Environment Canterbury

Meeting of the Performance, Audit and Risk Committee 131st Meeting

To the Chairperson and Members of the Committee

Cr Rod Cullinane (Chair)

Cr Claire McKay

Cr Lan Pham

Cr Peter Scott

Cr John Sunckell

Date of Meeting: Thursday 4 May 2017

Time: 2.00 pm

Venue: Council Chamber, Environment Canterbury,

200 Tuam Street, Christchurch

Agendas are available on our website three days prior to the date of the meeting - https://www.ecan.govt.nz/get-involved/council-and-committee-meetings

Bill Bayfield

Chief Executive

Recommendations in reports are not to be taken as Council Policy until adopted by the Council



ENVIRONMENT CANTERBURY

PERFORMANCE, AUDIT AND RISK COMMITTEE

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- 1. Apologies
- 2. Conflict of Interest
- 3. Deputations and Petitions

4. Risk

4.1. Health and Safety Report Performance, Audit and Risk Committee (PARC) Report



Meeting Date	4 May 2017
Author	Matthew Bennett Health and Safety Advisor
Endorsed By	Miles McConway Director Finance and Corporate Services

Purpose

To provide a summary of information on Health and Safety matters to the Performance, Audit and Risk Committee.

Recommendation

That the Performance Audit and Risk Committee receive the Health and Safety report

Health and Safety Lead Indicators

Occupational Health Monitoring

1st January 2017 to date:	Number completed	% of required by 31 st December 2017	% indicating issue
Workstation	141 (of 450)	31.3%	0
Assessments			
Hearing	59 (of 175)	33.7%	3% (1)
Vision	59 (of 175)	33.7%	0
Lung	51 (of 125)	40.8%	0
Vaccinations	44	Unknown	0
Blood Screening	0	Unknown	0

Since last month's report to PARC we have increased our occupational health monitoring and are tracking well to meet the year's targets.

As Human Resources have been setting up the new software we have found that it has a facility for recording the occupational health monitoring requirements for roles throughout the organisation and flagging when they require testing. This will be a noticeable improvement and will make process more efficient.

Internal Inspections and Assessments

Annual inspection of our fixed sites has begun (Offices and Depots). Thus far, only minor improvements have been found such as updating noticeboard information or the removal of extra items that are cluttering up sites, none of which present an immediate or significant safety concern.

Contractor Monitoring

An external auditor is going to be appointed to do a thorough review of the management of safety in our contracted services. They will be looking at the degree of risk involved in the contracts, how safety is provisioned in the contract and how well safety performance is being reported.

We expect to receive a preliminary report from the Auditor by the end of May.

Issues and Improvements

Resulting from one investigation and one activity report nine improvements have been entered into the Improvements register since last PARC report bringing the total to 36.

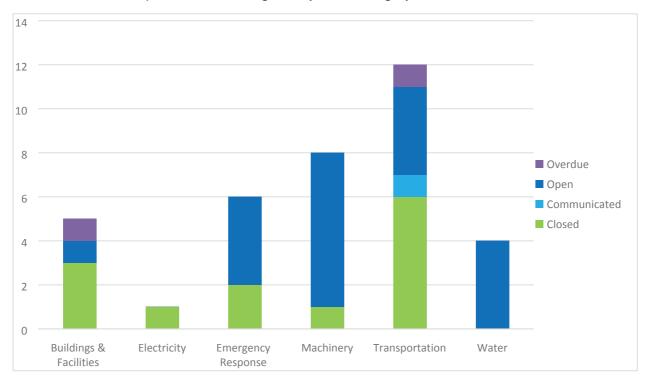


Table 1: Count of Improvements in Register by Risk Category

Six improvements have been closed out in the past month. The two overdue items are both progressing and are awaiting reports from external parties. In the meantime, the risks are being adequately mitigated.

External Audit

Impact Services Ltd have been appointed as the external auditors for our Health and Safety Management and will be measuring us against AS / NZS 4801 and ISO 180001. It is expected that they will begin on the 1st of May and the final report ready by the end of June.

Health and Safety Lag Indicators

Table 2: Comparison of reported incidents – January 2014 to present.

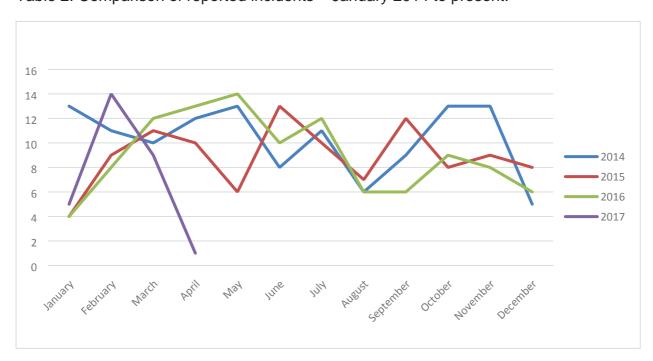
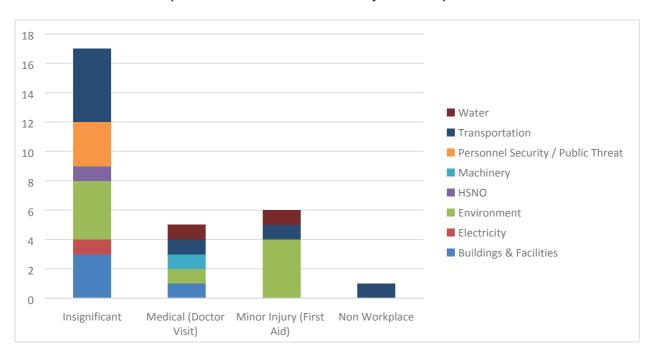


Table 3: Number of reported incidents – 1st January 2017 to present



5. Performance

5.1. Action List

Performance, Audit and Risk Committee (PARC) Report



Date of Meeting	4 May 2017
Author	Katherine Harbrow Chief Financial Officer
Endorsed by	Miles McConway Director Finance and Corporate Services

Purpose

Attached is the Action List for the Performance, Audit and Risk Committee (PARC).

The purpose of this report is to record matters raised at the PARC meetings that require substantial follow up actions and to provide delivery times and accountability.

Recommendation

That the Performance, Audit and Risk Committee receive the Action List 4 May 2017.

Attachment

1. Action List

Performance, Audit & Risk Committee Action List

#	Meeting Date	Resolution/Request	Action Taken	By Whom	Notes/Dates
		Current Meeting:			
-	30/3/2017	Report to be provided on improvements to Ministry of Justice Court collections	Included in this month's agenda	Katherine Harbrow	
		Future Meetings:			
	02/06/2016	Benchmarking Administration and Support Services report or alternative benchmarking survey to be followed up in six months	Report to be provided in six months	Miles McConway	Request with SOLGM re Business Excellence benchmarking
	11/08/2016	Efficiency and Productivity Reporting	5 reports to be provided in this months agenda	Miles McConway	Ongoing
	11/08/2016	Service Reviews (Section 17A of the Local Government Act 2002)	Information to be provided to the next meeting	Katherine Harbrow	August 2017
	01/12/2016	Health and Safety report to include benchmarking information against other councils (if possible)	Information to be provided to the next meeting	Matt Bennett	Discussions ongoing with potential organisations.
	02/03/2017	Workshop on operational performance report to be arranged. Workshop will focus on what metrics can be included in future reports	To be arranged	Katherine Harbrow	
	30/3/2017	Resourcing and technology investment required for 24/7 pollution hotline	Information to be provided to the next meeting	Katherine Trought	

5.2. Operations Report March 2017

Performance, Audit and Risk Committee (PARC) Report



Date of Meeting	4 March 2017
Author	Wendy Gainford Team Leader Corporate Reporting
Endorsed by	Katherine Harbrow Chief Financial Officer

Purpose

To report operational performance by portfolio for the year to 31 March 2017.

Value proposition

The Performance, Audit and Risk Committee's understanding of the operational performance of the organisation is enhanced.

Recommendations

That the Performance, Audit and risk Committee:

1. Receive the Operational Performance report for the year to 31 March 2017.

Proposal

Background

The Performance, Audit and Risk Committee (PARC) Operations Report for March 2017 includes service delivery and related financial performance information for the 2016/17 year to date.

Overall Performance

Performance against levels of service targets is at the same level as prior months with 99% of the 97 Levels of Service performance targets expected to be achieved by year end, four targets have been achieved and one is not expected to be achieved.

Revenue is 2.3% over budget with a variance of \$2.6M and expenditure is \$1.8M or 1.5% under budget. The net result is a variance of \$4.3M from the budgeted position for March which was a draw on reserves of \$2.3M whereas the actual position is a surplus of \$2.0M.

The February result was revenue \$0.9M over budget and expenditure \$2.2M under budget.

Performance against Levels of Service Targets

Of the 97 targets for 2016/17, four targets have been achieved and 92 are on track. It is anticipated that one target will not be achieved.

The level of service target that will not be achieved is in the Planning, Consents and Compliance Portfolio Level of Service 3, Measure 2 - "the median total time for all resource consent applications received is 21 days", as reported to PARC previously.

One more target has been recorded as being achieved in the Regional Leadership portfolio during March, Level of Service 6, Measure 2 - "Service level agreements are in place with each Runanga through their advisory service business".

Full details of all levels of service, measures, targets and current status are included in the last six pages of the report. Please note there are three Public Passenger Transport targets under LoS1 and one CWMS target under LoS3 being monitored although they are not targets for the current year, these are excluded from performance reporting.

Financial Performance

Revenue

Overall revenue is \$2.6M or 2.3% above budget. User Pays and Other revenue is \$2.0M higher than budget, significant variances are additional funding received from the Ministry for the Environment of \$0.9M and the accrual of \$0.6M in revenue related to costs incurred on the North Canterbury earthquake response.

Grant revenue has moved to \$0.6M over budget this month as more of the grant received from the Ministry for Primary Industries for wilding conifer control has been recognised as the expenditure has now been incurred. This was previously held in the balance sheet as revenue in advance.

Expenditure

Canterbury Water Management Strategy (CWMS) is underspent for the year to date by \$1.6M, 8.6% of budget. Sub-regional planning costs have been lower than expected and Zone Implementation Plan (ZIP) delivery activity is below expectation, however this is picking up pace and is expected to come close to budget by year end.

Transport, Greater Christchurch rebuild and urban development is currently \$1.3M (2.6%) underspent due to lower than expected inflation and a delay to the expansion of the Blue line. The underspend results in the net position being \$0.9M ahead of budget, as the underspend exceeds the shortfall in revenue of \$0.4M.

Biodiversity and Biosecurity has higher than budgeted revenue and expenditure for the Wilding conifer control programme as mentioned above. However underspends on other initiatives such as Te Waihora mean that the portfolio is only marginally overspent.

The Hazards, Risks and Safety portfolio has both increased expenditure and revenue of \$0.9M due to the Timaru electroplater clean up as mentioned above. Leased land receipts and harvest revenue are both higher than budget and will remain so at the year end. Emergency Operations Centre (EOC) expenditure on EQ response is \$2.2M, some of this may be reimbursed from central government and other agencies. A claim for EQ related costs is currently being complied. 100% of EOC welfare costs will be refunded by the Ministry of Civil Defence and Emergency Management (MCDEM). The remainder of EQ costs may be 60% refunded by MCDEM or be funded from reserves. \$0.6M in revenue has been accrued in respect of costs to be recovered. The net result for the portfolio is \$0.3M ahead of budget, the revenue variance is \$2.9M with an expenditure variance of \$2.6M.

Planning, consents and compliance revenue is below budget by \$1.1M, with expenditure below budget by \$0.7M due to a lower than budgeted volume of consent application processing work.

8 + 4 Forecast

The 8+4 forecast anticipates \$3.7M additional operating expenditure compared with budget, with lower capital expenditure of \$3.3M. Increases in expenditure are primarily funded by additional revenue, with the exception of the Air portfolio and Planning Consents and Compliance where reserves will be used.

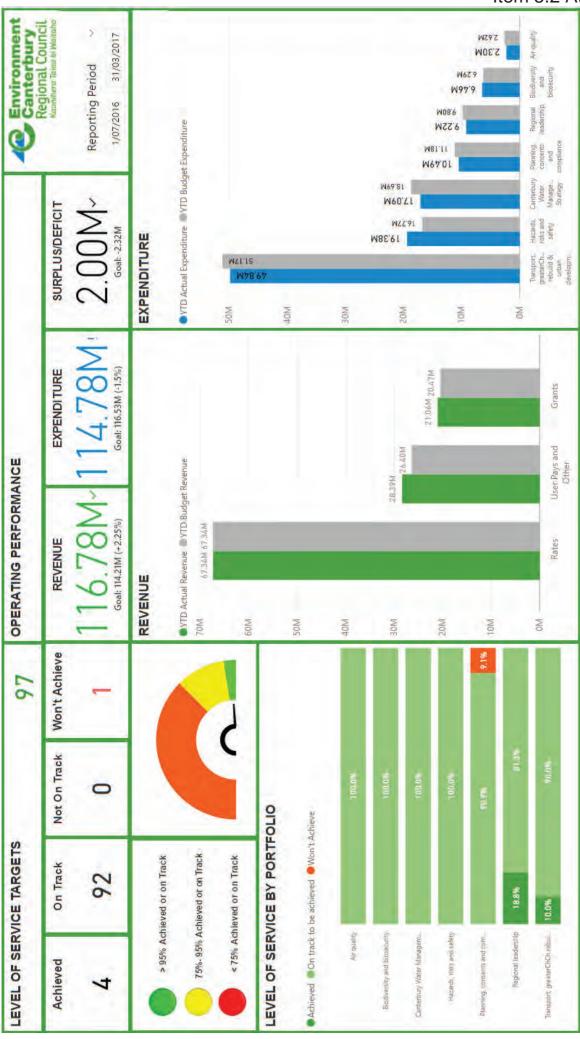
The forecast is consistent with the year to date position with the largest variances in expenditure and revenue in the Biodiversity and Biosecurity and Hazards portfolios.

The largest use of reserve is on Civil defence, where the net cost of the earthquake response is anticipated to be \$1.6M.

Contractual commitments to be carried forward into 2017/18 which have been identified during the forecast process will be included in updated planning information to be considered by Council in May, along with public feedback on the draft annual plan.

Attachments

Operations Report March 2017



Performance, Audit and Risk Committee - 4 May 2017

ALL PORTFOLIO LEVELS OF SERVICE Operational Performance Report As At 31 March 2017



Canterbury Water Management Strategy

Programme: CWMS Committee Facilitation

LoS 1 - In partnership with Canterbury regions 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.

Status Status Report received from each committee on their progress with Eleven reports that demonstrate progress on:

implementation of their Zone Implementation Programmes and the

ten target areas

- environmental restoration

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

On track to On track to be be achieved achieved

On track to On track to be

achieved

be achieved

Programme: Environmental monitoring and progress reporting

LoS 2 - Gather and make available information on water quantity, water quality, ecosystem health, soils, and progress towards the CWMS targets.

Status Status See detailed table including measures and monitoring for: See detailed table including targets associated with: - rainfall - number of sites measured - river flows - Frequency of measure

- availability of information

- river water quality
- lake water quality - marine water quality
- Estuary water quality
- Ecosystem health
- Groundwater levels
- Groundwater quality
- Land
- Recreational swimming
- Water use

Report on progress towards CWMS targets is complete Report completed in June 2017 On track to On track to be be achieved achieved

Programme: RMA water framework

LoS 3 - Work with the zone committees to lead a community process to collaboratively establish environmental limits for water quality and water quantity in Canterbury

Measure Status Status A schedule of RMA plans or variations is notified that reflects the No RMA plans or variations scheduled for year 2 LTP (2016/17). community recommendations for environmental limits Orari Opihi Pareora and Waimakariri scheduled for year 3 LTP (2017-On track to On track to be 2018) be achieved achieved

Programme: ZIP delivery

LoS 4 - In partnership with other parties, implement the recommendations in the zone implementation and regional programmes.

weasure	rarget	Status	Status	
Annual zone work programmes agreed by zone committees, made available and completed	Ten work programmes available with progress reporting on the website by June 2017	On track to be achieved	On track to be achieved	
Joint work programmes with CDHB, Irrigation New Zealand, the Canterbury dairy industry, Fish and Game (North Canterbury and Central South Island).	Annual work programme and report on progress available on the website.	On track to be achieved	On track to be achieved	

Programme: Regional water infrastructure

LoS 5 - Facilitate an integrated approach to development of water infrastructure in Canterbury that delivers on all the CWMS targets.

Medaule	raiget	Status	Status
An annual schedule of work which influences irrigation development	A regional infrastructure work programme is available with quarterly		
in the region is agreed with the CWMS Regional Committee	progress reporting on the website.	On track to	On track to be
		be achieved	achieved

Programme: Public passenger transport LoS 1 - Deliver quality public transport services that meet the needs of the community and result in increased patronage. Measure Status Status Provide quality public transport services that take people where they 95% of passengers are satisfied or better with the overall service. On track to On track to be want to go. be achieved achieved The number of passenger boardings per year in greater 20 million trips by 2020 and 35 million trips by 2030. Christchurch and Timaru. Not measured measured this year this year Proportion of total trips made by public transport in greater 3% of total trips by 2020 and 5% of total trips by 2030. Not Not measured Christchurch. measured this year this vear

Transport, Greater Christchurch Rebuild and Urban Development

This Month

Last Month

ALL PORTFOLIO LEVELS OF SERVICE Operational Performance Report As At 31 March 2017



Measure	Target	Status	Status
Proportion of costs covered by passenger fares.	50% cost recovery in Canterbury in 2020.	Not measured this year	Not measured this year
Provide Total Mobility scheme for transport-disadvantaged people.	Less than 5% of registered Total Mobility passengers make a complaint to Environment Canterbury about the service they received.	On track to be achieved	On track to be achieved
Number of communities who receive support from Environment Canterbury to establish Community Vehicle Trusts where conventional public transport services are not feasible.	100% of all communities who approach Environment Canterbury regarding vehicle trusts are offered support.	On track to be achieved	On track to b
Programme: Regional land transport			
LoS 2 - Through the Regional Transport Committee, produce, in integrated transport planning across the region.	mplement and review a Regional Land Transport Plan and provide	strategic leade	rship for
Measure	Target	Status	Status
Regional land transport plans are produced every three years.	Deliver the regional land transport plans within time frames.	On track to be achieved	On track to b
Provision of administrative support to the Regional Transport Committee and associated working groups.	The Regional Transport Committee and associated working groups receive support at regular meetings.	On track to be achieved	On track to b achieved
Advocate for integrated transport solutions regionally.	Lead the development and implementation of a joint work programme for integrated regional transport.	On track to be achieved	On track to b
LoS 3 - Support strategic partners by participation in any work	_	y plano ana prog	idiiiios.
Measure	Target	Status	Status
Participate in future use of residential red zone processes.	Timely contribution to the future use of the red zone technical, working and steering groups as an when required.	On track to be achieved	On track to b achieved
LoS 4 - Lead the review of the Greater Christchurch Urban Dev	elopment Strategy		
Measure	Target	Status	Status
Canterbury Regional Council ratifies the update of the Greater Christchurch Urban Development Strategy as recommended by the Urban Development Strategy Implementation Committee.	By August 2016	Achieved	Achieved
Canterbury Regional Council works with strategic partners to begin a review of the Greater Christchurch Urban Development Strategy with a vision agreed through community engagement.	Results of community engagement considered by June 2017	On track to be achieved	On track to b
LoS 5 - Complete planning and consent monitoring associated	with Whakaraupo/Lyttelton Harbour catchment and the Lyttelton P	ort Recovery P	lan
Measure	Target	Status	Status
Implement the relevant actions arising from the Lyttelton Port Recovery Plan.	A Whakaraupo/Lyttelton Harbour catchment plan is under development with key stakeholders and partners.	On track to be achieved	On track to b achieved
Regional Leadership		Last Month	This Month
	nts is developed and maintained with councils, government agenc	ies, key industi	y groups and
non-government organisations. Measure	Target	Status	Status
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.	A total of 75% of survey respondents rate the relationship as good or very good (on a scale of very poor, poor, fair, good and very good). By 2017 - 80%.	Status On track to be achieved	Status On track to b achieved
Environment Canterbury commits to and supports the Mayoral Forum, Chief Executives Forum and Canterbury Regional Strategy and Policy Forum.	Environment Canterbury supports or is asked to lead at least one regionally significant policy or strategic matter each year.	On track to be achieved	On track to b



Programme: Regional policy, data, strategy and community engagement

LoS 2 - 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	Target	Status	Status
State of the Environment reporting information is published annually on four environmental domains: air, coastal, biodiversity/ecosystem health, and water.	State of the Environment reporting data and information is readily accessible through the Environment Canterbury website for CWMS zones and Canterbury airsheds.	On track to be achieved	On track to be achieved
	State of the Environment reporting is published each year in accordance with Ministry for the Environment frameworks.	On track to be achieved	On track to be achieved
Environment Canterburys strategic long-term planning, policy, decision-making, implementation and reporting are improved via integrated information and data management systems to bring together environmental, consents, organisational and other information to support outcomes-focused reporting.	A data governance framework is operational across the organisation by September 2016	Achieved	Achieved

LoS 3 - 'Environment Canterbury meets legislative reporting and compliance obligations through the Long-Term Plan, Annual Plans and Annual Reports, and

, , ,	ity of our activities, plans and management of resources (environm		• '
Measure	Target	Status	Status
The long-term plans, annual plans and annual reports are completed within statutory time frames, with effective engagement with the	are met.	On track to be achieved	On track to be achieved
community, Environment Canterburys partners and relevant groups and agencies.	Year 3 LTP budgets and work programmes are reviewed, proposed change considered and community engagement decided and communicated.	On track to be achieved	On track to be achieved
	m policy focus to ensure that planning, policy and decision-making nges, are well-informed, purposefully directed and outcomes-focus		nd
Measure	Target	Status	Status
Environment Canterburys policy advice is independently assessed each year by NZIER.	Environment Canterburys policy advice meets NZIER s good practice standards with scores on average 6.75 or better.	Achieved	Achieved
Programme: Ngāi Tahu engagement			
LoS 5 - Governance, co-governance and working relationship a	ırrangements are in place with ngā Rūnanga and Te Rūnanga o Ngā	āi Tahu.	
Measure	Target	Status	Status
At least quarterly governance meetings are held with Pupanga	Covernance agreements and work plans are in place and reviewed		

Measure	Target	Status	Status
At least quarterly governance meetings are held with Runanga chairs and Te Runanga, with an agreed work plan in place.	Governance agreements and work plans are in place and reviewed annually.	On track to be achieved	On track to be achieved
A regular working group forum is held with mandated nga Runanga members to improve engagement at an operational level, including recommendations to the governance group.	All required meetings have been held and issues arising have been responded to.	On track to be achieved	On track to be achieved
Co-governance protocols are established, monitored and evaluated.	Each year, two new work programmes have co-governance protocols in operation.	On track to be achieved	On track to be achieved
LoS 6 Environment Centerbury cupports Naši Tabu to fulfil th	oir rolog and responsibilities as tangets whomas and kaitiaki		

LoS 6 - Environment	Canterbury supports Nga	i Tahu to fulfil their roles an	nd responsibilities as tangata whenua and	d kaitiaki.

Measure	Target	Status	Status
Ngai Tahu members working with Environment Canterbury on behalf of their Papatipu Runanga and/or Te Runanga are satisfied with the Tuia programme.	A total of 75% of survey respondents rate the relationship as good or very good (on a scale of very poor, poor, fair, good and very good). By 2017 - 80% .	On track to be achieved	On track to be achieved
Service level agreements are in place with each Runanga through their advisory service business.	Each year at least two new sections of Environment Canterbury are contracting advice from Runanga advisory services.	On track to be achieved	Achieved

LoS 7 - The Tuia programme and ethic are integrated and fostered through all Environment Canterbury activities and work programmes.

Measure	Target	Status	Status
, , ,	A total of 75% of staff respondents are confident in their relationship with Ngai Tahu. By 2017 - 80%.	On track to be achieved	On track to be achieved
Work programmes explicitly provide for the Tuia relationship.	Service level agreements and/or Tuia staff are providing necessary advice to work programmes.	On track to be achieved	On track to be achieved

Air Quality	Last Month	This Month
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Programme: Al	ir Quality	1	

Measure	Target	Status	Status
Air quality monitoring and reporting occurs across Canterbury airsheds	Airshed monitoring and reporting capability is maintained as required by the National Environmental Standard for Air Quality.	On track to be achieved	On track to be achieved
	Outcomes-focused reporting frameworks, e.g. polluted airshed graphs of PM10 showing concentration reductions, are made public.	On track to be achieved	On track to be achieved
LoS 2 - Joint work programmes are developed with health boar	rds and territorial authorities to support air quality outcomes.		
	To most		

Measure	Target	Status	Status
Agreements are in place with health boards and territorial authorities	Two joint work programmes in place and delivered each year	On track to be achieved	On track to be achieved



This Month

LaC 2 The Contembus	Air Dian 2015 and airchas	l action plans are in place.
Los 3 - The Canterbur	V AIT PIAN 2015 AND AITSNED	i action plans are in place.

Measure	Target	Status	Status
Adoption and implementation of the Canterbury Air Plan 2015.	2016/17: Revised Air Plan operative.	On track to be achieved	On track to be achieved
	Implementation plans are in place for seven polluted airsheds as agreed with territorial authorities and health boards.	On track to be achieved	On track to be achieved

Biodiversity and Biosecurity

Last Month

Programme: Biodiversity and Ecosystem Health

LoS 1 - 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	Target	Status	Status
On-the-ground projects to protect and restore indigenous biodiversity.	An annual increase in the area within the region that is protected (legally or physically), or subject to restoration activities, e.g. restoration planting.	On track to be achieved	On track to be achieved
	Tactical plans for on-going biodiversity investment are agreed by all CWMS zone committees by June 2017.	On track to be achieved	On track to be achieved
	At least two biodiversity projects are initiated or progressed in each CWMS zone annually.	On track to be achieved	On track to be achieved
Regional biodiversity policy and strategies are given effect to.	Support development of biodiversity content resulting from territorial authority district plan reviews in the Canterbury region.	On track to be achieved	On track to be achieved
	Advice or update is provided to the Canterbury Region Biodiversity Strategy signatories on strategic direction by June 2017.	On track to be achieved	On track to be achieved
State of the Environment reporting information is published annually for biodiversity/ecosystem health environmental domain.	State of the Environment reporting data and information are accessible on the Environment Canterbury website.	On track to be achieved	On track to be achieved
	State of the Environment reporting is published each year in accordance with Ministry for the Environment frameworks.	On track to be achieved	On track to be achieved
Programme: Piocecurity			

Programme: Biosecurity

LoS 2 - 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	Target	Status	Status
Implementation of a Regional Pest Management Plan that meets the requirements of the Biosecurity Act 1993.	A reducing trend in pest levels identified in the Regional Pest Management Plan.	On track to be achieved	On track to be achieved
	A proposed new Regional Pest Management Plan is notified by June 2017, and is operative by June 2018.	On track to be achieved	On track to be achieved
Development and implementation of new pathway management initiatives.	All work programmes developed in year 1 of the LTP will be under implementation and reporting commenced by 30 June 2017.	On track to be achieved	On track to be achieved
Regional incursion response capability is maintained.	Management plans are in place and/or response decisions progressed for 100% of new pests detected.	On track to be achieved	On track to be achieved
	Regional incursion response capability and capacity is maintained as agreed under the National Biosecurity Capability Network.	On track to be achieved	On track to be achieved

Programme: Whakaora Te Waihora

LoS 3 - 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).

and rejuveriate the mauri and ecosystem health of re wallora	Lake LifeSiliere).		
Measure	Target	Status	Status
Implementation of the Whakaora Te Waihora Joint Cultural and Ecological Restoration Plan.	The Joint Restoration Plan is reviewed, updated and approved by programme partners by December 2016.	On track to be achieved	On track to be achieved
	An annual work programme is agreed by programme partners and completed work reported to this group by 30 June 2017	On track to be achieved	On track to be achieved
	At least 75% of survey respondents rate the relationship as good or very good (on a scale of very poor, poor, fair, good and very good). By 2017 - 80%.	On track to be achieved	On track to be achieved
Parties to the Te Waihora Co-Governance agreement are satisfied with the relationship and outcomes achieved with Environment Canterbury.	Annual survey undertaken, assessed and analysed. Performance of Service Level Agreements is monitored.	On track to be achieved	On track to be achieved

Hazards, Risks and Safety

Last Month This Month

Programme: Natural hazards

LoS 1 - 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	Target	Status	Status
Ensuring natural hazard information is available.	A total of 90% of advice regarding natural hazard information, in relation to private property, is provided within 10 working days.	On track to be achieved	On track to be achieved
	New technical reports and information are available on Environment Canterbury's website within six months and are available at all times.	On track to be achieved	On track to be achieved



As At 31 March 2017		Kaunihera Taia	
Measure	Target	Status	Status
Providing advice to partner organisations on implementing hazard risk reduction measures.	Investigations undertaken and reports produced as scheduled and formally delivered to territorial authorities, with table of reports displayed annually.	On track to be achieved	On track to be achieved
	A total of 75% of councils and Civil Defence Emergency Management survey respondents rate the relationship and service as good or very good (on a scale of very poor, poor, fair, good and very good). By 2017 - 80%.	On track to be achieved	On track to be achieved
Programme: Navigational and recreational boating safety			
LoS 2 - Environment Canterbury enables safe navigation for shi	ps and other commercial vessels in ports, harbours and coastal a	reas.	
Measure	Target	Status	Status
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 Kaikoura and Akaroa, and the coastal waters of the region.	Risk assessment regime and Safety Management System approved by Maritime New Zealand.	On track to be achieved	On track to b achieved
	ISO 9001:2008 certification and monitoring of the Safety Management System.	On track to be achieved	On track to be achieved
	Operational overview and emergency response function available at all times.	On track to be achieved	On track to be achieved
	Qualified, experienced and independent harbour master.	On track to be achieved	On track to be achieved
LoS 3 - Environment Canterbury enables safe navigation for rec	creational vessel users of the coast, harbours and inland waterway	/s.	
Measure	Target	Status	Status
Navigation safety bylaws and a navigational safety officer are in place and provide guidance on the safe navigation of vessels within the region.	A navigation safety officer is employed to liaise with communities, user groups and organisations.	On track to be achieved	On track to be achieved
Programme: Flood protection and control works			
LoS 4 - Reducing flood risk			
Measure	Target	Status	Status
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.	River scheme review are completed as scheduled in the LTP (pages 105-107)	On track to be achieved	On track to be achieved
	All completed river reviews resulting in "small" works occur one year after review, "medium" one to three years after review, and "large" one to ten years after review.	On track to be achieved	On track to be achieved
Flood protection infrastructure is maintained against agreed levels of service in consultation with river rating district committees.	Construction of flood protection infrastructure will be completed following consultation with river rating committees and in accordance with the agreed capital expenditure programme.	On track to be achieved	On track to be achieved
	Deferred maintenance does not adversely impact the achievement of service objectives in any River Management Plan.	On track to be achieved	On track to b achieved
	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.	On track to be achieved	On track to be achieved
Flood prediction information and river flood warnings are provided to key agencies when agreed trigger levels are exceeded.	Police, Civil Defence management, media, KiwiRail, New Zealand Transport Agency and territorial authorities will receive flood warnings in accordance with established flood protocols.	On track to be achieved	On track to be achieved
Accurate region wide warnings are issued in accordance with established flood protocols.	Flood warning protocols will be reviewed after each significant flood event.	On track to be achieved	On track to be achieved
Up-to-date and timely river flow, rainfall and flood warning advice is available through Environment Canterbury's website.	Appropriate flood warning advice is available on Environment Canterbury's website during flood events.	On track to be achieved	On track to be achieved
LoS 5 - Sustainably manage the extraction of gravel from rivers			
Measure	Target	Status	Status
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.	Extraction of gravel from rivers does not increase flood or erosion risk.	On track to be achieved	On track to be achieved
LoS 6 - Environment Canterbury provides cost-effective and saf	fe open-space leisure and recreation opportunities on Council-ow	ned land.	
Measure	Target		Status
Implement a management plan for regional parks.	All plans are operative and implemented to agreed objectives.	Status On track to be achieved	Status On track to be achieved
Restoration projects on wetland and lowland forests.	Restoration management will be applied to at least 140 ha of wetland and lowland regenerating forest.	On track to	On track to be



Measure	Target	Status	Status
Management of Council ground lease and licences reflects best practice.	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.	On track to be achieved	On track to be achieved
	The land management plan remains operative.	On track to be achieved	On track to be achieved
	2016/17/18 - All new leases will be managed in accordance with Environment Canterburys land management plan.	On track to be achieved	On track to be achieved
	Indigenous plant communities, including mahinga kai, are protected and enhanced.	On track to be achieved	On track to be achieved
	Ngai Tahu sites are protected	On track to be achieved	On track to be achieved
Programme: Coastal Environment and Hazards			
LoS 7 - Provide information about coastal hazards.			
Measure	Target	Status	Status
Coastal areas susceptible to coastal erosion and sea water flooding identified and mapped. LoS 8 - Maintain a regional marine oil spill capability.	A total of 100% of coastal erosion areas mapped.	On track to be achieved	On track to be achieved
	T		
Measure	Target	Status	Status
Availability of a regional response capability that meets Maritime New Zealand's requirements.	Available at all times.	On track to be achieved	On track to be achieved
Programme: Emergency management			
\ensuremath{LoS} 9 - Environment Canterbury is an active partner of the Cangroup office.	terbury CDEM group and provides for the support, information and	d administratio	n needs of the
Measure	Target	Status	Status
Environment Canterbury is a supportive partner within the Canterbury Civil Defence Emergency Management group.	Participate fully as an active partner in achieving the objectives of the group plan.	On track to be achieved	On track to be achieved
	All emergency events are responded to as required.	On track to be achieved	On track to be achieved
Programme: Contaminated hazardous land and waste			
LoS 10 - Environment Canterbury reduces risk to human health	and the environment from waste, hazardous substances and cont	aminated sites	
Measure	Target	Status	Status
Priority regional and national waste projects are supported in partnership with territorial authorities, industry and other agencies.	Two projects are co-ordinated across the region.	On track to be achieved	On track to be achieved
	Project milestones are achieved and signed off by funding partners (Ministry for the Environment).	On track to be achieved	On track to be achieved
	100% of all enquiries on waste and hazardous substance from industry, other agencies and territorial authorities are responded to.	On track to be achieved	On track to be achieved
Environment Canterbury undertakes investigations for the purposes of identifying and monitoring contaminated land.	Information on the Listed Land Use Register is up to date, and 100% of technical enquiries are responded to.	On track to be achieved	On track to be achieved
	One joint contaminated land identification project is carried out with a territorial authority partner.	On track to be achieved	On track to be achieved
Planning, Consents and Compliance		Last Month	This Month
Programme: Regional Planning			
${\rm LoS}$ 1 - Environment Canterbury's regional policy and plans set the Long-Term Plan.	rve the community in an efficient and timely manner in line with the	e planning time	etable set out in
Measure	Target	Status	Status
A regional plan development timetable is established and maintained. The timetable is made publicly available.	Target dates for statutory plan public notification are met.	On track to be achieved	On track to be achieved
	Statutory plans are supported by implementation plans covering consents, compliance and communication activities.	On track to be achieved	On track to be achieved
LoS 2 - Environment Canterbury works collaboratively with the	region's district and city councils in the review of their district pla	ıns.	
Measure	Target	Status	Status
District and city plans are supported by Environment Canterbury and these plans give effect to regional policies.	Survey of territorial authorities regarding collaboration and support for review of district plans.	On track to be achieved	
		20 20111010U	



Programme: Consents

LoS 3 - 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.

3 1. 3.11			
Measure	Target	Status	Status
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.	A reduction in the number of resource consent applications where further information is required (s92 requests) is achieved through preapplication meetings.	On track to be achieved	On track to be achieved
The median total time for all resource consent applications received is 21 days.	A median of 21 days or less of total elapsed time is achieved.	Will not be achieved	Will not be achieved
LoS 4 - Resource consents support the delivery and outcomes	of regional plans and building control legislation.		
Measure	Target	Status	Status
The percentage of resource consents consistent with the RMA 1991 requirements, including proposed and operative regional plan requirements and non-statutory strategies.	Achieve a score of "very good" (being 90% or above) based on independent audit.	On track to be achieved	On track to be achieved
Programme: Compliance with plans and consents			
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Measure	Target	Status	Status
All identified moderate and major non-compliance issues and any consequent adverse effects are resolved or in the process of being resolved.	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.	On track to be achieved	On track to be achieved
An annual planning, consent and compliance implementation report is produced to support regional plan development and quarterly progress reporting.	Planning, consent and compliance reviews are completed and reported.	On track to be achieved	On track to be achieved
Each year ten catchment-based compliance work plans are discussed with CWMS zone committees.	Ten compliance work plans are discussed and an annual report is provided to zone committees.	On track to be achieved	On track to be achieved

LoS 6 - Environment Canterbury's consent and compliance processes will ensure the safe and sustainable design and construction of dams and associated structures.

Measure	Target	Status	Status
Dams classified as medium or high potential impact have a registered Dam Safety Assurance Programme.	100% of medium or high potential impact dams have registered a Dam Safety Assurance Programme.	On track to be achieved	On track to be achieved
Once a complying building consent application is lodged, decisions are made within the statutory 20 working days.	100% compliant building consent applications are processed and granted within 20 working days.	On track to be achieved	On track to be achieved

8+4 FORECAST VARIANCE TO ANNUAL PLAN 2016/17 BUDGET

The table below shows increased operating expenditure of \$3.747M compared to budget and a reduction in capital expenditure of \$3.28M. The increased operating expenditure is funded by \$2.389M additional grant and \$0.677M user pays and other revenue, the total additional revenue of \$3.065M is less than the additional expenditure leading to the use of reserves of \$0.681M.

Capital expenditure of \$3.28M will not occur this year, as this purchase was part funded by grant, the associated revenue of \$1.887M will not be received in the operating portfolio. The grant revenue is recognised as an operating revenue stream, although it is related to capital expenditure. Reserves of \$3.28M will be retained to be used when the capital expenditure proceeds.

The overall effect is an increase in reserves of \$2.599M compared with budget, the affected reserves are shown on the second table below.

8+4 BY PORTFOLIO (\$'000)	OPEX	CAPEX	TOTAL EXP	GRANT	UP & OTH	TOTAL REV	RESERVES	PRIMARY CAUSE
Air quality	71	-	71	-	23	23	48	Air Plan - additional costs for hearings and implementation
Biodiversity and biosecurity	2,753	-	2,753	3,065	119	3,185	(432)	Wilding conifer programme; minor underspends
Canterbury Water Management Strategy	(68)	-	(68)	10	103	113	(181)	No significant variance
Hazards, risks and safety	2,987	-	2,987	1,120	2,158	3,278	(292)	Timaru electroplater clean up - grant funded; EOC EQ response; higher receipts for harvest and leased land
Planning, consents and compliance	(832)	-	(832)	(108)	(1,411)	(1,518)	687	Lower volume of consents than budgeted, lower consent monitoring revenue
Regional leadership	(455)	-	(455)	8	(11)	(3)	(452)	Lower costs for Annual Plan and Annual Report; reduced Chathams Island contract expenditure
Transport, Greater Christchurch rebuild & urban development - operating	(709)	-	(709)	(1,707)	(306)	(2,012)	1,303	Reduced operating cost; reduced grant due to delayed capex; lower fare revenue
Operating subtotal	3,747	-	3,747	2,389	677	3,065	681	
Transport, Greater Christchurch rebuild & urban development - capital	-	(3,280)	(3,280)	-	-	-	(3,280)	Transport IT systems
Total	3,747	(3,280)	467	2,389	677	3,065	(2,599)	

Note: Positive value indicates the use of reserves

4+8 RESERVES IMPACTED ('000)	OPEX	CAPEX	TOTAL EXP	GRANT	UP & OTH	TOTAL REV	RESERVES	NOTE
Air quality	191		191	-	23	23	169	Use of reserve - Air Plan
Catchment	(459)		(459)	137	766	903	(1,111)	Increase in reserve - harvest revenue and leased land
Chatham Islands contract	(256)		(256)	-	(0)	(0)	(256)	Increase in reserve held on behalf of CIC
Civil defence	2,299		2,299	95	634	728	1,571	Use of reserve - earthquake response
Clean heat	(127)		(127)	-	(11)	(11)	(116)	Increase in reserve due to underspend
General reserve	2,129		2,129	3,743	(510)	3,233	(1,354)	Increase in reserve - underspends on activities in Regional Leadership and Hazards
Pest	(81)		(81)	5	67	72	(153)	Slight underspend and increased user pays - higher reserve
Public transport	(463)	(3,280)	(3,743)	(1,750)	(399)	(2,149)	(1,594)	Inc in reserve due to delay in capex
Regional park	111		111	-	(3)	(3)	114	Use of reserve on parks
Water study	401		401	160	110	270	132	Use of reserve for plan appeals
Total	3,747	(3,280)	467	2,389	677	3,065	(2,599)	

5.3. Financial Health Report March 2017

Performance, Audit and Risk Committee (PARC) Report



Date of Meeting	4 April 2017
Author	Wendy Gainford Team Leader Corporate Reporting Katherine Harbrow Chief Financial Officer
Endorsed by	Miles McConway Director Finance & Corporate Services

Purpose

To report on the financial results for the period ending 31 March 2017.

Value proposition

Council's understanding of the financial state of the organisation is enhanced.

Recommendations

That the Performance, Audit and Risk Committee:

1. Receives the monthly financial health report for the nine months ending 31 March 2017.

Proposal

Background

Monthly financial results are reported to Performance Audit and Risk Committee as part of our prudent financial management responsibilities.

The financial results for the nine months ended 31 March 2017 have been prepared and are now presented to the Performance, Audit and Risk Committee for review.

Surplus/Deficit

The year to date position is a reserve accumulation of \$2.0M, as opposed to the budget which anticipated reserve use of \$2.3M for the end of March, a variance of \$4.3M.

There has been some movement since the February result which saw a variance of \$3.1M between the actual result of a surplus of \$1.3M compared to a budgeted deficit of \$1.8M. The movement is primarily due to recognition of unbudgeted revenue.

This surplus against budget is the sum of the combined variances reported under the revenue and expenditure explanations below.

Revenue

Revenue is 2.3%, \$2.6M, over budget, the largest variance is on User Pays and Other revenue which is \$2.0M over budget due primarily to funding received from the Ministry for the Environment and an accrual of \$0.6M related to earthquake costs to be reimbursed by regional partners to offset costs incurred.

Grant revenue is \$0.6M over budget due to grant from the Ministry for Primary Industries for wilding conifer control now being recognised as the associated expenditure has been incurred.

Rates revenue is accrued in line with budget until rates reconciliations from Territorial Authorities (TAs) indicate otherwise. The effect of the Order in Council and penalties collected by the TAs is expected to be in the region of \$1.3M, this figure will be confirmed at year end.

TA's have provided information on the rates effect of the North Canterbury earthquakes. Kaikoura have indicated that there will be a regional rates remission for demolished property this year of \$20K-\$30K and Hurunui have indicated \$4K.

Expenditure

Expenditure is under budget by 1.5% or \$1.8M. All expenditure categories are within 5% of budget. The largest variance on Goods and Services at \$2.0M underspent which is 2.6% of budget.

Consultancy cost forms the bulk of the underspend with the largest underspends within the CWMS (\$1.5M) and Regional Leadership (\$0.4M) portfolios.

Labour and Overheads

Operational labour costs are 4.5% below budget due to restructuring and annual salary negotiations having yet to be finalised. Overhead costs are 4.9% over budget with the largest variance in information services costs.

Portfolios

Portfolio variances to budget are explained in detail in the Operations Report.

Reserves

Major reserve balances are generally above policy level. One of the key purposes of reserves is to provide a buffer for the ups and downs of expenditure that can occur during the year. Utilisation of reserves forms part of the prudent financial management of Environment Canterbury's finances.

Cashflow, Debtors and Debt

Treasury Performance

The cash balance at the end of March was \$25.6M compared to the policy of \$12.2M. There are no exceedances of policy to report.

Debtors and Debt

\$1.8M of the \$2.95M debt is current, only \$0.4M is over 90 days. The write off provision is \$0.3M, this is adjusted each year end.

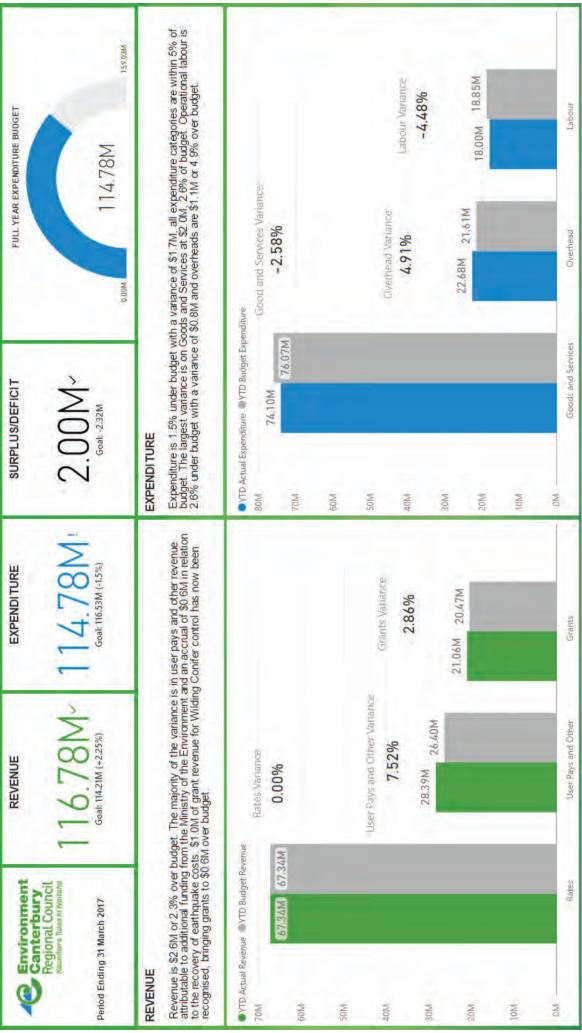
Debt remains low with interest cover well within guidelines.

Capital Expenditure

Expenditure on capital projects and flood protection is within 1% of budget

Attachment

Financial Health Report March 2017



Performance, Audit and Risk Committee - 4 May 2017

Period Ending 31 March 2017





	\$1.80 million of the \$2.95 million debt is current. Only \$0.40 million is over 90 days, which is at different stages of debt management as show on the left.	Overall, debt has been steadily reducing from \$11.15 million to \$2.95 million since 2012/13.	Amount by Aging (Excluding Rates)	1.80M.			0.41M 0.33M	Current 1 - 30 Days 31 - 60 Days 61 - 90 Days Over 90 Days
Note:	OTHERS \$1.80 million of which is at diff	0.32M	Amount by A	2.0M	1.5M	1.0M	Me.0	2.95M 0.0M
ENT	нто					7.37M		2016
BT MANAGEM	OBJECTION/ QUERY	0.02M				7.39M		2015
OVER 90 DAYS DEBT MANAGEMEN	PAYMENT ARRANGEMENT	0.05M	uding Rates)		W1-F-8			2014
	REMINDER	0.01M	Amount by Year (Excluding Rates)	11.15M	Not	(snoilliM) innom	A M4	2M 2013

5.4. Greater Christchurch Metro Financial Update

Performance, Audit and Risk Committee (PARC)

General Information

Date of meeting	4 April 2017
	David Stenhouse
	Manager Public Transport Contracts and Procurement
Authors	
	Stewart Gibbon
	Senior Manager Public Transport
Fundamenal bus	Don Rule
Endorsed by	Chief Operating Officer

Purpose

To provide a financial update on the Greater Christchurch Metro programme.

Recommendation

That the Performance, Audit and Risk Committee receive the financial update on the Greater Christchurch Metro Programme.

Background

The following analysis is based on financial results for the nine month period from 1 July 2016 to 31 March 2017. Monthly activity and risks are outlined at the end of the report.

Financial Results - Greater Christchurch Metro

The table below provides details of expenditure levels for the nine months 1 July 2016 to 31 March 2017 and also the various funding sources. The financial result is also compared to the 2016/17 Annual Plan budget.

	Actual	Budget	Variance
\$000			
Total Expenditure	45,644	47,055	(1,411)
Funded by:			
General rates	8	8	-
Targeted rates	13,977	13,977	-
Grants	16,925	17,385	(460)
User Pays & other	14,300	14,542	(242)
Total Revenue	45,210	45,912	(702)

Actual 6000		Budget	Variance	
Reserve Increase / (Use)	(434)	(1,143)	709	

The main variance of revenue and expenditure comes from bus contracts:

\$000	Category	Actual	Budget	Variance
Gross Bus Contracts	Expenditure	39,588	41,000	(1,412)
Less:				
Fare Revenue	User Pays	13,898	14,252	(354)
Super Gold Revenue	Grants	2,226	2,118	108
Interest income	Other Revenue	108	71	37
Net Bus Contracts		23,356	24,559	(1,203)
NZTA Grants (51%)	Grants	11,912	12,525	(613)
Targeted Rates (49%)	Targeted Rates	11,527	11,527	0
Reserve Increase / (Use)		83	(507)	590

Rates commission and valuation fee are not included in this table.

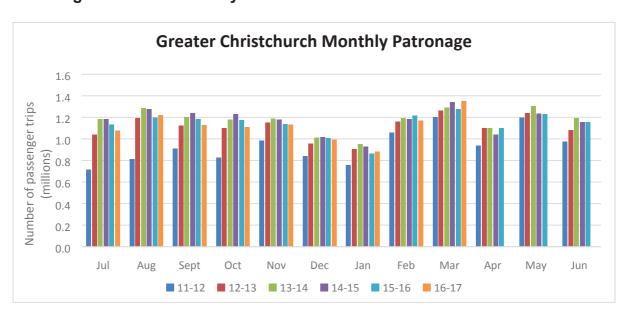
Gross contract costs are under budget due to the delay in provisioning of the Waimakariri service enhancements. As signalled, updated NZTA indexing has been applied in March, resulting in an increase in Bus Contract costs of \$500k – (a 1.2% increase).

Significant Blue Line changes including increased capacity, frequency and Silverstream park and ride, commenced on Monday 24 April 2017.

Fare revenue is down Y-T-D on projected levels due to less patronage than anticipated.

Monthly Activity

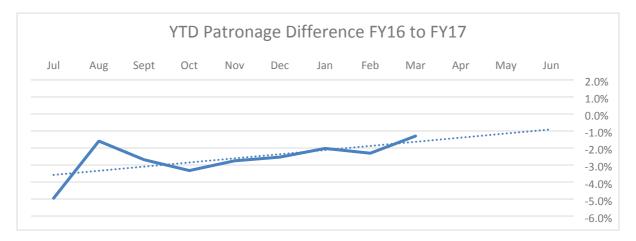
Patronage and Commerciality Ratio



Patronage	1,352,258	1 5.7%	10,064,154	1.3%
Commerciality	45.73	↓ 0.91	41.03%	0.6%

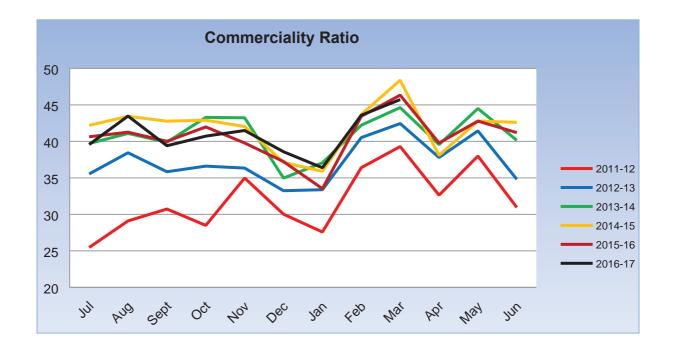
NOTE:

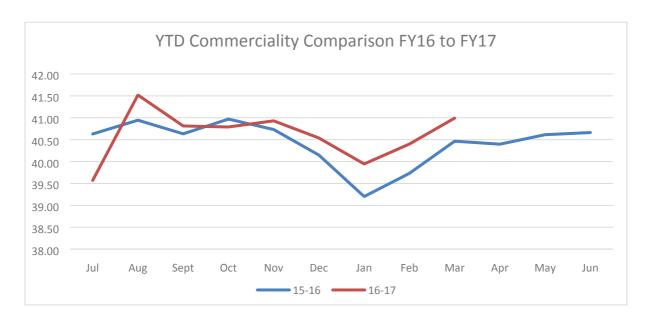
- Easter Holiday falls in April this year whereas in March 2016
- A \$500k increase in bus contract costs and an increase in child fares for March 2017 have had a negative impact on commerciality for March



Patronage deficit compared with last year is trended positively.

The Commerciality target in the Canterbury Regional Public Transport Plan is to reach 50% cost recovery by the end of the 2019/2020 financial year. This represents Canterbury's contribution to the National Farebox Recovery Policy.





YTD commerciality position is trending positively compared to last year, however increased cost base from re-indexing and patronage lag from new Waimakariri services may erode this in the short term.

Payment Type

Payment Type Mar 2017	Metrocard	Cash	SuperGold Card
Greater			
Christchurch	74%	17%	9%

Network Risk Summary

DIOI/O	140171111111111111111111111111111111111	
RISKS	MONTHLY UPDATE	
Additional costs associated with extensive road works and detours	Moderate: The incidence of detours across the network has reduced significantly in the current year. The risk remains however and there are a few large detours planned for 2017 which are likely to impact the network.	
Fuel price increase	Moderate: Fuel prices have increased over recent months. The risk remains that any increase will have a significant effect on budgets should they exceed projections. Higher fuel prices also tend to increase metro patronage and revenue, counteracting increased contract costs.	
Potential for operator to collapse due to contracted market	Low: Staff continue to work with operators to ensure they are able to operate sustainably.	
Road User Charge increase	Low: Road User Charges continue to represent a risk in that any significant increase such as the one that occurred in 2012 will have an effect on budgets.	

Risk of continuation of grant	Low: There is minimal risk of discontinuation of grant provided we remain within the NZTA LTP budget envelope. This is a 3 year budget envelope. Should diesel prices rise during the 3 year LTP there is a risk that expenditure outside of that budgeted will have to be funded by ECan.
Bus Driver retention	Moderate: Bus operators continue to find it difficult to retain drivers due to the higher wages offered by trucking firms during the rebuild. Red Bus have highlighted that they believe they will have to replace 50% of their drivers over the next 5 years, primarily due to retirement.
Ticketing System	Moderate: The ticketing system remains a risk until the Metrocard is replaced with the more secure DesFire card type. Distribution of the DesFire has commenced. This risk is mitigated to a large extent by daily reporting to ensure there are no anomalous transactions taking place within the system.

Financial Risk Update

Fuel Price

The latest NZTA index has seen an increase in Bus contracts of approx. 1.5% for March due to signalled fuel price increases.

Ticketing System

The new 4K DesFire cards are being distributed. The distribution consists of new and replacement cards only. During 2017 the staged replacement of all existing 1K mifare metrocards will commence. Consideration is currently underway as to an appropriate roll out program.

Total Mobility

Total Mobility usage has seen a significant increase this financial year resulting in the year end forecast to be approx. 9% over budget. The number of eligible customers continues to increase. While this service is co-funded by NZTA, increased usage results in an unbudgeted increase in ECAN funding.

Attachments

There are no attachments.

5.5. Efficiency and Productivity Report

Performance, Audit and Risk Committee (PARC) Report



Date of Meeting	4 May 2017
Author	Robert Woods
Endorsed by	Miles McConway Director of Finance and Corporate Services

Purpose

1. The purpose of this paper is to present examples of efficiency and productivity gains made across the organisation.

Value proposition

- 2. These examples of efficiency and productivity gains across the organisation demonstrate positive changes that have been made in recent times, and that the organisation continues to focus on efficiency and productivity in its operations.
- 3. This ongoing focus complements, and is in addition to, more formal 'service delivery reviews' required by section 17A of the Local Government Act 2002, which focusses on ensuing cost-effectiveness of council services through assessments of governance, funding and delivery alternatives.

Recommendations

That the Performance, Audit and Risk Committee:

- 1. Receives the report and attachments.
- 2. Notes the ongoing focus on this work across the organisation and that further reports will be provided to the Committee.

Proposal

Background

- In early 2016 the Performance, Audit and Risk Committee requested a report on how efficiency and productivity gains had been made in the organisation during the tenure of the Commissioners.
- 5. In response a template for capturing examples of such gains was developed and ten examples were documented and presented to the Committee in August 2016.
- 6. These reports were well received and the Committee requested that further reports be presented to the Committee from time to time on an ongoing basis.

Definitions of efficiency and productivity

- 7. The attached template focusses on capturing the key metrics that help to define the productivity and / or efficiency gain achieved. The template also allows for intangibles to be captured in words where key metrics are not available or would be too expensive or time consuming to derive.
- 8. Productivity is defined as "maximising output from available resources to generate value" and has an output focus. It is about "getting more from the process". Another way of looking at it is in terms of "increasing outputs per input".
- Efficiency is defined as "minimising time and money involved in generating value".
 Conceptually, it is about "doing the process smarter" and has a quality (less waste / time / cost) focus. Fundamentally it is concerned with "reducing inputs per output".
- 10. In the real world complicating factors such as community expectations and market capacity skews the amount of time and money Environment Canterbury has to invest to achieve a given outcome. Consequently these reports are not an exact science but we can use them to tell the productivity and efficiency story where hard numbers are not available or would be too costly to derive.
- 11. Telling the story also provides the opportunity to convey what has been learnt from the initiative, illustrating that the organisation now continues to think in terms of productivity and efficiency.

Five reports

- 12. Key people with insights into efficiency and productivity initiatives provided input to the attached completed reports.
- 13. Five reports are presented:
 - i. Business support and customer services practise leaders
 - ii. Business Support Teams Process improvements
 - iii. Maritime Safety
 - iv. Month end lean accounting
 - v. Procurement process improvements
- 14. The five selected initiatives provide a good overview of the different ways in which productivity and efficiency can be achieved, including through capability building, process improvement, external collaboration and process standardisation.

Ten Previous Reports.

- 15. The ten report subject matters prepared and provided to PARC last year were:
 - i. Canterbury Aerial Imagery Group (Iain Campion)
 - ii. CanterburyMaps (Iain Campion)
 - iii. Infrastructure as a Service (Dave Lewitt)
 - iv. Governance Services Restructure (Miles McConway)
 - v. Forty Hour Week (Mark O'Dwyer)
 - vi. Regional Planning Management (Brett Aldridge)

- vii. Groundwater Level Telemetry Network (Carl Hanson)
- viii. Collector and Field Mate GIS Apps (Iain Campion)
- ix. Laboratory Outsourcing (Miles McConway)
- x. Coasts and Waterways Restructure (Jim Dilley)

Financial implications

16. There are no financial implications resulting from this report.

Legal compliance and risk assessment

17. There are no legal or risk implications arising from this report.

Significance and engagement

- 18. This is an internal matter and significance is not relevant.
- 19. Technical leads have been consulted as part of this work.

Communication

20. No further internal or external communication is anticipated as a result of this report.

Attachments

- 1. Business support and customer services practise leaders
- 2. Business Support Teams Process improvements
- Maritime Safety
- 4. Month end lean accounting
- **5.** Procurement process improvements

Activity name and description: Business Support and Customer Services Practise Leaders		
PRODUCTIVITY – Maximising output from available resources to generate value. Getting more from the process.		
How has expenditure on the process changed (e.g. as a result of hours worked and/or goods and services invested)	This initiative has been cost neutral. The changes have been made possible by redirecting effort using existing staff motivated to become subject matter experts in fields that interest them.	
How has the process been changed?	Practise leader roles have been created with the purpose of developing better practises around the business function for which they are leading. Practise leaders have been appointed in project management, procurement and customer relationship management. This has relieved staff members of the aspect of their roles where lack of process and rigour around the business process or function meant they were to some extent reinventing the wheel each time.	
	Practise leaders have focussed on standardising and improving processes and providing tools for staff to use to make their work more efficient and productive. Practise leaders provide a "go to" person if staff have an issue in a particular aspect of their work.	
How have outputs changed since changes to the expenditure and/or the process were made?	Outputs have improved in quality and cost-effectiveness as a result, for example, of sharper procurement processes or smarter project management.	
What is your assessment of the gain in productivity, e.g. in words and/or as a %?	There are indirect productivity gains as a result of the improved processes put in place by practise leaders, such as ability to achieve more with set operational budgets.	
	Staff have become more productive directly as a result of greater clarity around processes and through the tools made available to reduce repeatable tasks, such as templates.	
What are the learnings from this productivity gain?	Establishing practise leaders creates a resource with contextual and tacit knowledge of a business unit able to provide dedicated thought and oversight to how business unit processes can be standardised and improved, saving time and money, reducing risk and potentially also improving the customer experience.	
EFFICIENCY – Minimising time and money involved in generating value. Doing the process smarter.		

By how much has the time taken to complete the process reduced?	Practise leaders have introduced to business unit processes such as promanagement. These tools enable of by as much as 10-15%.	ocurement and project
By how much have other costs to complete the process reduced?	Sharper project management proce planning of projects is undertaken, increases and late completion of wo	reducing the risk of cost
What is your assessment of the gain in efficiency, e.g. in words or as a percentage?	As above 10-15% estimated efficient	ncy gain.
What are the learnings from this efficiency gain?	Giving motivated staff the opportunity to redesign their own business processes takes advantage of their tacit knowledge of the work, builds personal commitment, engagement and capability, enables a continuous improvement culture and avoids the costs of external consultants.	
Report content sourced from: Jeremy Dickson, Business Support and Customer Services Manager		Date: March 2017

Activity name and description: **Month end reporting - application of Lean thinking to preparation** of monthly financial reporting. Lean thinking is a production principle designed to strip out waste and improve quality.

PRODUCTIVITY – Maximising output from available resources to generate value. **Getting more from the process.**

How has expenditure on the
process changed (e.g. as a result
of hours worked and/or goods
and services invested)

Staff time dedicated to preparation of month end financial reports has reduced as a result of the introduction of a materiality threshold and other process improvements. This means that clearance of low value transactions does not delay the process.

Time savings are now dedicated to higher value and more productive tasks, such as business partners spending more time assisting business units manage their finances.

How has the process been changed?

A buddy system has been introduced to avoid delays in the process as a result of staff absences, improving the resilience of the finance team.

Daily "stand-ups" have been introduced to improve communication and co-ordination, identify and ingrain process improvements and increase accountability for individual performance.

A materiality threshold on financial transactions has also been introduced to avoid delays to the process that will not materially affect the final results.

How have outputs changed since changes to the expenditure and/or the process were made?

Monthly accounts are now made available to business units 3 days sooner than before, meaning teams are able to respond to issues faster.

Non financial performance information is available 2 days earlier than before as business units have also reduced their reporting timeframe from 5 days to 3 days.

ELT also receives the report earlier in the month, improving the depth and quality of the final operations report and financial health report.

What is your assessment of the gain in productivity, e.g. in words and/or as a %?

Business partners, finance operations and corporate reporting staff are now completing these tasks sooner, releasing them to focus on higher value tasks such as further process improvement opportunities and enhanced levels of service to business units who deliver ECan's programmes.

What are the learnings from this productivity gain?	Taking time to review and improve way can unlock productivity and eff Improved and frequent communica members can minimise and eliminaresources to problems and increas peers. Sharing knowledge and building cal organisational resilience by ensuring the same and improve way to be a surface or the same and the same an	ticiency gains. tion of progress between team ate delays by targeting ing accountability among apability improves
	institutional knowledge.	
EFFICIENCY – Minimising time an Doing the process smarter.	d money involved in generating valu	e.
By how much has the time taken to complete the process reduced?	Draft operational and financial heal generated 5 days sooner, going fromonth end.	•
	This has been achieved by delivering business units earlier after month and the business providing commedays to 3 days).	end (Move from day 5 to day 2)
By how much have other costs to complete the process reduced?	Other personnel costs outside the financial reporting cycle and ca	ing the information sooner in
What is your assessment of the gain in efficiency, e.g. in words or as a percentage?	Production of the financial information for teams to review and provide commentary has reduced from 5 days after month end to 2 days after month end, representing an efficiency gain of 60%.	
What are the learnings from this efficiency gain?	An assessment of the key drivers in a process identifies material and irrelevant information so that effort can be targeted to the most important areas and wasted time on minor detail is avoided. A buddy system where capability is developed across the team	
	means staff absences do not impact there is no impact on the efficiency	ct on delivery timeframes and
Report content sourced from: Kath Officer	nerine Harbrow, Chief Financial	Date: 10 April 2017

Activity name and description: Regional Harbourmaster - relationship developments and increased productivity in maritime safety		
PRODUCTIVITY – Maximising output from available resources to generate value. Getting more from the process.		
How has expenditure on the process changed (e.g. as a result of hours worked and/or goods and services invested)	Expenditure has remained largely unchanged however it is now funded almost entirely from user pays contributions from port companies and ship operators who see the value in the service and voluntarily increased their contributions seperate from any formal annual plan or LTP process. This work had a larger rates component in the past.	
How has the process been changed?	Relationships with port companies, ship operators, lwi and local councils have been developed and improved since 2012. This has allowed resolution of historical differences and cleared the path for a collaborative approach to building an enduring and high performing safety management system that is well supported by users, approved by Maritime NZ and is ISO compliant.	

How have outputs changed since Far more has been achieved through the enhanced relationships changes to the expenditure with port companies, ship operators, lwi and local councils than and/or the process were made? could have been managed prior to 2012. Through collaboration on joint projects the following productivity gains (operational outputs) have been delivered: VHF radio communications and Automatic Identification System (collision avoidance) at Akaroa for cruise ship management, local charter vessels and recreational users. Kaikoura coastal area now under consideration. Management of CCC owned Akaroa wharf during cruise ship • Provision of cruise ship tender marker buoy, doubling as Akaroa Yacht Club race start line. • Encouraging Iwi involvement in incident respond (e.g. MV Tahoe and FV Lady Sarah). • Purchase of a Personal Water Craft (PWC-jetski) and initiation of patrols as a result of community board consultation. Collaboration with Iwi and local boating club to prepare a Harbourmaster consent application (at no cost to them) meeting multiple needs for moorings. Technical expertise of Harbourmaster office staff "outsourced" to support central government and other regions. Mooring specifications revised to align users needs and contractors expertise, resulting in more cost-effective and practical solutions. Projects above and beyond business as usual have also been possible. For example, over \$46,000 was successfully obtained from Maritime NZ to fund an extra Enforcement Officer (200 hours), a radio advertising campaign, 6 boating safety promotion days in conjunction with local Coastguard, and promotional safety equipment 12 VHF radios given away as a part of the radio promotion. The opportunity to use this funding for boating safety is a great opportunity, and has allowed us to build stronger relationships with Coastguard, get our message across in a positive way through further face to face contact and media. What is your assessment of the The enhancements noted above are examples of outputs that gain in productivity, e.g. in words would not have been achieved without first addressing the and/or as a %? relationship issues that existed prior to 2012. What are the learnings from this The key learning from this experience is that a close and ongoing productivity gain? dialogue with all customers can enable greater levels of productivity and community benefit by enabling common goals to be identified which in time can unlock other parties resources and capabilities. Report content sourced from: Jim Dilley, Regional Harbourmaster Date: March 2017

Activity name and description: Business Support Teams Process improvements		
PRODUCTIVITY – Maximising output from available resources to generate value. Getting more from the process.		
How has expenditure on the process changed (e.g. as a result of hours worked and/or goods and services invested)	The Business Support teams are spending less time managing accounts payable enquiries, invoicing enquiries and time-sheeting support and spending more time on higher value tasks such as consent processing and compliance support. This has resulted in 2.5 days less per week being spend on managing cost enquiries.	
How has the process been changed?	Process improvements and automated reporting have enabled staff to directly manage cost recovery from consent applicants, reducing the red tape and bureaucracy formerly needed to generate invoices and manage payments.	
How have outputs changed since changes to the expenditure and/or the process were made?	Staff are now spending less time managing customer enquiries. Support for customers has been pushed to the front line customer services team giving customers answers to their information much faster than previously.	
What is your assessment of the gain in productivity, e.g. in words and/or as a %?	Staff are now able to spend more time on higher value tasks such as consent processing, compliance and administrative support. The 2.5 days per week have been reassigned to providing more support to the wider business.	
What are the learnings from this productivity gain?	Review processes and availability of technology to unlock staff from repetitive low value tasks so that they can focus on higher value and value add tasks, especially where these improve cost-effectiveness and customer experience.	
EFFICIENCY – Minimising time and money involved in generating value. Doing the process smarter.		
By how much has the time taken to complete the process reduced?	Technical staff are spending less time managing cost enquiries relating to consents and customer enquiries regarding accounts. This is 2.5 days per week.	
By how much have other costs to complete the process reduced?	The process has also become more streamlined for customers and customers representatives so their costs (time to get an issue resolved) have been reduced.	

What is your assessment of the gain in efficiency, e.g. in words or as a percentage?	Financial management time of 2.5	days per week.
What are the learnings from this efficiency gain?	Review processes and availability of value tasks, allowing focus on high	
Report content sourced from: Jeremy Dickson, Business Support and Customer Services Manager		Date: March 2017

Activity name and description: **Procurement - streamlining processes and increasing competition for outsourced Environment Canterbury work.**

PRODUCTIVITY – Maximising output from available resources to generate value. **Getting more from the process.**

Overall expenditure is likely to be neutral or reduced over the medium to long term as a result of reduced costs over-runs (improved forward planning of work) and greater competition for outsourced work due to fewer direct appointments.

Tender processes and thresholds have also been updated according to the scale of work so that the staff overhead required to commission work forms a smaller but still appropriate proportion of total costs.

How has the process been changed?

A more formalised process has been introduced that provides clear guidelines to staff on what to do for certain categories of work. The process has also formalized the planning process for procurement to ensure that we are forward planning significant purchases and considering alternative approaches.

Templates based on MBIE guidance also make the commissioning process clearer and faster whilst also introducing appropriate levels of rigour and risk management according to the scale of the work.

How have outputs changed since changes to the expenditure and/or the process were made?

Not all have been captured however examples include realization of \$148,000 per annum savings from better rates via negotiation for consent processing, electricity, stationery and banking.

What is your assessment of the gain in productivity, e.g. in words and/or as a %?

Productivity gains have been achieved primarily through a more formalised and clear staff process that makes requirements for procurement very clear. This enables staff to focus on other high value tasks instead.

Thresholds and processes for varying methods of procurement (e.g. direct appointment, open / closed tender) have ensured more large scale work is open to market competition and has resulted in sharper rates for council.

What are the learnings from this productivity gain?	Additional planning rigour at the fro proportion to the scale of the work I from bidders for ECan work, a cost-process, confidence of outturn cost lower levels of staff time necessary delivery of the project.	helps ensure sharper rates -effective procurement and timeline, and overall
EFFICIENCY – Minimising time ar Doing the process smarter.	nd money involved in generating valu	le.
By how much has the time taken to complete the process reduced?	Thresholds for a range of tender proto align with contemporary work rat levels of rigour according to the scalars reduced staff time involved in a tenders resulting in time savings.	es and to ensure appropriate ale and risk of the work. This
	Clarity around processes as well as templates has also made the prepa quicker.	•
By how much have other costs to complete the process reduced?	Financial delegations have also been changes in thresholds for progressi procurement processes. This has redirectors in low level procurement, higher value tasks.	ively more complex esulted in less involvement of
	Finance team processes ensure ap balances are in place to provide as purchases above our lowest procur purchase orders, requiring purchas	surance around probity. All rement threshold require
What is your assessment of the gain in efficiency, e.g. in words or as a percentage?	Less "process" around low cost pro commissioning of this type of work, the large scale high cost work.	
	Clearer process advice to staff has plan and execute procurement procless time being needed to complete	cesses and this has resulted in
What are the learnings from this efficiency gain?	Clear and accurate process mapping matched by effective implementation mechanisms can result in more efficient process execution and lower staff overhead, even if extra steps are introduced in the process to better manage risks and costs.	
Report content sourced from: Jere and Customer Services Manage		Date: March 2017

5.6. Court Debt

Performance, Audit and Risk Committee (PARC) Report



Date of Meeting	4 May 2017
Author	John McClelland Finance Operations Manager
Endorsed by	Miles McConway Director Finance & Corporate Services

Purpose

To report on the recent improvements in debt recovery from district court enforcement actions.

Value proposition

Burden is not pushed onto the general ratepayer when individual ratepayers are subject to court-imposed enforcement actions and have fines imposed.

Background

Environment Canterbury has noted over recent times a greater willingness on the part of the Department of Courts to engage with staff over the on-going actions to recover court imposed fines owing to Environment Canterbury.

Court staff have been more responsive to our queries and on occasion more complex queries have been answered by relatively senior court staff.

Since July 2015 overdue debt in particularly 90+ days debt has dropped from \$240,000 to March 2017 \$104,000. In terms of individual debtor numbers, these have also dropped from 20 to 10 over the same period.

Most of our current overdue debtors are currently on payment arrangement with the courts except for two who are the subject of police action.

Financial implications

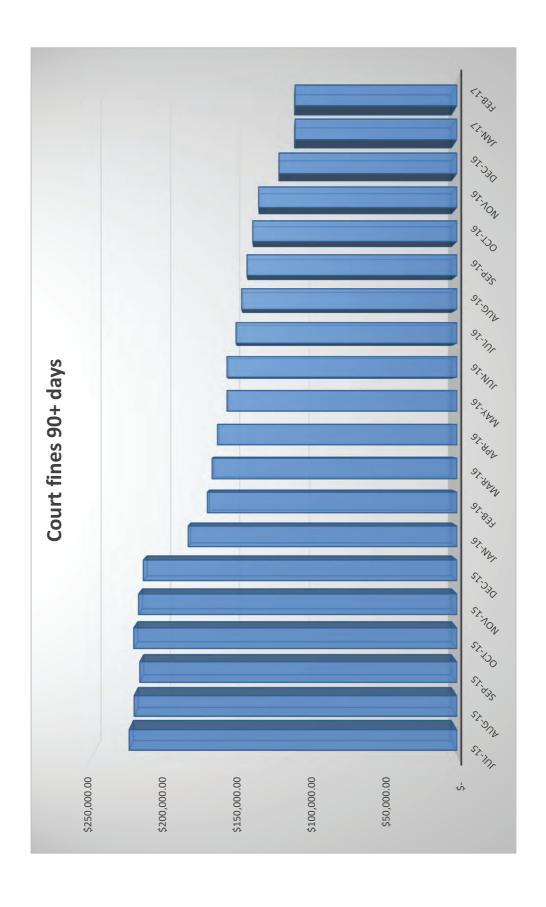
Collection of overdue debtor accounts have resulted in greater cash being available for council activities.

Recommendation

That the Performance, Audit and Risk Committee receives the report on debt recovery

Attachment

• Court Fines graph - July 15 -March 17



6. Audit

6.1. Audit NZ 2016/17 Engagement Letter Performance, Audit and Risk Committee (PARC) Report



Date of Meeting	4 April 2017
Author	Katherine Harbrow Chief Financial Officer
Endorsed by	Miles McConway Director Finance and Corporate Services

Purpose

Engagement of Audit New Zealand as auditor of Environment Canterbury for the three financial years ending 30 June 2017, 2018 and 2019.

Value proposition

The Auditor-General is the auditor of all public entities under section 14 of the public Audit Act 2001. The audit engagement letter is the acknowledgement of the respective responsibilities of Audit New Zealand and Environment Canterbury and the nature, and limitations, of the annual audit.

Recommendations

That the Performance, Audit and Risk Committee:

- 1. acknowledge the terms of the engagement of Audit New Zealand
- 2. recommend the signing of the audit engagement letter by David Bedford as the Chair of Environment Canterbury

Proposal

Background

The Auditor-General has appointed Julian Tan under sections 32 and 33 or the Public Audit Act 2001 to carry out the annual audits of Environment Canterbury's financial statements and performance information for the three financial years ending 30 June 2017, 2018 and 2019.

Audit engagement letter

The audit engagement letter outlines:

- the terms of the audit engagement and the nature, and limitations of, the annual audit and
- the respective responsibilities of the Council and of the appointed auditor for the financial statements and performance information.

Financial implications

The proposed fees are subject to a moderation exercise currently being carried out by the Office of the Auditor General. Once this is completed, and Council have returned the signed audit engagement letter, an audit arrangements letter will be issued for review. The audit arrangements letter sets out the timing and focus of the audit for each financial year.

Fees for 2014/15 and 2015/16 were \$106,600 and \$108,900 respectively, the fees for the 2016/17 year are expected to be at a similar level.

Legal compliance and risk assessment

Audits are carried out in accordance with the Public Audit Act 2001 and the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand).

Business risks and issues are identified based on the audit planning work and discussions with Environment Canterbury's management and Chair of the Performance, Audit and Risk Committee. An assessment of Environment Canterbury's mitigation of these risks will form part of the audit response.

Consistency with council policy

There is no departure from council policy.

Attachment

Audit engagement letter.

Level 3, 335 Lincoln Road PO Box 2, Christchurch 8140

www.auditnz.govt.nz

Fax: 03 961 3059

David Bedford Chair Environment Canterbury PO Box 345 Christchurch 8140

18 April 2017

Dear David

Audit engagement letter

This audit engagement letter is sent to you on behalf of the Auditor-General, who is the auditor of all "public entities", including Canterbury Regional Council ("Environment Canterbury") under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, under sections 32 and 33 of the Act, to carry out the annual audits of Environment Canterbury's financial statements and performance information for the three financial years ending 30 June 2017, 2018, and 30 June 2019.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the governing body ("the Council") and me as the Appointed Auditor for the financial statements and performance information.

The objectives of the annual audit are:

- to provide an independent opinion on Environment Canterbury's financial statements and performance information; and
- to report on other matters relevant to Environment Canterbury's financial and other management systems that come to our attention, need improvement or are significant (for example, non-compliance with statutory obligations or a lack of probity).

We will carry out the audit in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand). They require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether Environment Canterbury's financial statements and performance information are free from material misstatements.

Your responsibilities

Our audit will be carried out on the basis that the Council acknowledges that it has responsibility for:

- preparing the financial statements and performance information in accordance with legal requirements and financial reporting standards;
- having such internal control as you determine is necessary to enable you to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error; and
- providing us with:
 - access to all information of which you and Environment Canterbury are aware that is relevant to preparing the financial statements and performance information such as records, documentation, and other matters;
 - additional information that we may request from Environment Canterbury for the purpose of the audit;
 - unrestricted access to Council members and employees that we consider necessary; and
 - written confirmation concerning representations made to us in connection with the audit.

In addition, the Council is responsible:

- for the preparation of the summary financial statements and summary performance information in accordance with the applied criteria;
- to make the audited financial statements and summary performance information available to the intended users of that information without undue difficulty; and
- to include our audit report on the summary financial statements and summary performance information in any document that contains that information and that indicates that we have reported on them.

The Council's responsibilities extend to all resources, activities, and entities under its control. We expect that the Council will ensure:

- the resources, activities and entities under its control have been operating effectively and efficiently;
- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;
- it has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and

its decisions and actions have been taken with due regard to financial prudence.

We expect the Council and/or the individuals within Environment Canterbury with delegated authority to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The Council should have documented policies and procedures to support its general responsibilities. It should also regularly monitor performance against its objectives.

The Council has certain responsibilities relating to the preparation of the financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Appendix 1. We assume that members of the Council are familiar with those responsibilities and, where necessary, have obtained advice about them.

Our responsibilities

Carrying out the audit

We are responsible for forming an independent opinion on whether the financial statements and performance information of Environment Canterbury:

- comply with generally accepted accounting practice; and
- presents fairly, in all material aspects its position and performance.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and performance information. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the financial statements and performance information, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements and performance information.

We do not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

During the audit, we consider internal control relevant to the Council's preparation of the financial statements and performance information, but not for the purpose of expressing an opinion on the effectiveness of Environment Canterbury's internal controls.

Please note that the audit does not relieve the Council of its responsibilities. The Auditor-General expects members of the Council to be familiar with those responsibilities and, where necessary, to have obtained advice about them.

However, we will communicate to you in writing any significant deficiencies in internal control relevant to the audit of the financial statements and performance information that we have identified during the audit.

The audit team is required to be alert for issues of:

- effectiveness and efficiency in particular, how the Council and Environment Canterbury have carried out their activities;
- non-compliance with laws, regulations, and contractual requirements;
- waste in particular, whether the Council obtained and applied the resources of Environment Canterbury in an economical manner and whether any resources are being wasted;
- a lack of probity in particular, whether the Council and Environment Canterbury have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector; and
- a lack of financial prudence.

Our independence

It is essential that the audit team and Audit New Zealand remain both economically and attitudinally independent of Environment Canterbury (including management and the Council). This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with integrity, objectivity, and independence.

To protect our independence, specific limitations are placed on us in accepting engagements with Environment Canterbury other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any such other engagements must be the subject of a separate written arrangement between Environment Canterbury and me or Audit New Zealand.

Reporting

We will issue an audit report that will be attached to the financial statements and performance information. This report contains an opinion that provides readers with reasonable assurance on whether the financial statements and performance information have been prepared in accordance with legal requirements, are free from material misstatements, and comply with financial reporting standards. It may also contain comment on matters such as compliance with statutory obligations and other matters that we consider may be of interest to the readers of the audit report. In addition, we will issue an audit report that will be attached to the summary financial statements and summary performance information. This audit report will contain an opinion that provides the same level of assurance as the audit report on the financial statements and performance information.

We will also issue a management letter that will be sent to the Council. This letter communicates any matters that come to our attention during the audit that, in our opinion, are relevant to Environment Canterbury (for example, internal control weaknesses, probity matters, or compliance with statutory obligations). We may also provide other management letters to the Council from time to time. We will inform the Council of any other management letters we have issued.

Please note that the Auditor-General may publically refer to matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

Next steps

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the enclosed copy of the letter in the space provided and returning it to me. The terms will remain effective until a new Audit Engagement Letter is issued.

Appendix 2 contains some additional "other" responsibilities for the audit.

If you have any questions about the audit generally, or have any concerns about the quality of the audit, you should contact me as soon as possible. If after contacting me you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.

If you require any further information, or wish to discuss the terms of the audit engagement further before replying, please contact me.

Environment Canterbury

Appendix 1: Respective specific responsibilities of the Council and the Appointed Auditor

Responsibilities of the Council

Responsibilities of the Appointed Auditor

Responsibilities for the financial statements and performance information

You are required by legislation to prepare financial statements and, where appropriate, other accountability statements that comply with generally accepted accounting practice in New Zealand and that present fairly, in all material respects the activities of Environment Canterbury during the year, and its financial position at the end of the year.

You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and performance information.

You are required by legislation to prepare the financial statements and performance information and provide that information to the appointed auditor before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines.

We are responsible for carrying out an annual audit, on behalf of the Auditor-General, and to form an opinion on whether Environment Canterbury's financial statements and performance information have been prepared in accordance with legal requirements, comply with generally accepted accounting practice in New Zealand, and presents fairly, in all material respects the position and performance of Environment Canterbury.

We will also read other accompanying information to the financial statements and performance information to identify whether there are material inconsistencies with the audited financial statements and performance information.

Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and performance information do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence a reader's overall understanding of the financial statements and performance information.

If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by those charged with governance;

Responsibilities of the Council Responsibilities of the Appointed Auditor the appropriateness of the content and measures in any non-financial accountability statements; the adequacy of all disclosures in the financial statements and performance information; and the overall presentation of the financial statements and performance information. We will ask you for written confirmation of representations made to us about the financial statements and performance information. In particular, we will seek confirmation that: the adoption of the going concern assumption is appropriate; all material transactions have been recorded and are reflected in the financial statements and performance information; all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed; and uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information.

Responsibilities for the accounting records

You are responsible for maintaining accounting and other records that:

- correctly record and explain the transactions of Environment Canterbury;
- enable you to monitor the resources, activities, and entities under its control;
- enable Environment Canterbury's financial position to be determined with reasonable accuracy at any time;
- enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited); and
- are in keeping with the requirements of the Commissioner of Inland Revenue.

We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and performance information.

Any representation made does not in any way reduce our responsibility to perform appropriate

audit procedures and enquiries.

If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.

Responsibilities of the Council

Responsibilities of the Appointed Auditor

Responsibilities for accounting and internal control systems

You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of Environment Canterbury), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and, where applicable, non-financial reporting.

The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and performance information. We will report to you separately any weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.

Responsibilities for preventing and detecting fraud and error

The responsibility for the prevention and detection of fraud and error rests with you through the implementation and continued operation of adequate internal control systems (appropriate to the size of Environment Canterbury) supported by written policies and procedures.

We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.

We expect you to consider reporting all instances of actual, suspected or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud, where you, and/or any individuals within Environment Canterbury with delegated authority have a reasonable basis that suspected fraud has occurred, regardless of the amount involved.

We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and performance information. We will review the accounting and internal control systems only to the extent required for us to express an opinion on the financial statements and performance information, but we will:

- assess the effectiveness of internal control systems and procedures for preventing and detecting fraud and error; and
- report to you significant weaknesses in internal control systems and procedures for monitoring the prevention and detection of fraud and error that come to our notice and that we consider could be relevant to you.

We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected or alleged fraud.

As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected or alleged fraud to us.

If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so if it is appropriate for the purposes of protecting the interests of the public.

Responsibilities of the Council

Responsibilities of the Appointed Auditor

Responsibilities for compliance with laws and regulations

You are responsible for ensuring that Council has systems, policies, and procedures (appropriate to the size of Environment Canterbury) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of Environment Canterbury are complied with. Such systems, policies, and procedures should be documented.

We will assess whether you have systems, policies, and procedures to ensure compliance with those legislative, regulatory, and contractual requirements that are relevant to the audit. We will either perform specific audit tests to assess whether you have complied with statutory requirements that are relevant to the audit or will maintain an awareness for possible non-compliance that may be relevant to the audit.

The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance.

We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws, regulations, and contractual requirements that we consider may be relevant.

Responsibilities to establish and maintain appropriate standards of conduct and personal integrity

You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a "Code of Conduct" and, where applicable, support the "Code of Conduct" with policies and procedures.

The expected standards of conduct and personal integrity should be determined by reference to accepted "Codes of Conduct" that apply to the public sector.

We will have regard to whether you maintain high standards of conduct and personal integrity.

Specifically, we will be alert for significant instances where members and employees of Environment Canterbury may not have acted in accordance with the standards of conduct and personal integrity expected of them.

The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant instances of departure from expected standards of conduct and personal integrity.

The Auditor-General, on receiving a report from us, may, at their discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.

Responsibilities of the Council

Responsibilities of the Appointed Auditor

Responsibilities for conflicts of interest and related parties

You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.

You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements and performance information in accordance with generally accepted accounting practice.

To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties and will be alert for other material related-party transactions. We will check that you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.

Responsibilities for publishing the audited financial statements on a website

You are responsible for the electronic presentation of the financial statements and performance information on Council's website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.

If you intend to publish or reproduce the financial statements and performance information, together with the audit report, on a website, you must, before publication, provide us with a draft version of the documents to read and must obtain our approval to include the audit report with the information you intend publishing on the website.

If the audit report is reproduced in any medium, you should present the complete financial statements, including notes and accounting policies as well as any other accountability statements.

If you intend to post any new material not previously read by us, you must advise us before posting the new material. We will perform procedures to satisfy ourselves that the information you intend including on your website is consistent with the audited financial statements and performance information and that the audit report will not be inappropriately associated with any information that has not been audited.

Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit.

We will review the material on initial posting and on notification from you that new material has been posted on the website. We do not carry out ongoing monitoring of the material on your website.

Appendix 2: Other responsibilities

To meet the reporting deadlines, we are dependent on receiving Environment Canterbury's financial statements and performance information ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements and performance information have been prepared in accordance with legal requirements, comply with generally accepted accounting practice and present fairly, in all material respects, the activities and position of Environment Canterbury and are supported by proper accounting records and complete accounting records and complete evidential documentation.

We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.

The workpapers that we produce in carrying out the audit are the property of the Auditor-General. Workpapers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015 we need to make arrangements with you to keep our audit staff safe while they are working at your premises. We expect you to provide a work environment for our audit staff that is without risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

7. Public Excluded Performance, Audit and Risk Committee (PARC) Report



Date of meeting	4 April 2017
Author	Louise McDonald Senior Administration Officer
Endorsed by	Miles McConway Director Finance and Corporate Services

Recommendation

- 1. That the public be excluded from the following part of the proceedings of this meeting, namely:
 - a) Risk Management Standing Report
 - b) Section 17A Review
 - c) Update on Tag-On Tag-Off Project

The general subject of the matter to be considered while the public is excluded, the reason for passing this resolution and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item No.	Report	General subject matter	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
1	Risk Management Standing Report	Risk management	Good reason to withhold exists under section 7	Section 48(1)(a)
2	Section 17A report	Service delivery reviews	Good reason to withhold exists under section 7	Section 48(1)(a)
3	Update on Tag-On tag-Off Project	Public transport	Good reason to withhold exists under section 7	Section 48(1)(a)

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceeding of the meeting in public are as follows:

Item No.	
1,2,3	Enable the Council holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

2. That appropriate officers remain to provide advice to the Committee.

- 8. Notices of Motion
- 9. Extraordinary and Urgent Business
- 10. Questions
- 11. Next Meeting
- 12. Closure