

Summary Annual Report

2018-2019

Financial and service results against objectives set
for year one of the Long-Term Plan 2018-28



Introduction

This summary document is an overview of the financial and service results for year one of the Environment Canterbury Long-Term Plan 2018-28. The full Annual Report is available on www.ecan.govt.nz. This summary document does not include the disclosures and detailed financial information that is in the full Annual Report.

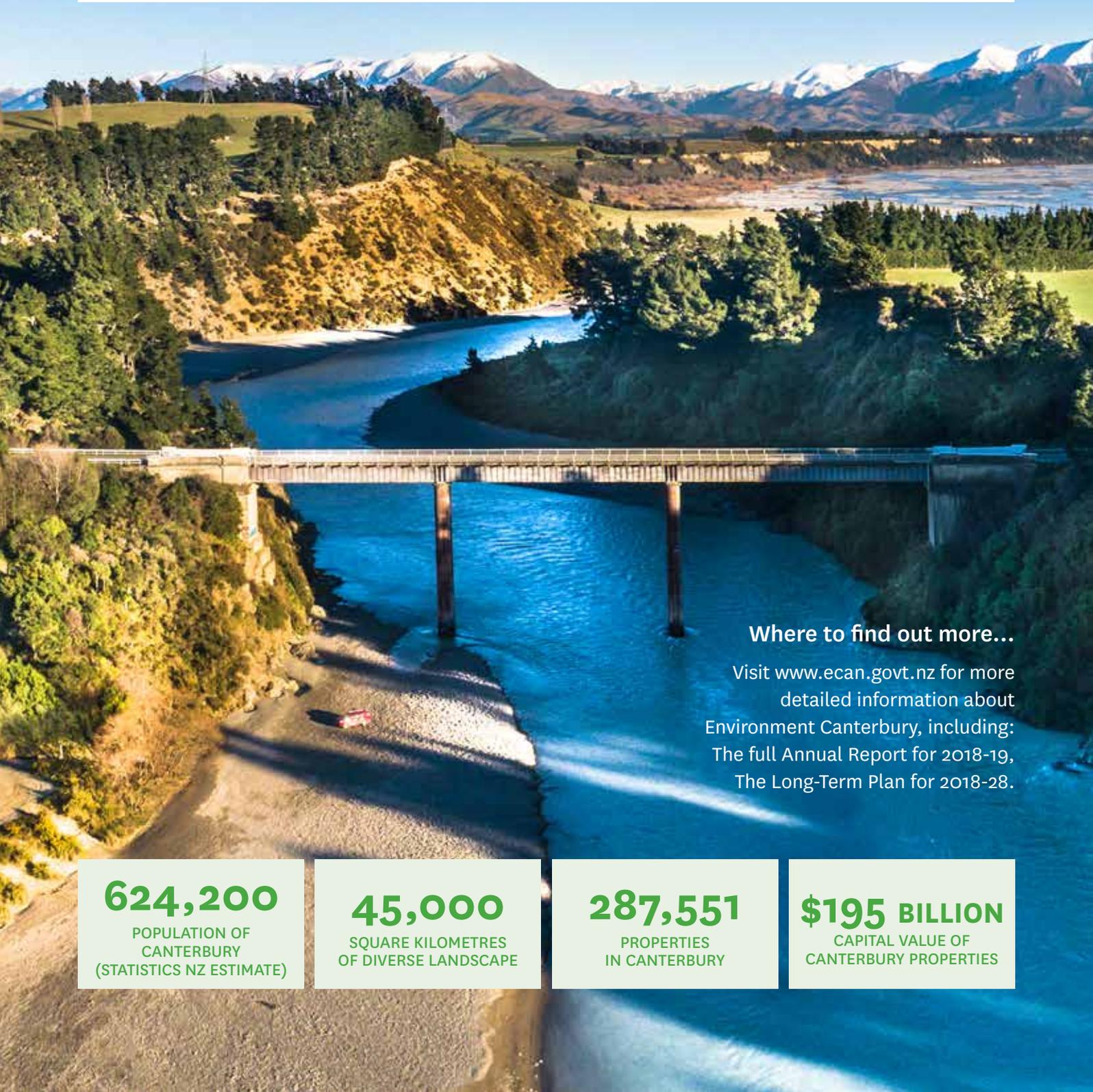


Steve Lowndes
Chairman

19 September 2019



Bill Bayfield
Chief Executive



Where to find out more...

Visit www.ecan.govt.nz for more detailed information about Environment Canterbury, including:
The full Annual Report for 2018-19,
The Long-Term Plan for 2018-28.

624,200

POPULATION OF
CANTERBURY
(STATISTICS NZ ESTIMATE)

45,000

SQUARE KILOMETRES
OF DIVERSE LANDSCAPE

287,551

PROPERTIES
IN CANTERBURY

\$195 BILLION

CAPITAL VALUE OF
CANTERBURY PROPERTIES

Activities and results

Environment Canterbury is the regional council for this diverse and beautiful region – from Kaikōura in the north to the Waitaki River catchment in the south. While most of the population is concentrated around Greater Christchurch, we also have communities across ten territorial authority areas: Ashburton, Hurunui, Kaikōura, Mackenzie, Selwyn, Timaru, Waimakariri, Waimate, Waitaki district councils, and Christchurch City Council.

In our long-term plan, we set the activities and services as well as the levels of service that we measure and report against, for each of the first three years of the 10-year period. 2018-19 was the first year of the 2018-28 Long-Term Plan.

How we performed in 2018-19

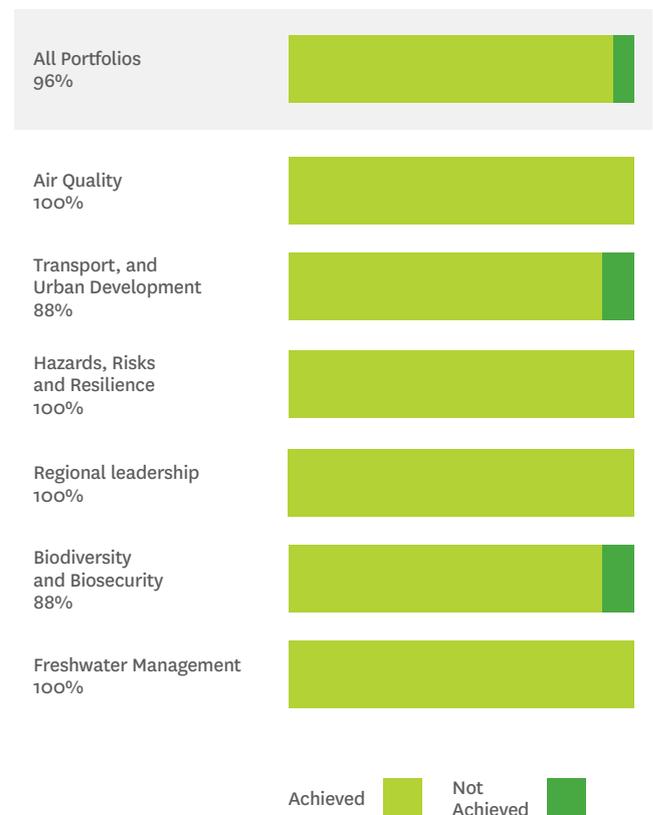
We achieved 96 per cent of the levels of service targets set for the 2018-19 year.

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

We achieved 100 per cent of our service targets in four of our six portfolios compared with four from seven in the previous year.

The full Annual Report at www.ecan.govt.nz has details of all levels of service and the measures of performance.

Targets for 2018-19



FINANCIAL FACTS FOR 2018-19



2018-19 Summary

Over the past year, we have continued to focus on the challenges of sustainably managing our environment to ensure future generations can enjoy all that Canterbury has to offer while bringing a closer focus on the challenges we face from climate change and the need to drive adaptation.

We are responsible for ensuring the air we breathe is safe, the water we swim in is clean, the places we visit to recreate or to gather kai are protected from pollution and natural hazards, when things aren't as they should be – because of pollution or a natural event that could affect people or property – we act to make sure people are safe, and that any environmental impacts are dealt with as quickly as possible.

In May this year, we declared a climate emergency and were the first council in New Zealand to do so. The declaration, which has been followed by several other councils, was to highlight both the urgent need to address climate change issues, as well as the work already being done to help the region respond.

We continue to deal with issues, such as freshwater pollution, that have taken generations to develop. Our first job has been to stop further environmental damage, our second is to find ways to improve environmental and ecological outcomes. It is going to take a collective effort and therefore the community's views, and actions, are essential to our work.

We are making progress, but we can only move as fast as the community can adapt, which includes how much individuals and businesses can afford to pay for the necessary changes to improve environmental outcomes.

Highlights

Freshwater management: In the 2018/19-year Environment Canterbury continued its significant commitment to the Canterbury Water Management Strategy. The Strategy, when established in 2009, set multiple goals across 10 target areas for 2010, 2015, 2020 and 2040.

During the 2018/19 year, there was significant work, commissioned by the Mayoral Forum, to agree on additional goals for 2025 and 2030. The additional goals for the Canterbury Water Management Strategy

were formally adopted in May 2019, following extensive collaboration with Strategy partners.

In the regulatory space Plan Change 5 to the Land and Water Regional Plan was made operative on 1 February 2019 and deals with the effects of land-use (particularly farming) on water quality across the region. Plan Change 7 to the Land and Water Regional Plan has been notified for consultation later in 2019 and is based on recommendations from two water management committees.

We also have a focus on 'action on the ground' with around 270 active projects that Environment Canterbury is either leading, supporting or monitoring. These projects are delivering multiple benefits – environmental, economic, cultural and social – which align with the Canterbury Water Management Strategy targets.

Biodiversity and biosecurity: This is one of the strategic portfolios (along with freshwater) for Environment Canterbury.

During the year biodiversity projects were initiated to improve freshwater habitat by fencing, establishing native plants along waterways, predator control, weed control and maintenance work in high-value areas. There was a renewed focus on braided rivers during the year, including a project to promote best practice management of the land adjacent to rivers, working alongside Land Information New Zealand, the Department of Conservation, Ngāi Tahu and other stakeholders. We are making sure we lead by example on the land we own.

Our new Regional Pest Management Plan came into effect in 2018 and directs our work in combatting pests and preventing new pests. Wilding conifer control has been another key project and more than two million hectares (43% of the region) has now been searched and treated for wilding conifers, at a cost of \$8.8 million.

Hazards, risk and resilience: In May 2019, we were the first council in New Zealand to declare a climate emergency in recognition of the importance and urgent need to address climate change for the benefit of current and future generations. Actions already underway by Environment Canterbury illustrate the importance that we place on climate change.

This year we completed a 10-year \$40 million project to protect Christchurch (and \$8 billion of assets) from the Waimakariri River. We also provided natural hazards information for 130 Land Information Requests, undertook 164 Flood Hazard Assessments and provided advice on 178 more general flood/ earthquake/tsunami hazard enquiries.

During the year, we conducted a long-term state of the environment monitoring programme by collecting data on shoreline changes and the effects of coastal storms on the Canterbury coast.

Transport and Urban Development: Public transport usage in greater Christchurch continued to grow during the 2018/19 year, with a 1% increase from the previous year.

Timaru patronage remained stable. We are continuing to work with partners to develop an alternative on-demand service model for Timaru, which we hope to pilot during the 2019/20 financial year, subject to financial support from partners.

We also support Community Vehicle Trusts of which there are 14 operating across Canterbury, with one more in Hawarden and Waikari due to start operating in the 2019/20 financial year. In partnership with the Selwyn District Council, we are trialling new commuter bus services for Leeston, Darfield and West Melton. We also provided funding for three new electric buses in Christchurch.

The Regional Public Transport Plan was completed during the year and we are now working with our partners to implement the Plan. One priority was a project – working with 25 stakeholders – on the opportunity for freight mode shift in the South Island.

We worked closely with other councils, iwi and government agencies to produce a future development strategy 'Our Space' for Greater Christchurch under the National Policy Statement on Urban Development Capacity. The strategy considers how best to accommodate the need for housing and business development capacity in Greater Christchurch over the next thirty years based on the comprehensive strategic planning framework that already exists for the urban area.

Air Quality: air quality continues to improve thanks to the work of households and industry to reduce emissions, with support from Environment Canterbury (under the Canterbury Air Regional Plan). The plan promotes a shift to ultra-low emission burners (ULEB) and during the year there were

significant changes in the burners being authorised, including the first ULEB which can be inserted into a fireplace. The collective impact of this work has seen fewer high pollution days in urban centres.

One of our priorities is to ensure people are warm and dry in their homes, as we encourage the uptake of clean heating options. This year we had 13,690 visits to the warmercheaper.co.nz website and we allocated \$2.09 million in financial assistance to 548 households.

Quarry dust has also been a significant concern for some residents, particularly during the rebuild phase following the earthquakes. We have worked with the quarry industry and residents to establish boundary dust monitoring on the Yaldhurst quarries and this has led to improvements in dust-related air quality. We are also taking an innovative approach to making it better for residents who live near odorous sites, and working with stakeholders, industries and communities to identify solutions to manage odour, including an app to collect crowdsourced information.

Regional Leadership: In 2019 we completed a representation review, with the Local Government Commission confirming a 14-member council to be elected from seven constituencies. The election in October 2019 will return Environment Canterbury to a fully elected Council.

Our special relationship with Ngāi Tahu involves regular hui with the region's 10 Papatipu Rūnanga. As a regional council, we have seen significant benefits from having Ngāi Tahu appointed Councillors at the Council table since 2010. This year we progressed a Local Bill to secure these two Ngāi Tahu Councillor positions permanently on Council, but it did not gain enough support to achieve a first reading.

In 2012 Environment Canterbury and Te Rūnanga o Ngāi Tahu entered into the Te Waihora Co-Governance Agreement, providing leadership for the restoration of the mauri of Te Waihora and its catchment. Selwyn District Council joined in 2014, Christchurch City Council in 2016, and during June 2019 we formally welcomed the Department of Conservation to the Co-Governance Group.

During the year we joined Waitaki and Mackenzie Councils, the Department of Conservation and Land Information New Zealand in a five-agency partnership to align our activities in the Mackenzie Basin.

Our income

Rates

The quarterly rates invoice from Environment Canterbury – included with the rates bill from each local territorial authority – contains two different types of rates: a general rate and a targeted rate.

General rates

General rates for an individual property are calculated using the property's capital value (the combined value of the land and buildings). The total rates for Canterbury are spread across all properties: residential, commercial and industrial. Because rates are calculated on the capital value, higher-value properties have higher rates than properties with a lower capital value.

Targeted rates

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

Other sources of income

Some of our activities are funded by user-pays charges. These are paid on activities such as consents, swing moorings for boats, as well as passenger fares paid on public transport. Environment Canterbury also receives grants to carry out work, particularly for public transport. Much of this funding comes from central government agencies.

Grants make up around 20% of Council revenue. Sometimes, Environment Canterbury draws on its reserves to pay for work that is additional to budget, including some of our water management programmes.

\$63.1M

**GENERAL RATES
COLLECTED**

\$39.3M

**TARGETED RATES
COLLECTED**

\$78.6M

**OTHER INCOME,
INCLUDING \$48.5M
FROM PUBLIC
TRANSPORT GRANTS
AND FARES**

Our expenditure

In 2018-19 Environment Canterbury divided activities and related budgets into six service groups or portfolios. Each is funded by a combination of general rates, targeted rates, user charges, loans and subsidies.

This graph below shows the proportion of expenditure on each portfolio (all figures are in millions of dollars).

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

Portfolio expenditure 2018-19



2018-19 in numbers

The following are a few of the statistics for the 2018-19 year. More information is contained in the full Annual Report and on the Reporting Back page on www.ecan.govt.nz. The majority of our reports cover the financial year eg 2018-19 like this Annual Report Summary but other seasonal reports are released during the year.

95%

OF AIRSHEDS MET THE NATIONAL ENVIRONMENTAL STANDARDS FOR AIR QUALITY

99

RECREATIONAL WATER SITES MONITORED OVER SUMMER

81%

OF FARM ENVIRONMENT PLANS, REQUIRED UNDER OUR CONSENT TO FARM RULES, HAVE BEEN COMPLETED.

90%

OF FARM ENVIRONMENT PLANS RECEIVED A COMPLIANT AUDIT GRADE (A OR B).

84%

OF MONITORED WATER CONSENTS RECEIVED AN A GRADE COMPLIANCE RATING

WE RESPONDED TO

3530

POLLUTION INCIDENT REPORTS

95%

OF PASSENGERS WERE SATISFIED OR BETTER WITH THE PUBLIC TRANSPORT SERVICE

72%

OF PUBLIC TRANSPORT PASSENGERS USED A METROCARD

Our relationships

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.

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.

Furthering and strengthening this priority relationship 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 dedicated 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 dedicated land management advisors are planned for other parts of the region to assist with mahinga kai implementation of Farm Environment Plans, the Canterbury Water Management Strategy and compliance work.



Summary of Financial Statements

In 2018-19 Environment Canterbury received \$181.0m revenue and spent \$176.6m, for a surplus after taxation of \$4.5m.

Statement of comprehensive revenue and expense	Actual 2018-19	LTP 2018-19	Actual 2017-18
Revenue			
General rates	63,136	61,720	33,139
Targeted rates	39,295	38,074	64,485
Subsidies and grants	34,897	34,430	33,334
Fees and charges	34,570	35,581	33,521
Other revenue/gains	9,148	994	6,827
Total operating revenue	181,046	170,798	171,305
Expenditure			
Personnel costs	49,206	50,834	46,487
Finance costs	1,148	1,296	1,145
Other expenses	126,235	120,388	125,016
Total operating expenditure	176,589	172,519	172,648
Surplus/(deficit) before tax	4,457	(1,721)	(1,343)
Tax (expense)/benefit net of loss offset	9	-	(12)
Surplus/(deficit) after tax	4,466	(1,721)	(1,355)
Other comprehensive revenue and expense	35,624	-	1,014
Total comprehensive revenue and expense	40,090	(1,721)	(342)

Statement of financial position	Actual 2018-19	LTP 2018-19	Actual 2017-18
Current Assets	39,111	33,080	43,269
Total non-current assets	968,407	936,093	921,475
Total assets	1,007,518	969,174	964,745
Total current liabilities	27,400	21,958	27,039
Non-current liabilities	32,749	38,175	30,425
Total liabilities	60,148	60,133	57,464
Net assets	947,370	909,041	907,280
Equity	947,370	909,041	907,280

Statement of changes in net assets/equity	Actual 2018-19	LTP 2018-19	Actual 2017-18
Balance as at 1 July	907,280	910,761	907,623
Total comprehensive revenue & expense	40,090	(1,721)	(342)
Balance at 30 June	947,370	909,041	907,280

Cash flow statement	Actual 2018-19	LTP 2018-19	Actual 2017-18
Net cash flow from operating activities	2,772	3,422	1,919
Net cash flow from investing activities	(12,387)	(6,362)	(3,273)
Net cash flow from financing activities	8,000	3,739	5,000
Movement in cash - Net increase / (decrease) in cash held	(1,615)	799	3,648
Add cash bought forward	13,319	5,477	9,670
Cash carried forward	11,704	6,275	13,319

Explanation Of Major Variances Against Budget

The significant variance in other revenue/gains is \$5.5m relating to the revaluation of the Tuam Street building, which is a reversal of the impairment of the asset in 2016. The revaluation of land and buildings is completed every three years.

Expenditure for the year is \$4.1m higher than budget primarily due to key portfolio projects such as Public Transport, the Kaikoura Earthquake Waste project, and the Canterbury Regional Economic Development Strategy.

The summary financial statements have been extracted from the full audited Annual Report dated 19 September 2019. The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial report. A copy of the full Annual Report of Council can be obtained from the Council's website (www.ecan.govt.nz).

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

The summary financial statements comply with PBE FRS-43. All amounts are expressed in New Zealand Dollars and have been rounded to \$000s.

The full Annual Report financial statements have been audited and an unmodified audit opinion was issued on the full financial statements on 19 September 2019.

The summary financial statements were authorised for issue on 19 September 2019 by the Council.

Independent Auditor's Report

To the readers of Canterbury Regional Council's summary of the annual report for the year ended 30 June 2019

The summary of the annual report was derived from the annual report of the Canterbury Regional Council (the Regional Council) for the year ended 30 June 2019.

The summary of the annual report comprises the following summary statements on pages 4 to 7 and 10:

- the summary statement of financial position as at 30 June 2019;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in net assets/equity and cash flow statement for the year ended 30 June 2019; and
- the summary statement of portfolio performance.

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2019 in our auditor's report date 19 September 2019.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to reporting on the summary of the annual report, we have reported on the full annual report and completed assurance and agreed-upon procedures engagements for the Regional Council. These engagements are compatible with those independence requirements.

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



Julian Tan

Audit New Zealand

On behalf of the Auditor General

Christchurch, New Zealand

19 September 2019

Environment Canterbury offices

Christchurch
200 Tuam Street
PO Box 345
Christchurch 8140

P 03 365 3828
F 03 365 3194

Timaru
75 Church Street
PO Box 550
Timaru 7940

P 03 687 7800
F 03 687 7808

Kaikōura
96 West End
PO Box 59
Kaikōura 7340

P 03 319 5781
F 03 319 5809

R19/108

© Environment Canterbury 2019

