracts reserve			
Opening balance	393	171	Reserves to fund on-going contractual obligations.
Transfer (to)/from general fund	(63)	222	
Closing balance	330	393	
Other reserves			
Opening balance	303	303	Proceeds from sale of land. Legislation restricts how
Transfer (to)/from general fund	3,160	(0)	this can be applied.
Closing balance	3,463	303	
Targeted rate reserves:	2017/18 \$'000	2016/17 \$'000	
Biodiversity reserve			
Opening balance	35	35	Reserves to assist with initial response to pest
Transfer (to)/from general fund	2	(0)	incursion.
Closing balance	37	35	
Catchment rating district reserve			
Opening balance	(7,827)	(6,608)	Reserves to fund planned and unplanned maintenance
Transfer (to)/from general fund	(1,606)	(1,219)	and repair of flood protection schemes.
Closing balance	(9,432)	(7,827)	
Civil defence reserve			
Opening balance	(581)	890	Reserves for the provision of civil defence emergency
Transfer (to)/from general fund	(138)	(1,471)	management operations within the Canterbury region.
Closing balance	(720)	(581)	
Clean heat reserve			
Opening balance	2,044	2,091	Reserves for Clean Heat programmes in the Canterbury
Transfer (to)/from general fund	(570)	(47)	region.
Closing balance	1,475	2,044	
Energy efficiency reserve			
Opening balance	352	348	Reserves that are restricted to energy efficiency
Transfer (to)/from general fund	3	4	programmes in the Canterbury region.
Closing balance	355	352	
Passenger transport reserve			
Opening balance	3,916	4,968	Reserves to ensure funding is available to provide an
Transfer (to)/from general fund	221	(1,052)	uninterrupted passenger transport service
Closing balance	4,137	3,916	
Pest rating districts reserve			
Opening balance	1,381	1,429	Reserves to enable quick response to meet obligations
Transfer (to)/from general fund	162	(49)	under the Regional Pest Management Strategy
Closing balance	1,542	1,381	
Regional park reserve			
Opening balance	(423)	(260)	Reserves for the provision of regional park activities
Transfer (to)/from general fund	64	(162)	within the Canterbury region.
Closing balance	(358)	(423)	
Air quality reserve			
Opening balance	(198)	(206)	Reserves for the provision of strategic air quality
Transfer (to)/from general fund	(158)	8	services for the Canterbury region.
Closing balance	(356)	(198)	
Water study reserve			
Opening balance	2,080	2,997	Reserves for the provision of strategic water services
Transfer (to)/from general fund	(2,159)	(917)	for the Canterbury region.
Closing balance	(79)	2,080	

Capital and asset reserves:	2017/18 \$000	2016/17 \$000	
Asset revaluation reserve			
Opening balance	743,567	933,832	
Gain/(loss) on revaluation	949	(190,349)	Reserves generated by movements in: investments –
Investment revaluation movement	64	83	note 6, property plant, and equipment – note 10, and
Impairment losses	-	-	intangible assets – note 11.
Transfer to general funds on disposal	(464)	-	
Closing balance	744,116	743,567	
Capital reserve			
Opening balance	152,727	150,811	Represents the Council's investment in fixed and
Transfer (to)/from general fund	642	1,916	infrastructural assets.
Closing balance	153,369	152,727	
Total equity	907,280	907,622	

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.

Note 16: Cash flow reconciliation with net surplus (\$'000's)

	2017/18 \$'000	2016/17 \$'000
Net surplus/(deficit) per Statement of comprehensive revenue and expense	(1,355)	(119)
Add/(deduct) Non Cash Items		
Depreciation and amortisation	6,327	6,095
(Increase)/decrease in Clean Heat investment	(82)	(134)
(Increase)/decrease in deferred tax	-	15
(Increase)/decrease in other investments	(80)	(77)
Provision for bad and doubtful debts	(55)	(68)
Non-cash movement in provisions	401	47
Property, plant and equipment impairment	-	-
Property, plant and equipment acquisition	167	160
	6,680	6,038
Add/(deduct) movements in Working Capital		
(Increase)/decrease in receivables and accruals	(2,766)	(1,874)
(Increase)/decrease in prepayments	(115)	(390)
(Increase)/decrease in inventories	247	365
Increase/(decrease) in employee entitlements	(70)	333
Increase/(decrease) in payables and accruals	6,504	(2,687)
Increase/(decrease) in revenue in advance	52	(723)
	3,852	(4,976)
Add/(deduct) items classified as investing or financing activity		
Insurance proceeds for fixed assets	-	-
Net (gain)/loss on disposal of property, plant and equipment	(7,256)	(530)
	(7,256)	(530)
Net cash flows from operating activities	1,920	413

Note 17: Commitments (\$'000's)

Operating lease commitments:	2017/18 \$'000	2016/17 \$'000
Payable no later than one year	628	826
Later than one year no later than two	524	624
Later than two years no later than five	377	478
Later than five years	-	-
Total operating lease commitments	1,530	1,928

Onerous contracts:	2017/18 \$'000	2016/17 \$'000
Payable no later than one year	-	243
Later than one year no later than two	-	243
Later than two years no later than five	-	62
Later than five years	-	-
Total provision for onerous contracts (Payables and deferred revenue)	-	548

Capital commitments - Buildings	-	-
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2017 figures included onerous contracts for office leases within the operating lease commitments. No provision is required as these leases have now been surrendered or the premises re-let.

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

Operating lease rental revenue	2017/18 \$000	2016/17 \$000
Receivable no later than one year	5,054	5,299
Later than one year no later than five	17,056	18,362
Later than five years	39,147	43,941
Total operating lease rental revenue	61,256	67,602

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

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.

The process to deregister Environment Canterbury Limited commenced prior to year end, the company was removed from the companies register under section 318 of the Companies Act 1933 on 30 July 2018. See Note 22 Post balance date events.

Canterbury Economic Development Co. Limited

Environment Canterbury had 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) acted as an interface with Central Government and co-ordinated the disbursement of government funding particularly the Regional Strategy Fund. There have been no transactions with this entity during the year (2017 \$nil). This company was deregistered on 6 November 2017.

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 (2017 \$nil).

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.

Remuneration of members and Chief Executive Officer	2017/18	2016/17
Dame Margaret Bazley	-	99,650
David Bedford	12,286	184,331
David Caygill	79,227	116,032
Iaeen Cranwell	95,839	51,049
Rod Cullinane	81,501	55,324
Elizabeth Cunningham	73,106	82,844
Tom Lambie	113,037	132,119
Stephen Lowndes	164,551	69,258
Claire McKay	85,183	57,177
Lan Pham	77,981	53,196
Cynthia Roberts	95,810	53,556
Peter Scott	105,815	61,137
Peter Skelton	78,309	104,231
John Suncell	86,534	56,471
Rex Williams	-	35,535
Total Councillor and ex-Commissioner remuneration	1,149,179	1,211,910

Bill Bayfield, Chief Executive	416,099	427,012
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Key management personnel compensation	2017/18	2016/17
	\$000	\$000
Councillor and ex-Commissioners		
Remuneration	1,149,179	1,211,910
Full-time equivalent members	12	13
Executive Leadership Team		
Remuneration	1,104,185	1,186,711
Full-time equivalent members	5	5
Chief Executive Officer		
Remuneration	416,099	427,012
Full-time equivalent members	1	1
Total	2,669,463	2,825,633

COUNCIL STAFFING LEVELS AND REMUNERATION

At balance date the Council employed 473 full-time employees (2017 465), with an additional 135 part-time staff representing 101 full-time equivalent employees (2017 108). 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:

Band	2017/18	Band	2016/17
	\$000		\$000
Under \$59,999	149	Under \$59,999	185
\$60,000-\$79,999	208	\$60,000-\$79,999	208
\$80,000-\$99,999	136	\$80,000-\$99,999	124
\$100,000-\$119,999	64	\$100,000-\$119,999	52
\$120,000-\$139,999	28	\$120,000-\$139,999	16
\$140,000-\$159,999	7	\$140,000-\$159,999	7
\$160,000-\$179,999	9	\$160,000-\$179,999	8
\$180,000-\$259,999	6	\$180,000-\$429,999	5
\$400,000-\$419,999	1		
Total	608	Total	605

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

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	2017/18 \$'000	2016/17 \$'000
Cash and cash equivalents	AA	-	-
	AA-	13,319	13,589
Receivables and accruals	*	16,831	12,855
Clean Heat loans	*	1,034	2,437
Investments – managed investment portfolio	AAA	-	-
	AA	-	-
	AA-	10,000	16,000
	A	-	-
	BBB	-	-
	Unrated	-	-
Investments – Local Government Insurance Corporation and Marlborough Forestry Corporation	*	1,046	889
		42,231	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 \$109,314 (2017 \$105,351) and expenditure by \$145,274 (2017 \$125,000). 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:

2017/18	Total	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Assets						
Cash and cash equivalents	13,319	13,319	13,319	-	-	-
Receivables and accruals	16,831	16,831	16,831	-	-	-
Clean Heat loans	1,034	1,112	449	363	222	-
Investments	11,046	11,046	10,000	-	-	1,046
Total	42,231	42,308	40,599	363	222	1,046
Financial Liabilities						
Loans and borrowings	708	30,000	283	234	191	-
Accounts payable and accruals	19,559	19,559	19,559	-	-	-
Total	20,267	49,559	19,842	234	191	-

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	39,867	40,027	37,816	474	611	966
Financial Liabilities						
Loans and borrowings	1,273	26,399	268	763	242	-
Accounts payable and accruals	13,170	13,170	13,170	-	-	-
Total	14,443	39,569	13,438	763	242	-

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 2018, the LGFA had borrowings totalling \$8.57 billion (2017 \$8.25 billion).

There are no other significant contingent liabilities. There are no significant contingent assets (2017 no significant contingent assets).

Note 22: Post balance date events

The process to deregister Environment Canterbury Limited commenced prior to year end, the company was removed from the companies register under section 318 of the Companies Act 1933 on 30 July 2018. See Note 19 Related party transactions.

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	3,215	1,579,669,000	946,884,100
Hurunui	8,427	6,925,892,860	4,491,120,060
Waimakariri	26,109	15,851,236,665	7,498,827,450
Christchurch	170,998	102,879,384,758	45,833,231,550
Selwyn	26,034	20,912,154,500	11,107,228,150
Ashburton	15,726	16,987,293,550	11,520,290,450
Timaru	22,659	12,245,534,701	6,092,384,650
Mackenzie	4,769	3,437,379,320	1,805,793,600
Waimate	4,460	4,773,055,050	3,167,717,200
Waitaki	2,062	2,060,086,100	886,153,000
Totals	284,459	187,651,686,504	93,349,630,210

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 2018

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.

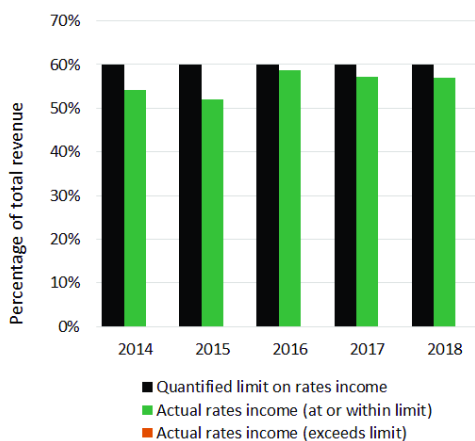
RATES AFFORDABILITY BENCHMARK

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

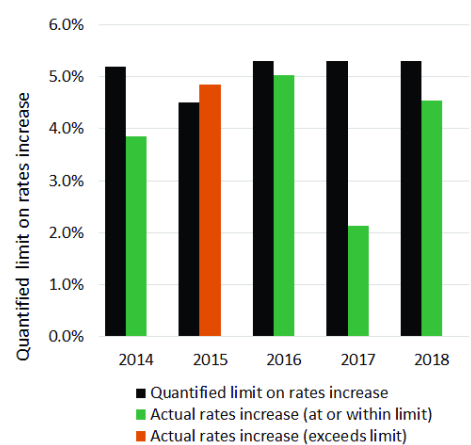
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is total rates will not exceed 60% of total revenue in any given year.



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%.

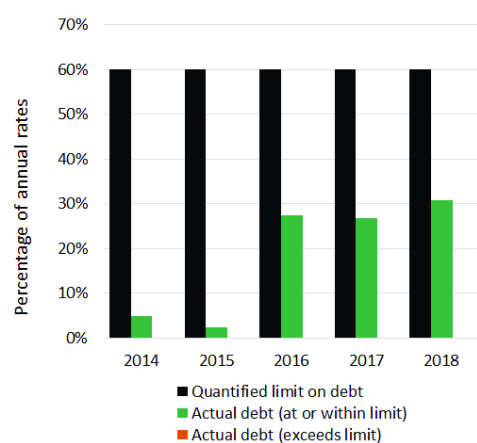
In 2015 the increase in the total rates exceeded the limit set in the Financial Strategy. This arose because of an increase in the rating base which occurred as a result of new building construction exceeding building demolition throughout the year. Because this portion of the increase in rates is collected 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.

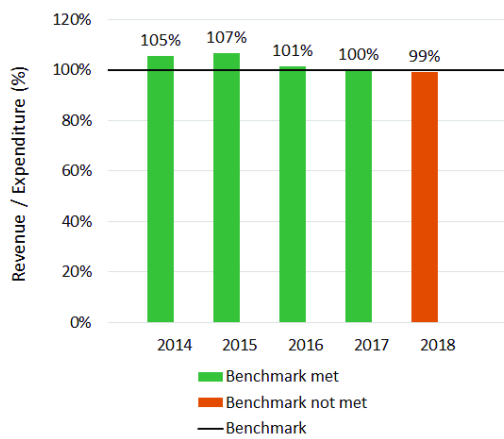
The following graph compares the councils’ actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council’s long term plan. The quantified limit is \$300 of debt per capita.



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.

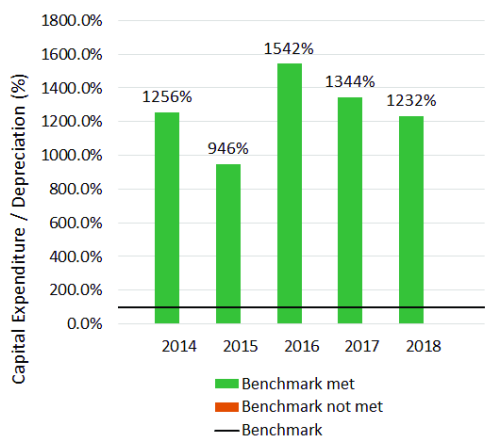


ADDITIONAL INFORMATION OR COMMENT

Ecnironment Canterbury does not meet this benchmark in 2017/18. As per the Annual Plan 2017/18 Council approved the use of reserves to meet expenditure requirements as part of prudent financial management in order to promote the current and future interests of the community.

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.



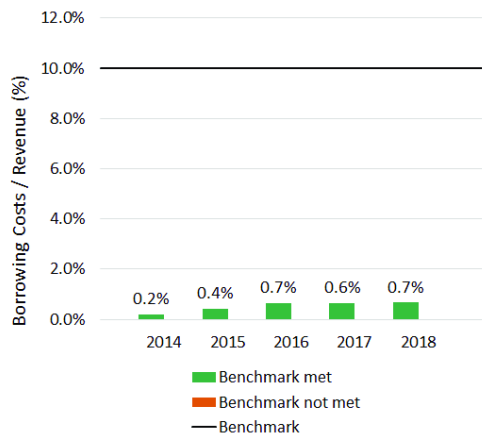
ADDITIONAL INFORMATION OR COMMENT

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

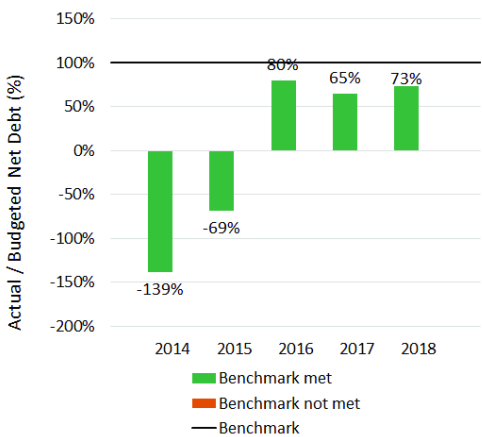
The following graph displays the council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment).

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.



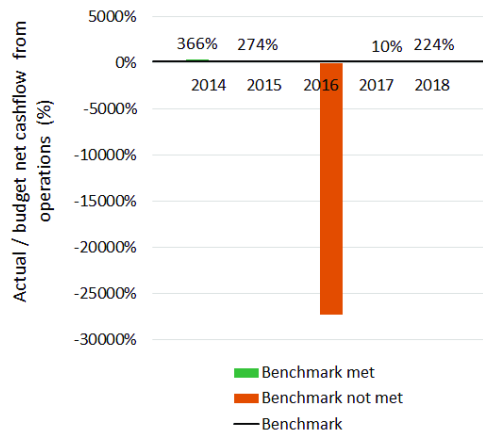
DEBT CONTROL BENCHMARK

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.



THE ORGANISATION

Chair David Bedford resigned due to ill health 26 September 2017. Steve Lowndes was elected Chair 30 November 2017.

David Bedford died in February 2018, just a few months after he stepped down as chairman. Appointed by the then Government as a Commissioner in 2009, he was re-appointed in late 2016 and councillors elected him chairman. As chairman, he transitioned the governance of the Council to the mixed model of elected and appointed councillors in preparation for a full election in 2019.

He played a pivotal role in advancing significant air quality improvements, assisting with regional transport issues and in implementing tighter water quality and allocation plans across the region. He was also very active and effective in the Canterbury Water Management Strategy zone committees in Hurunui and Kaikōura.

With a background in corporate management, Bedford brought extensive experience in human resources and senior management of large businesses to his role.

Before his appointment to Environment Canterbury, Bedford was chairman of Enterprise North Canterbury, where his family owns a Waipara vineyard. He was previously chief operating officer for Telecom in Australia.

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, Steve Lowndes, 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 Steve Lowndes and Peter Scott are the Environment Canterbury representatives, with Steve Lowndes 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 MAYORAL FORUM

The Mayoral Forum is mandated by the Canterbury Local Authorities' Triennial Agreement 2017-19 as the primary mechanism for local government co-ordination and collaboration in Canterbury. Environment Canterbury Chair Steve Lowndes represents the regional council on the Mayoral Forum. The Mayoral Forum initiated and continues to provide governance oversight of the Canterbury Water Management Strategy.

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. Peter Scott 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: laean 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). Steve Lowndes, 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. Peter Skelton, 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. Rod Cullinane, Peter Scott, 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. Steve Lowndes 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.

Co-governance of the catchment is a specific goal in the Canterbury Water Management Strategy. Steve Lowndes, 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, Peter Scott

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

Public Passenger Transport: David Caygill, Steve Lowndes and Peter Skelton

Regional Leadership: Steve Lowndes

Regional Transport: Steve Lowndes and Peter Scott

Urban Development Strategy: Peter Skelton (Portfolio Lead), Steve Lowndes and Cynthia Roberts

Tuia: Elizabeth Cunningham

Groups and Directors' contact details

BILL BAYFIELD

Chief Executive

bill.bayfield@ecan.govt.nz

KATHERINE TROUGHT

Director Strategy and Planning

katherine.trought@ecan.govt.nz

Katherine was appointed on 3 April 2018

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

TAFFLYN BRADFORD-JAMES

Director Communications and Engagement

tafflyn.bradford-james@ecan.govt.nz

Tafflyn was appointed on 16 April 2018, and was acting Director from 3 April 2018.

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.

	Annual Plan 2016/17 \$000	Actual 2016/17 \$000	Annual Plan 2017/18 \$000	Actual 2017/18 \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	32,118	32,639	32,356	33,139
Targeted rates	59,790	60,744	62,770	64,485
Subsidies and grants for operating purposes	29,929	32,570	35,101	33,334
Fees and charges	34,889	32,259	33,972	33,521
Interest and dividends from investments	716	712	618	750
Local authorities fuel tax, fines, infringement fees, and other receipts	-	3,637	-	3,982
Total operating funding (A)	157,443	162,562	164,817	169,210
Applications of operating funding				
Payments to staff and suppliers	152,609	156,071	161,089	165,177
Finance costs	1,257	1,059	1,188	1,145
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	153,867	157,129	162,277	166,322
Surplus (deficit) of operating funding (A – B)	3,576	5,433	2,540	2,889
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	2,158	300	4,154	4,983
Gross proceeds from sale of assets	8,850	554	300	2,095
Lump sum contributions - Insurance proceeds	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	11,008	855	4,454	7,078
Application of capital funding				
Capital expenditure				
• to meet additional demand	-	-	-	-
• to improve the level of service	6,893	6,680	10,672	1,746
• to replace existing assets	8,916	2,073	7,899	8,193
Increase (decrease) in reserves	(2,832)	457	(4,140)	2,948
Increase (decrease) of investments	1,607	(2,923)	(7,437)	(2,920)
Total applications of capital funding (D)	14,584	6,287	6,994	9,967
Surplus (deficit) of capital funding (C – D)	(3,576)	(5,433)	(2,540)	(2,889)
Funding balance ((A – B) + (C – D))	-	-	-	-

Reconciliation of Operating Funding to Statement of Comprehensive Revenue and expense

Surplus / (deficit) of operating funding	3,576	5,433	2,540	2,889
<i>Adjust for other sources of non-cash funding excluded from the funding impact statement</i>				
Depreciation	(6,408)	(6,095)	(6,680)	(6,327)
<i>Adjust for other income and expenditure for capital</i>				
Other revenue	-	554	-	2,095
Other non-operating income/(expenditure)	-	-	-	-
Tax expense	-	(11)	-	(12)
Surplus/(deficit) per statement of comprehensive income	(2,832)	(119)	(4,140)	(1,355)

Air quality

	Long-Term Plan 2016/17 \$000	Long-Term Plan 2017/18 \$000	Actual 2017/18 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,193	1,218	1,295
Targeted rates	2,012	2,110	2,268
Subsidies and grants for operating purposes	-	-	-
Fees and charges	252	185	208
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	3,457	3,513	3,771
Applications of operating funding			
Payments to staff and suppliers	2,405	2,439	3,080
Finance costs	147	86	59
Internal charges and overheads applied	1,031	1,067	1,423
Other operating funding applications	-	-	-
Total applications of operating funding	3,582	3,592	4,562
Surplus/(deficit) of operating funding	(125)	(80)	(791)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(866)	(727)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(866)	(727)	-
Applications of capital funding			
Capital expenditure	-	-	-
- to meet additional demand	-	-	-
- to improve the level of service	174	162	-
- to replace existing assets	-	-	148
Increase/(decrease) in reserves	(1,164)	(969)	(939)
Increase (decrease) of investments	-	-	-
Total applications of capital funding	(991)	(807)	(791)
Surplus/(deficit) of capital funding	125	80	791
Funding balance	-	-	-
The above table excludes the following non cash charges:			
Depreciation expense	203	202	307

Biodiversity and Biosecurity

	Long-Term Plan 2016/17 \$000	Long-Term Plan 2017/18 \$000	Actual 2017/18 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,323	4,398	4,682
Targeted rates	3,717	3,841	3,203
Subsidies and grants for operating purposes	561	156	3,235
Fees and charges	107	105	652
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	8,707	8,501	11,773
Applications of operating funding			
Payments to staff and suppliers	6,594	6,305	10,718
Finance costs	-	-	0
Internal charges and overheads applied	2,071	2,168	2,755
Other operating funding applications	-	-	-
Total applications of operating funding	8,665	8,474	13,473
Surplus/(deficit) of operating funding	42	27	(1,701)
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	11	-
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	32	16	(1,701)
Increase (decrease) of investments	-	-	-
Total applications of capital funding	42	27	(1,701)
Surplus/(deficit) of capital funding	(42)	(27)	1,701
Funding balance	-	-	-
The above table excludes the following non cash charges:			
Depreciation expense	35	27	289

Canterbury Water Management Strategy

Long-Term Plan	Long-Term Plan	Actual
2016/17	2017/18	2017/18
\$000	\$000	\$000

Sources of operating funding

General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	24,281	25,775	24,652
Subsidies and grants for operating purposes	-	-	186
Fees and charges	17	15	921
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	24,298	25,790	25,758

Applications of operating funding

Payments to staff and suppliers	16,052	17,125	15,654
Finance costs	-	-	0
Internal charges and overheads applied	7,451	7,846	11,143
Other operating funding applications	-	-	-
Total applications of operating funding	23,503	24,971	26,797
Surplus/(deficit) of operating funding	795	818	(1,039)

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	920	884	795
- to replace existing assets	267	268	-
Increase/(decrease) in reserves	(391)	(333)	(1,834)
Increase (decrease) of investments	-	-	-
Total applications of capital funding	795	818	(1,039)
Surplus/(deficit) of capital funding	(795)	(818)	1,039

Funding balance

The above table excludes the following non cash charges:			
Depreciation expense	779	803	1,645

Flood Protection and Control Works

	Long-Term Plan 2016/17 \$000	Long-Term Plan 2017/18 \$000	Actual 2017/18 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,845	1,908	1,965
Targeted rates	8,792	9,101	8,863
Subsidies and grants for operating purposes	331	331	441
Fees and charges	4,821	5,046	8,044
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	15,789	16,386	19,314
Applications of operating funding			
Payments to staff and suppliers	9,302	9,607	10,688
Finance costs	668	839	281
Internal charges and overheads applied	2,145	2,248	3,898
Other operating funding applications	-	-	-
Total applications of operating funding	12,114	12,694	14,866
Surplus/(deficit) of operating funding	3,675	3,692	4,447
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	3,364	3,384	-
Gross proceeds from sale of assets	367	261	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,731	3,645	-
Applications of capital funding			
Capital expenditure	-	-	-
- to meet additional demand	-	-	-
- to improve the level of service	4,694	4,720	951
- to replace existing assets	1,041	1,033	3,635
Increase/(decrease) in reserves	1,671	1,584	(139)
Increase (decrease) of investments	-	-	-
Total applications of capital funding	7,406	7,337	4,447
Surplus/(deficit) of capital funding	(3,675)	(3,692)	(4,447)
Funding balance	-	-	-
The above table excludes the following non cash charges:			
Depreciation expense	712	727	794

Hazards, Risks and Safety

Long-Term Plan 2016/17 \$000	Long-Term Plan 2017/18 \$000	Actual 2017/18 \$000
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Sources of operating funding

General rates, uniform annual general charges, rates penalties	5,806	6,008	5,623
Targeted rates	2,505	2,656	3,220
Subsidies and grants for operating purposes	174	-	1,364
Fees and charges	1,379	1,405	1,709
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	9,864	10,069	11,915

Applications of operating funding

Payments to staff and suppliers	7,074	7,106	8,750
Finance costs	-	-	-
Internal charges and overheads applied	2,944	3,086	3,886
Other operating funding applications	-	-	-
Total applications of operating funding	10,017	10,192	12,635
Surplus/(deficit) of operating funding	(153)	(122)	(720)

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	26	26	-
- to replace existing assets	596	113	53
Increase/(decrease) in reserves	(775)	(235)	(773)
Increase (decrease) of investments	-	-	-
Total applications of capital funding	(153)	(122)	(720)
Surplus/(deficit) of capital funding	153	122	720

Funding balance

Funding balance	-	-	-
The above table excludes the following non cash charges:			
Depreciation expense	321	336	463

Planning, Consents and Compliance

	Long-Term Plan 2016/17 \$000	Long-Term Plan 2017/18 \$000	Actual 2017/18 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	8,182	8,503	8,213
Targeted rates	-	-	-
Subsidies and grants for operating purposes	308	315	165
Fees and charges	7,377	7,525	7,244
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	15,866	16,343	15,622
Applications of operating funding			
Payments to staff and suppliers	8,093	8,195	7,783
Finance costs	-	-	0
Internal charges and overheads applied	7,536	7,904	7,579
Other operating funding applications	-	-	-
Total applications of operating funding	15,629	16,099	15,362
Surplus/(deficit) of operating funding	238	244	260
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	4	-
Increase/(decrease) in reserves	212	241	260
Increase (decrease) of investments	-	244	-
Total applications of capital funding	238	244	260
Surplus/(deficit) of capital funding	(238)	(244)	(260)
Funding balance	-	-	-
The above table excludes the following non cash charges:			
Depreciation expense	238	244	812

Transport, Greater Christchurch Rebuild and Urban Development		Long-Term Plan 2016/17 \$000	Long-Term Plan 2017/18 \$000	Actual 2017/18 \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties		977	1,010	943
Targeted rates		19,654	20,225	22,279
Subsidies and grants for operating purposes		26,952	25,931	27,794
Fees and charges		24,546	25,742	19,706
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts		-	-	-
Total operating funding		72,129	72,908	70,721
Applications of operating funding				
Payments to staff and suppliers		67,574	70,138	68,912
Finance costs		-	-	0
Internal charges and overheads applied		2,224	2,326	2,351
Other operating funding applications		-	-	-
Total applications of operating funding		69,798	72,464	71,263
Surplus/(deficit) of operating funding		2,331	444	(542)
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	-	-
Increase/(decrease) in reserves		(1,369)	444	(542)
Increase (decrease) of investments		-	-	-
Total applications of capital funding		2,331	444	(542)
Surplus/(deficit) of capital funding		(2,331)	(444)	542
Funding balance		-	-	-
The above table excludes the following non cash charges:				
Depreciation expense		1,183	1,185	938

Regional Leadership

	Long-Term Plan 2016/17 \$000	Long-Term Plan 2017/18 \$000	Actual 2017/18 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	10,725	11,092	10,418
Targeted rates	-	-	-
Subsidies and grants for operating purposes	67	69	150
Fees and charges	1,333	1,368	1,619
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	12,125	12,529	12,186
Applications of operating funding			
Payments to staff and suppliers	8,408	8,523	9,366
Finance costs	-	-	0
Internal charges and overheads applied	3,602	3,828	4,889
Other operating funding applications	-	-	-
Total applications of operating funding	12,009	12,351	14,255
Surplus/(deficit) of operating funding	116	178	(2,068)
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	82	53	-
- to replace existing assets	15	16	-
Increase/(decrease) in reserves	18	109	(2,068)
Increase (decrease) of investments	-	-	-
Total applications of capital funding	116	178	(2,068)
Surplus/(deficit) of capital funding	(116)	(178)	2,068
Funding balance	-	-	-
The above table excludes the following non cash charges:			
Depreciation expense	136	148	771

Environment Canterbury offices

Christchurch
PO Box 345
Christchurch 8140
P: 03 365 3828

Timaru
PO Box 550
Timaru 7940
P: 03 687 7800

Kaikōura
PO Box 59
Kaikōura 7340
P: 03 319 5781

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