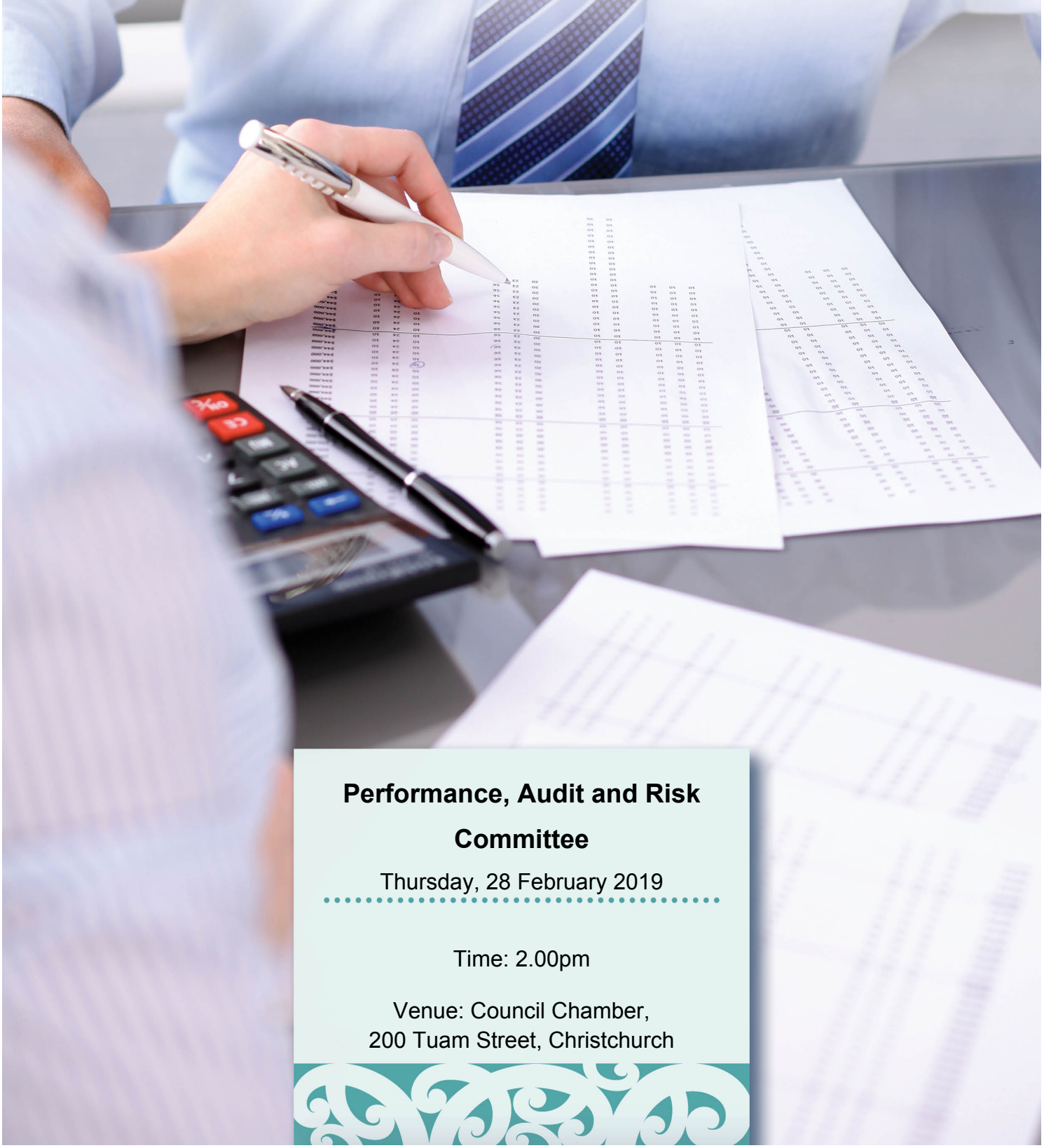
Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

CANTERBURY REGIONAL COUNCIL
Kaunihera Taiao ki Waitaha

AGENDA|2019



Performance, Audit and Risk Committee

Thursday, 28 February 2019

Time: 2.00pm

Venue: Council Chamber,
200 Tuam Street, Christchurch

Performance, Audit and Risk Committee

Membership

Chair	Rod Cullinane
Deputy Chair	Peter Scott

Environment Canterbury Councillors:

Claire McKay

John Sunckell

Steve Lowndes

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

Performance, Audit and Risk Committee (PARC) Report

Date of meeting	28 February 2019
Author	Matthew Bennett Principal Health and Safety Advisor
Endorsed by	Catherine Schache Acting Director Finance and Corporate Services

Purpose

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

Recommendations

That the Performance, Audit and Risk Committee:

1. **Receive the Health and Safety Governance Report for February 2019.**

Attachments

1. 190212 H+ S Report - Governance - February 28 th **[4.1.1]**

Health and Safety Report

Summary

- The Health and Safety Team undertook a planning and strategy process in January that included an H+S drop-in session in the Waimakariri Room. This has resulted in high quality engagement with a substantial part of ECan Staff, clarity of priorities and a well-developed events and actions schedule for the next fourteen months.
- Three Hazard Alerts have been sent out to relevant parts of ECan in the past two months: the first related to a specific security concern, one regarding the heat wave and fatigue and the most recent related to risk of vehicle exhausts and the fire risk.
- **Nineteen incidents were reported since the last report** (5 November 2018): Nine insignificant, eight minor and two were moderate events. Of these, seventeen have been closed off and two are open.

Health and Safety Strategy Work Programme

Strategy Update

Programme	Details	Stage
Visible Safety Leadership	Safety Tours by Directors and Senior Leaders	Underway
Information sharing	Improving the methods of sharing health and safety information and learnings	Design and Development
Safe Systems of Work	Development, reviewing and updating of safe systems of work for all tasks / activities that expose ECan workers to potential harm	Underway
External reviewing of high-risk work	Engage external consultants and experts to look a key work activities and measure against good practice and principles	Underway
Health & Safety Training for all Senior Leaders	Develop an H+S Training package for People Leaders – principles of H+S, Hazard / Risk Identification, Incident Management. HR add an H&S induction for new People Leaders.	Design and Development
Incident management and learning	Improve the quality of incident management and implementation of learnings	Design and Development
Improvement and corrective actions	Develop and utilise an effective method for improvement and corrective actions including alerting and escalation of actions and reporting on progress	Design and Development
Health & Safety data and information management	Design and implement an effective system for collecting, managing, analysing and reporting health & safety at all levels and across all of Environment Canterbury	Design and Development
Training and Competency Data	Develop a training management system that enables clear view of training requirements and currency	Design and Development
Review of H+S Policy and Management Structure	Undertake an internal desktop review of the health and safety policy and management structure against ISO 45001	Complete
Contractor Management	Develop a centralised database and supporting resources to enable effective contractor management in line with the contractor management protocol	Underway
Worksite Inspections	Inspection ECan worksites and activities as planned in the Section H+S Plans	Underway
H+S Staff Surveying	Designing of surveying method for collecting worker input on the performance and effectiveness of HSMS and Strategy. Survey results used do drive a feedback loop.	Design and Development
PPE Project	Implementation of the recommendations from the Review of PPE	Design and Development

The H+S data and information management project has been identified as the highest priority for the programme of work because all the majority of other pieces of work are in some way dependant upon it. Work has begun on the build of the system and more defined timeframes will be established shortly.

The review of the H+S Policy and Management Structure took place over December. This was an internal desktop review and it found that overall our policy and core documents are fit for purpose, with room for improvement in the wording or clarification / expansion in places. It was identified that it wasn't well understood and as a result an improved Health and Safety Framework Diagram has been published. This was well received at the H+S Drop-in Event.

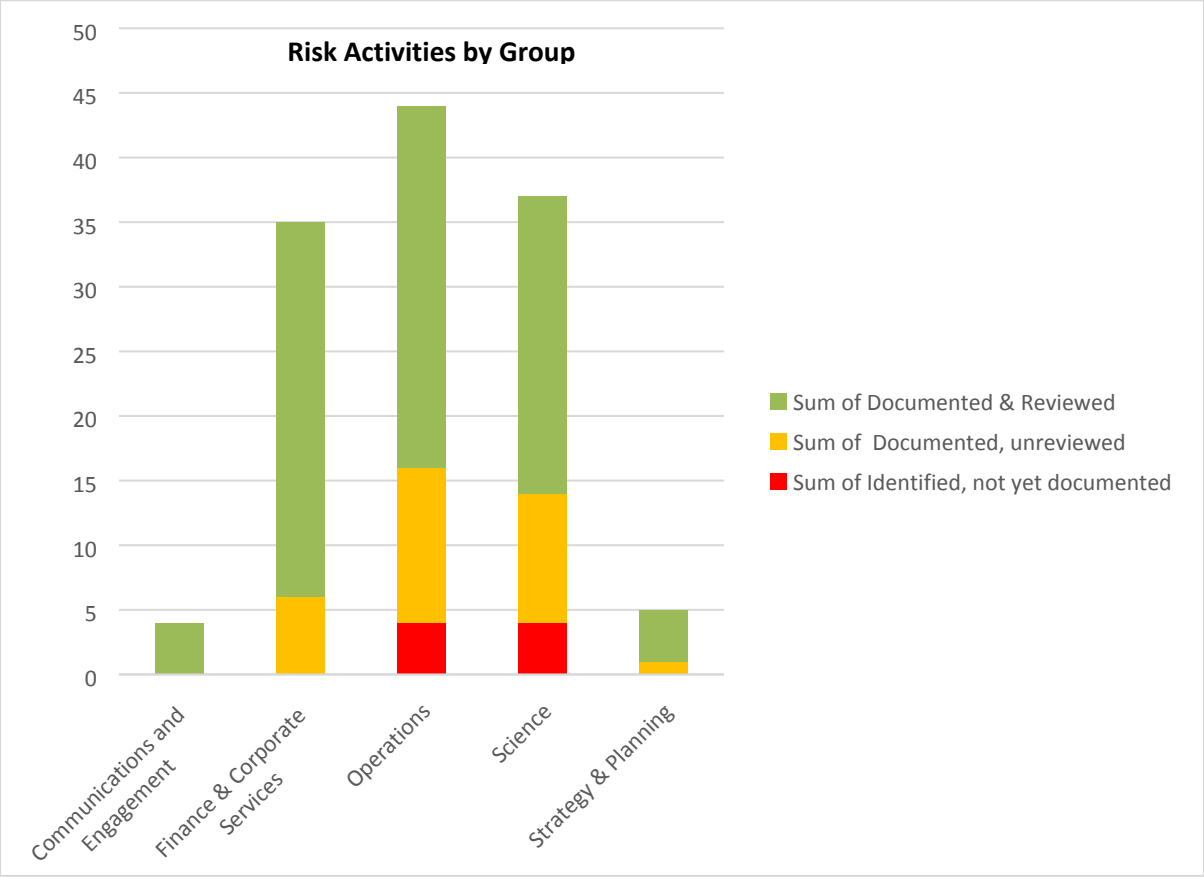
Other progress of note: Hayley Lilley (Communications and Engagement) has been working on 'Information sharing" and a draft communications strategy is being developed, Chris Tapili (Operations) and been working on an H+S survey targeting Field Services / Operations and a schedule of external reviews is being developed for the next 12+ months.

Lead Indicators

Risk Profile

Following the review and development of the 2018 / 2019 Section Health and Safety Plans the section and group risk profiles have been updated. Simultaneously a number of activities were reviewed. Subsequently we have seen a positive shift in the overall risk profile.

This chart shows the risk profile by group, and measured by the number of 'risk activities' (activities undertaken that potentially cause harm). **Red** shows identified activities where there are no plans, procedures or mitigations embedded. **Amber** shows where a plan, procedure or mitigation is in place. **Green** is where a procedure is in place and has been reviewed and determined fit-for-purpose.



Over the past two months a number of work processes have been documented for both specific Groups / Sections and all of ECan activities, notable Electric Fishing for Surface Water Science and the operation of Quad Bikes. We have also identified some infrequent activities that hadn't previously been recorded. These are being managed on a situational basis while we develop clear work methods.

While the numbers are small to the extent that, overall this demonstrates positive progress.

Improvement and Corrective Actions

No new improvements or corrective actions have been created since last report (5th November 2018). There are currently no overdue actions and seven improvements that are underway.

Safety Reviews Inspections and Audits

Fourteen external reviews have been lined up for 2018.

	Activity	Scope	Status
1	Commercial Diving - Biosecurity	Full review of the Dive manual	Complete
2	Rural Fire Fighting	Desktop audit	Complete
3	Flood inspection / monitoring	Desktop Audit w/ limited field check	Complete
4	Motorbike and quad bike use	Review of use, training and benchmark against good practice.	Complete
5	Surveying – cliffs and slips	Review of field practices	Complete
6	CDEM R.A.T.S Team	Desktop Audit w/ limited field check	Complete
7	Review of PPE	Full review of the provision and management of PPE	Complete
8	Use of Excavators / Bulldozers	Review of field practices and documentation	Complete *
9	Incident Response	Desktop Audit w/ limited field check	Complete *
10	Hydrologists working alone and remotely	Desktop audit of procedure, survey of team knowledge of use.	Complete *
12	Willow layering – Field Services	Review of field practices and documentation	Complete *
13	Confined Space (Hydrology)	Review of field practices and documentation	Complete *
14	Chainsaw use	Review of filed practices (sampling)	To be scheduled

* indicates changes since last report

The reviewing of chainsaw use (#14) requires coordinating a suitable specialist for a time when there is an adequate level of chainsaw use underway to ensure the review is based on relevant information and observations. Based on operational activities it is anticipated this will occur late summer.

Lag Indicators

Incidents from 5 November 2018 – 8 February 2019:

Title	Date	Group	Section	Risk Category	Risk sub-category	Status	Actual Harm
Fall off Bike	8/02/2019	Operations	FS - Biosecurity	Transportation	Land - Motorbike	Closed	Minor
Motorbike Loading	4/02/2019	Operations	FS - Parks & Forests	Transportation	Land - Motorbike	Open	Minor
Knee Strain	31/01/2019	Operations	FS - Biosecurity	Environment	Terrain	Open	Moderate
Phone threat	28/01/2019	Operations	Zone Delivery	Personnel Security / Public Threat	Telephone / Email	Closed	Insignificant
Verbal threat	25/01/2019	Operations	Zone Delivery	Personnel Security / Public Threat	Telephone / Email	Closed	Insignificant
Binder Fire	18/01/2019	Communications & Engagement	Marketing	Machinery	Hand held	Closed	Insignificant
Calf Strain	15/01/2019	Operations	FS - Biosecurity	Environment	Terrain	Closed	Minor
Reversing Truck	29/12/2018	Operations	FS - Parks & Forests	Transportation	Land - Truck (4WD)	Closed	Minor
Multiple Stuck Truck	18/12/2018	Operations	River Engineering	Transportation	Land - Truck (4WD)	Closed	Insignificant
Neck Strain	28/12/2018	Finance & Corporate Services	Business & Customer Services	Other	Workstation Ergonomics	Closed	Minor
Cow Chase	30/11/2018	Operations	FS - Biosecurity	Environment	Animal	Closed	Insignificant
Cow Chase (2)	30/11/2018	Operations	FS - Biosecurity	Environment	Animal	Closed	Insignificant
Snagged by door	5/12/2018	Finance & Corporate Services	Finance	Buildings & Facilities	Ecan Property	Closed	Insignificant
Drain Strain	23/11/2018	Operations	FS - Depots	Environment	Physical task	Closed	Minor
Terrain Trip	3/12/2018	Operations	FS - Depots	Environment	Terrain	Closed	Moderate
Extinguisher Misfire	23/11/2018	Finance & Corporate Services	Civil Defence	HSNO	Toxic or Ecotoxic	Closed	Insignificant
Equipment Damage	26/11/2018	Operations	Zone Delivery	Other	Other	Closed	Insignificant
Road Collision	12/11/2018	Operations	Zone Delivery	Transportation	Land - Car	Closed	Minor
Chased by Bees	5/11/2018	Operations	FS - Biosecurity	Environment	Insect	Closed	Minor

Year-to-date Summary

1 January 2019 – 12 February 2019

Incident by Impact and Group (Table)

	Insignificant	Minor	Moderate	Major & Catastrophic	Total (by Group)
Communications and Engagement	1				1
Finance and Corporate Services					-
Operations	2	3	1		6
Science					-
Strategy and Planning					-
Contractors					-
Non-Workplace					-
Visitor / Public					-
Total (by Impact)	3	3	1	-	7

2018 Summaries

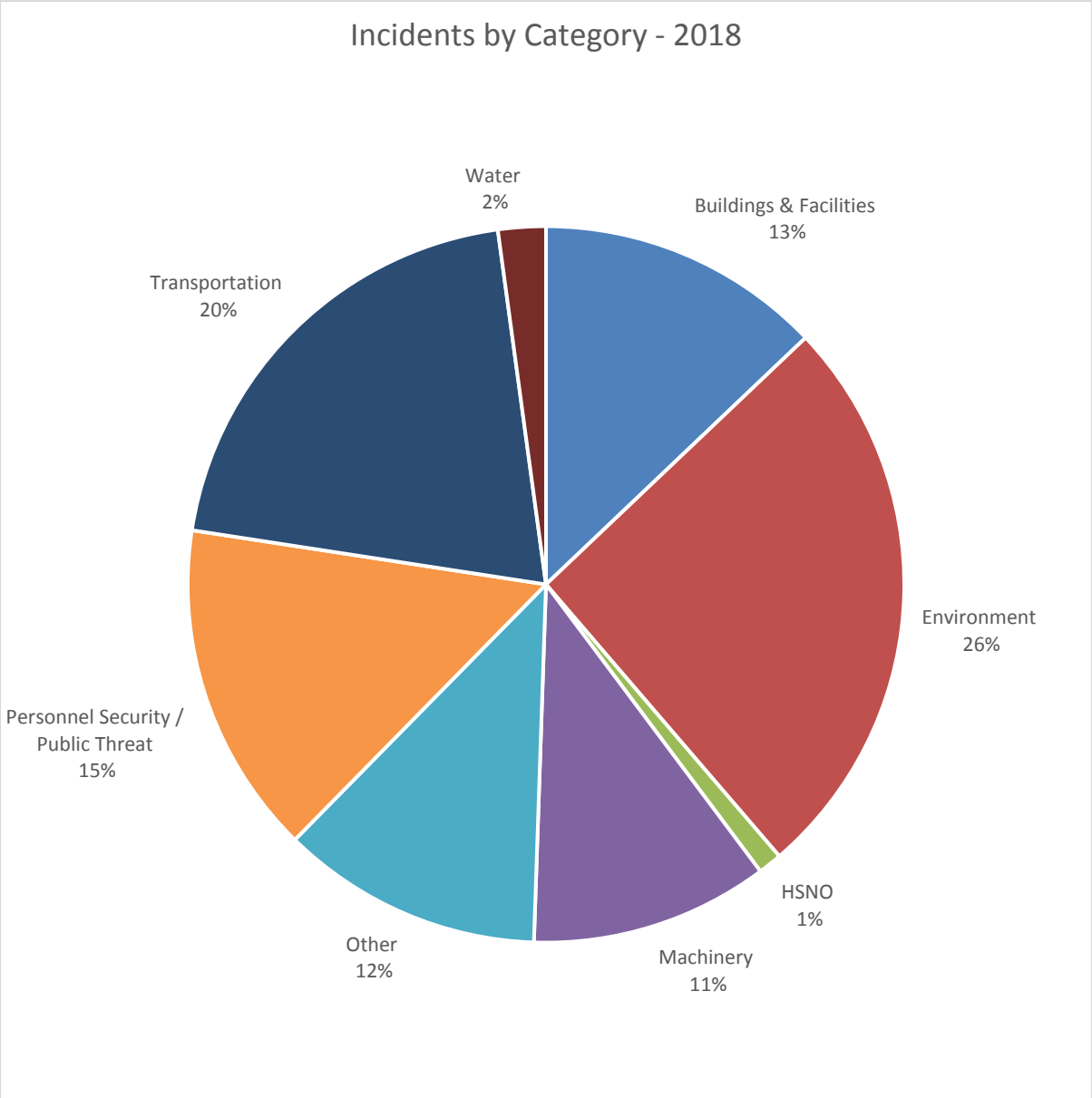
Incident by Impact and Group (Table)

	Insignificant	Minor	Moderate	Major & Catastrophic	Total (by Group)
Communications and Engagement	1	2	-	-	3
Finance and Corporate Services	6	5	1	-	12
Operations	26	21	11	1	59
Science	1	6	-	1	8
Strategy and Planning	-	-	-	-	0
Contractors	3	1	-	-	4
Non-Workplace	2	1	1	-	4
Visitor / Public	1	1	1	-	3
Total (by Impact)	33	36	11	2 ‡	93

‡ Synopsis of Major and Catastrophic Events.

Date	Risk Category	Sub-Category	Details
30/7/2018	Machinery	Chainsaw	Worker cut while using a chainsaw
11/7/2018	Other	Fatigue	Employee burnout requiring extended leave of absences

In the previous report a third event: a trailer becoming unattached, was recorded as a major incident. During the enquiry it was determined that this was mis-categorised. While the potential for impact was high and the event treated seriously that actual impact was minor.



5. Performance

5.1. Action List
Performance, Audit and Risk Committee (PARC) report

Date of meeting	28 February 2019
Author	Katherine Harbrow, Chief Financial Officer
Endorsed by	Catherine Schache, Acting Director Finance and Corporate Services

Purpose

1. The purpose of this report is to record matters raised at the Performance, Audit and risk Committee meetings that require substantial follow up actions and to provide delivery times and accountability.

Recommendations

That the Performance, Audit and Risk Committee:

1. Receives the Action List for the 28 February 2019

Attachments

1. Current PAR Action list - 28 Feb 2019 **[5.1.1]**

[remove-from-minutes-end}

Performance, Audit & Risk Committee Action List

#	Action Request Date	Resolution/Request	Action Taken	By Whom	Notes/Dates
		Future Meetings:			
		Efficiency and Productivity Reporting	Ongoing	Miles McConway	
		Current Meeting:			
1	22/11/18	*Health & Safety*: Councillors questioned if there had been any catastrophic incidents	Update in this month's meeting	Matt Bennett	Completed

5.2. Operational Report January 2019

Performance, Audit and Risk Committee (PARC) report

Date of meeting	Thursday 28th February 2019
Author	Tarsha Triplow, Team Leader Corporate Reporting
Endorsed by	Katherine Harbrow, CFO

Purpose

To report on operational performance by portfolio for the period ended 31 January 2019.

Recommendations

That the Performance, Audit and Risk Committee:

Receives the Operational Performance report for the period ended 31 January 2019.

Background

1. The Performance, Audit and Risk Committee (PARC) Operations Report includes service delivery and related financial performance information for the 2018/19 year to date.

Overall Performance

2. All of the 72 measured Levels of Service (LoS) performance targets for the year are on track to be achieved with the exceptions of;

    a. 4.1b Hurunui-Waiau Targeted Plan is on hold, as it is awaiting a cultural assessment before proceeding (target therefore may not be achieved).

    b. 9.2 Braided River Action Group (BRAG) have indicated they will not be achieved due to lack of funding from all partners. However, ECan believe we can achieve the intent of the level of service through other partnership arrangements.

    c. 25.2a Urban Development Capacity Assessment (will not be achieved).

3. As at 31 January 2019, we had an operating deficit of $1.4M compared to a budgeted deficit of $1.6 million, a variance of $0.2M.

4. The variance is a result of spending $1.11M more than budget and receiving $1.3M more revenue than budget.

Performance against Levels of Service (LoS)

5. The 2018-28 Long-Term Plan contains 41 Levels of Service, 76 measures and 99 targets. 27 targets in the plan relate to activity to be delivered in future years, leaving 72 targets for 2018/19.

6. Currently all targets are on track to be delivered by the end of the financial year except for those indicated in overall performance above.

Financial Performance

7. The performance of each portfolio is displayed in the attached report. The significant variances by Portfolio are:

    a. Biodiversity and Biosecurity – $0.9M below budget expenditure in this portfolio is due to the seasonal implementation in this portfolio and the expenditure is expected to increase over the coming months. Additional Revenue of $0.6M has been received largely for the Wilding Conifer Project.

    b. Freshwater Management - $0.7M above budget expenditure due to the additional RMA water framework investment including the OTOP and Waimakariri addendums and CWMS Fit for Future project work. Revenue is under budget currently $0.4M due to the timing of MfE Grants.

Attachments

1. Ops BI Report Jan 19 **[5.2.1]**
2. 2018-19 LOS PARC Appendix Jan 19 **[5.2.2]**

File reference	[SharePoint link for this paper]
Peer reviewers	Catherine Schache, Acting Director Finance & Corporate Services Tanya Clifford, Corporate Reporting Accountant / Internal Audit

LEVELS OF SERVICE TARGETS 72

Achieved	On Track	Not On Track	Won't Achieve
1	68	1	2

	Revenue	Expenditure	Surplus/Deficit
Actuals	97.08	98.52	-1.44
Budget	95.80	97.41	-1.61
Variance	1.28	1.11	0.17
%Variance	1.34%	1.14%	

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Reporting Period

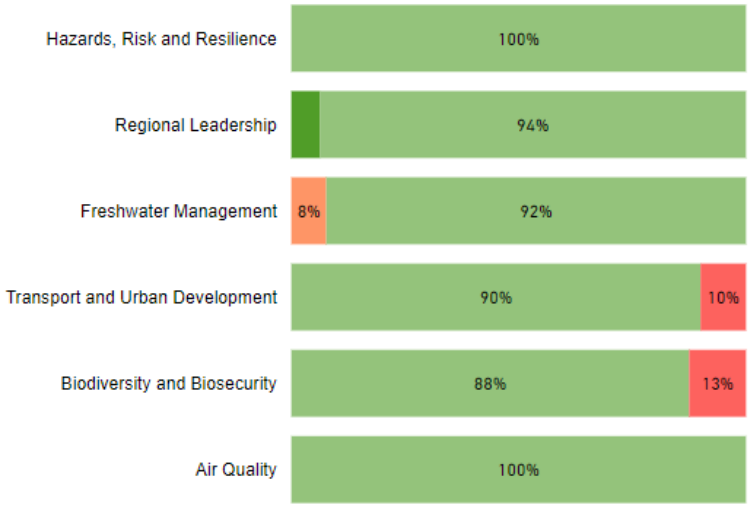
7/1/2018 1/31/2019

Overall Level of Service Targets Status

Achieved | May not be achieved | On track to be achieved | Will not be achieved

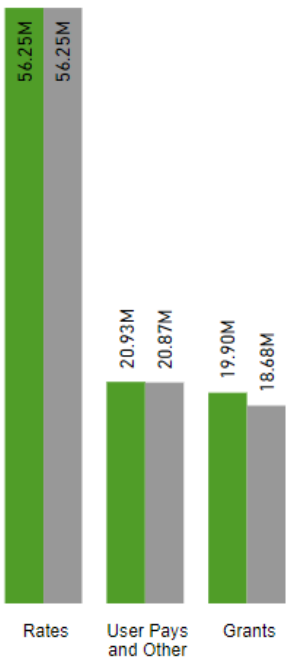
Level of Service By Portfolio

Achieved | May not be achieved | On track to be achieved | Will not be achieved



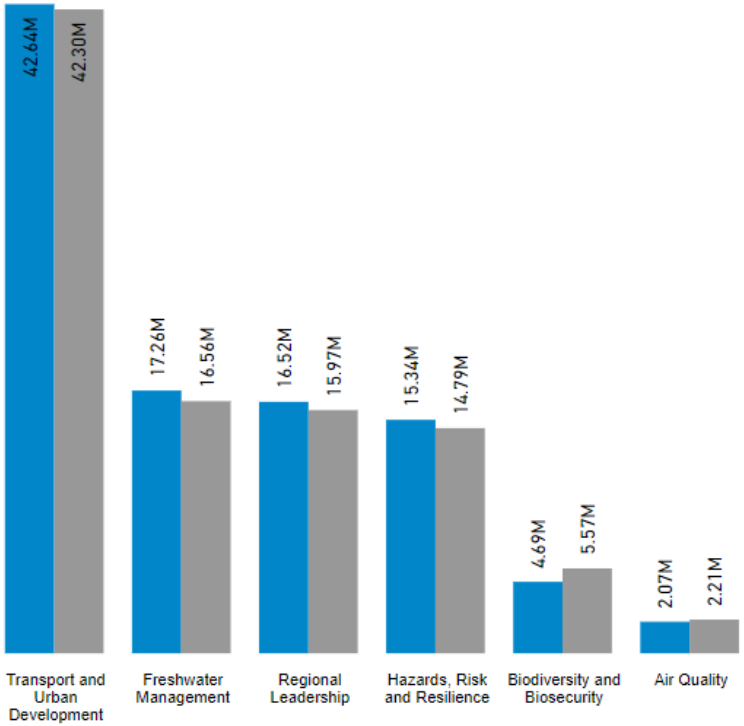
Revenue

YTD Actual Revenue | YTD Budget Reve...



Expenditure

YTD Actual Expenditure | YTD Budget Expenditure



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Reporting Period

7/1/2018 | 1/31/2019

Air Quality

Levels Of Service Targets

Achieved	On Track	Not On Track	Won't Achieve
0	5	0	0

Status : Levels Of Service Targets

Achieved | May not be achi... | Not Monitored | On track to be ... | Will not be ...

100%

Level of Service

2

Measures

5

Targets

5

Not Measured This Year

0

Comment On Service Delivery

The Cleaner Home Heating programme continues to achieve its objectives of transitioning households to cleaner home heating. Healthier Homes Canterbury continues to grow with applications number at expected levels. We have received 94 applications to date with an average amount of $4599. Burner Authorisations continue and we are expecting to receive applications for ULEB insert models this financial year. The significant investigations workload from the previous winter continues to be analysed with a report due in April. We are also investigating how we can improve our response to complaints of odour, as most reported incidents regarding discharge to air relate to odours.

Emerging Issues

The Washdyke monitoring site became unavailable recently. The monitoring equipment has been moved to a new site and will be operational soon, however there is some data loss. If the data loss is unexpectedly protracted then this could impact Level of Service 28.1 but at this stage we expect to meet the target.

Watchlist

All targets were achieved in 2017/18.

Acronyms / Additional Notes / Metrics

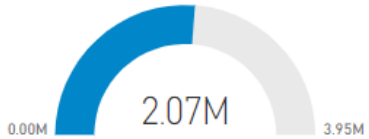
Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

Reporting Period

7/1/2018 | 1/31/2019

Air Quality

YTD Actual Expenditure vs Full Year Budget



52.40%

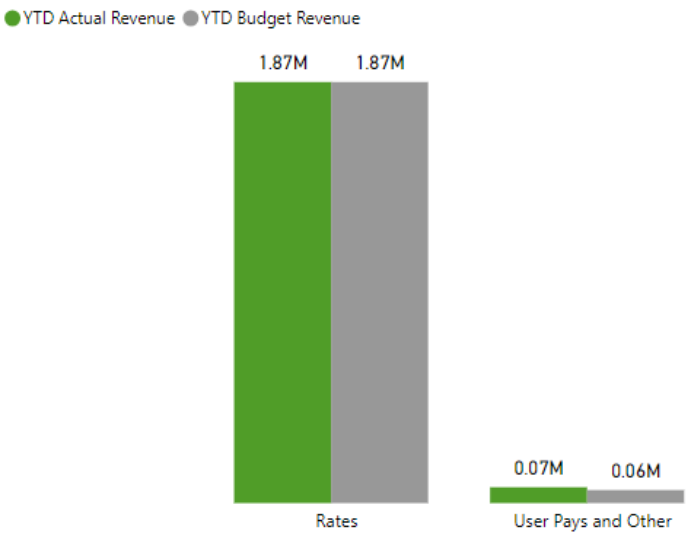
YTD Actual/Full Year Budget %

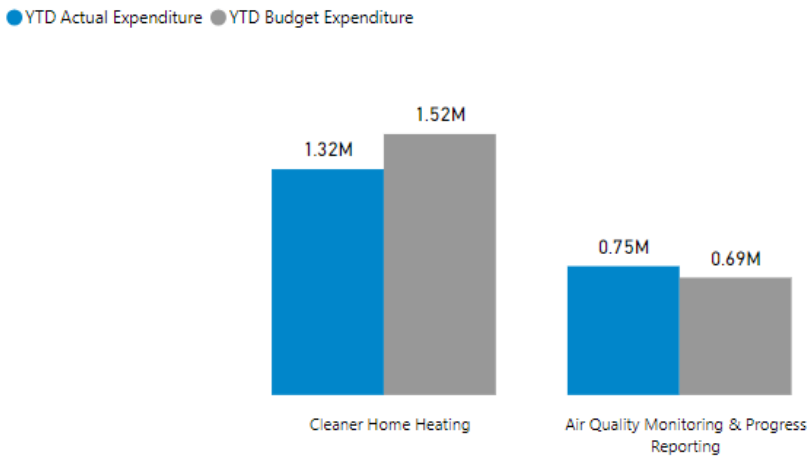
	Revenue	Expenditure	Surplus/Deficit
Actuals	1.94	2.07	-0.13
Budget	1.93	2.21	-0.28
Variance	0.01	-0.14	0.15
%Variance	0.65%	-6.28%	

Revenue

Expenditure

Goods and services for the Cleaner Home Heating Programme is under budget due to timing. Costs will increase in autumn and winter 2019.





Environment Canterbury Regional Council
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Reporting Period

7/1/2018 | 1/31/2019

Biodiversity and Biosecurity

Levels Of Service Targets

Achieved	On Track	Not On Track	Won't Achieve
0	7	0	1

Status : Levels Of Service Targets

Achieved | May not be achi... | Not Monitored | On track to be ... | Will not be ...

88% | 13%

Level of Service

4

Measures

8

Targets

8

Not Measured This Year

0

Comment On Service Delivery

All programmes in the Portfolio are progressing in accordance with seasonal expectations. Biodiversity projects across the CWMS zones are undertaking Immediate Steps projects. Wetland identification for action plans is progressing. The Braided Rivers programme is continuing to work with stakeholders to identify land ownership and management issues on the major alpine braided rivers, including the Ashley / Rakahuri and Ashburton / Hakatere. A lack of funding from all partners will result in not meeting the target to complete this work in the major alpine rivers by June3 0 2019. Work on the braided river plans is concentrating on scoping content and delivery mechanisms for the plans. Operational delivery of the Regional Pest Management Plan and the Biosecurity Strategy are on track. We are working closely with the Department of Conservation on projects and contracts in braided rivers and weed and willow control around Te Waihora. The wet spring increased pest numbers and resources required for effective management. There is an ongoing focus on aligning biodiversityand biosecurity programmes. Work on the project to establish the ownership of land within and on the margins of the large alpine-fed braided rivers by 30 June 2019 is on hold due to a lack of funding from all partners.

Emerging Issues

Work on the project to establish the ownership of land within and on the margins of the large alpine-fed braided rivers by 30 June 2019 is on hold due to a lack of funding from all partners.

Watchlist

The following target was not achieved in 2017/18:
Objectives in the Regional Pest Management Plan are met.

Acronyms / Additional Notes / Metrics

CWMS: Canterbury Water Management Strategy

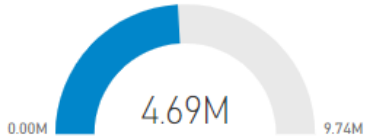
Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

Reporting Period

7/1/2018 | 1/31/2019

Biodiversity and Biosecurity

YTD Actual Expenditure vs Full Year Budget



48.21%

YTD Actual/Full Year Budget %

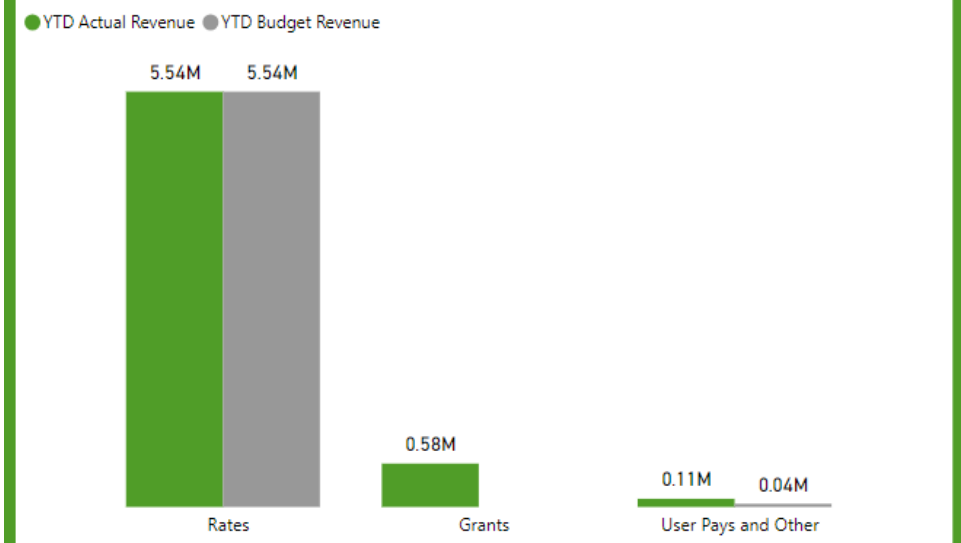
	Revenue	Expenditure	Surplus/Deficit
Actuals	6.23	4.69	1.54
Budget	5.59	5.57	0.01
Variance	0.65	-0.88	1.53
%Variance	11.57%	-15.81%	

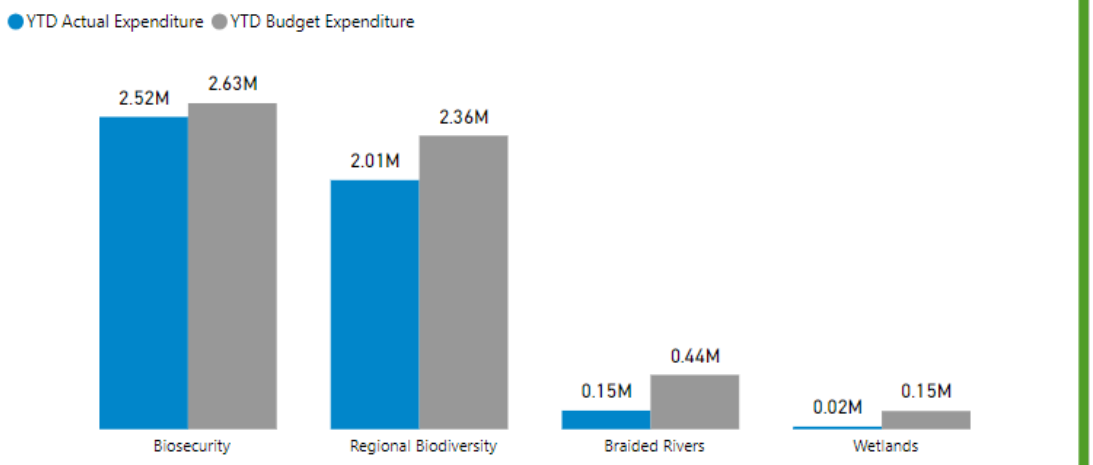
Revenue

Unbudgeted funding was received from the Ministry for Primary Industries related to work on the Regional Wilding Conifer Project.

Expenditure

Expenditure is under budget due to the seasonal nature of much of the work, new programmes in the planning phase and invoices not yet submitted. Biosecurity work is always subject to seasonal implementation and expenditure. The new Braided Rivers and Wetlands Programmes were delayed in the first part of the year but are now in the latter stages of development and expenditure will increase as work programmes are implemented. It is anticipated that budgets will be utilised by year end.





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Reporting Period

7/1/2018 | 1/31/2019

Freshwater Management

Levels Of Service Targets

Achieved	On Track	Not On Track	Won't Achieve
0	12	1	0

Status : Levels Of Service Targets

Achieved | May not be achi... | Not Monitored | On track to be ... | Will not be ...

8% | 92%

Level of Service

6

Measures

10

Targets

13

Not Measured This Year

0

Comment On Service Delivery

All Zone and Regional Committee Annual Reports have drafted and will be finalised with Committees in the coming month. CWMS Fit for the Future project is on schedule. Progress on the Sub-Regional Planning projects is proceeding. Delays in commencing a cultural values assessment in Hurunui Waiau have resulted in a delay until early 2019 for notification. This delay may result in a level of service not being achieved. Waimakariri and OTOP ZIP Addendums were adopted in December 2018. Planning staff are now heavily involved in Plan Drafting with consultant support enlisted to assist with the Section 32 drafting, The Omnibus is proceeding according to the project schedule, with Section 32 development occurring alongside the Omnibus Plan Change development. The consent review in Ashburton is progressing.
Surface water monitoring remains busy with extra work to reinstate and fix and re-gauge damaged sites from flooding continuing over summer, while also delivering the contact recreation programme. Water Use Data activity is also busy during the irrigation season with additional effort on management of alerts of overuse. Ground water monitoring remains on track.
In Zone Delivery, 141 projects are being progressed and project tracking through INZONE is beginning to add colour to reporting. Zone Delivery advice and support regarding plan implementation and GMP (consent to farm) across zones (with a current focus on Ashburton) continues to be in high demand. Work is increasing in advice to farmers on Farm Environment Plans (FEP) and consent applications. Audit programme is focused on updates to the Auditors Manual to reflect PC5.
Programmes focused on Te Waihora Restoration and Supporting Environmental Infrastructure are generally on track.

Emerging Issues

No emerging issues

Watchlist

The following target was not achieved in 2017/18:
Orari-Temuka-Opihi-Pareora and Waimakariri ZIPA scheduled for Year 3 LTP (2017/18).

Acronyms / Additional Notes / Metrics

CWMS: Canterbury Water Management Strategy
FEP: Farm Environment Plan
GMP - Good Management Practice
OTOP - Orari Temuka Opihi Pareora water zone

ZIP - Zone Implementation Programme Plan
ZIPA - Zone Implementation Plan Addendum

Environment Canterbury Regional Council
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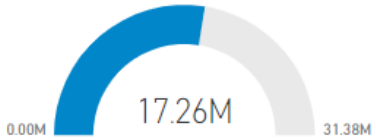
7/1/2018 | 1/31/2019

Freshwater Management

YTD Actual Expenditure vs Full Year Budget



55.00%

YTD Actual/Full Year Budget %

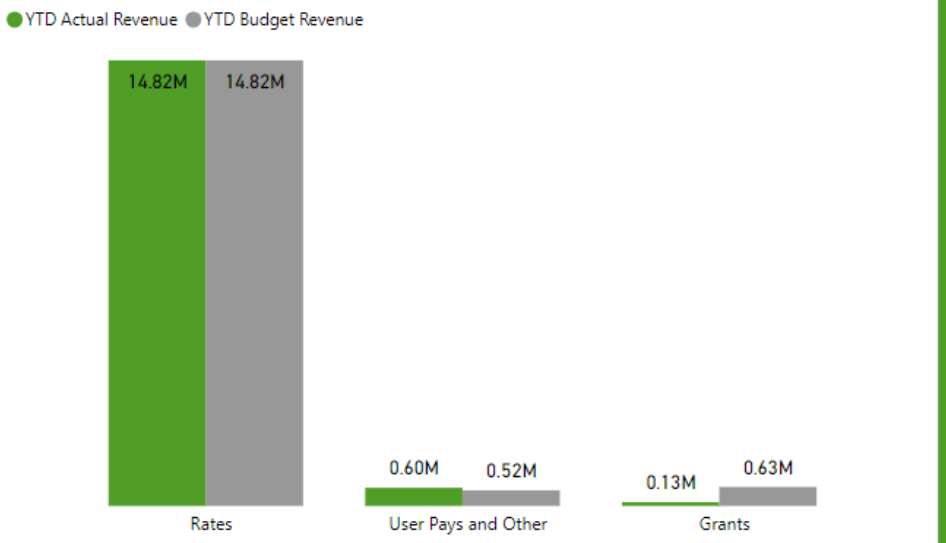
	Revenue	Expenditure	Surplus/Deficit
Actuals	15.55	17.26	-1.71
Budget	15.97	16.56	-0.59
Variance	-0.42	0.70	-1.12
%Variance	-2.62%	4.21%	

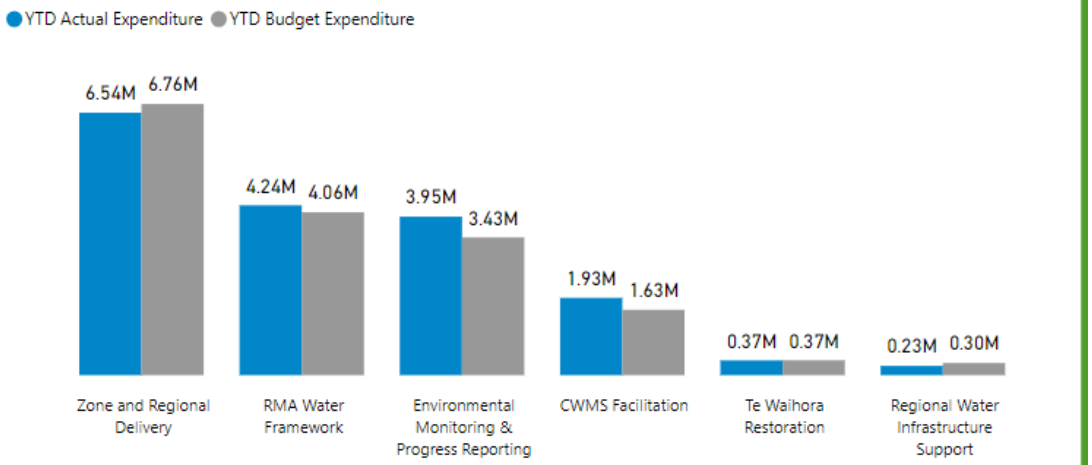
Revenue

Revenue is with budget. A variance in 'grants' has occurred due to the timing the receipt of a range of Ministry for the Environment grants including for projects related to: Wainono- Te Mana o Te Wai; Environmental Infrastructure - Selwyn Waihora; and Whakaora Te Ahuriri/Ahuriri Lagoon Restoration Project which has already been identified. Grant funding will be received within the financial year.

Expenditure

A variance in expenditure is occurring across three Programme areas as a result of: additional planning and science input and community consultation for the OTOP and Waimakariri sub-regional processes (RMA Water Framework and Environmental Monitoring and Progress Reporting); Additional effort to reinstate and fix sites damaged from flooding and Kaikoura's 2016 Earthquake (Environmental Monitoring and Progress Reporting); additional capacity needed to support the CWMS Fit for the Future Project (analysis and engagement) (CWMS Facilitation).





Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

Reporting Period

7/1/2018 | 1/31/2019

Level of Service

13

Measures

20

Targets

20

Not Measured This Year

0

Hazards, Risk and Resilience

Levels Of Service Targets

Achieved	On Track	Not On Track	Won't Achieve
0	20	0	0

Status : Levels Of Service Targets

Achieved | May not be achi... | Not Monitored | On track to be ... | Will not be ...

100%

Comment On Service Delivery

The Waimakariri Flood Protection Project is on track for completion in May 2019 and we are planning a celebration event to mark the end of this significant project with residents and our partners. The Ashley River secondary stopbank system was completed in December with the "Closing the Gaps" capital project, and this system will provide significant benefit to Rangiora and the wider Waimakariri district. The Flood Protection & Drainage Bylaw amendments became operative on 16 January 2019. In the natural hazards space, we are receiving more requests for flood and coastal hazard and planning advice than past years. This activity shows our partners and communities are aware of our advice service and using it to support their decision-making. We have in particular been supporting Waimakariri, Selwyn, Timaru and Waimate districts with natural and coastal hazard science and planning advice to support their district planning and consenting responsibilities. In Navigation and Recreational Boating Safety, the Naval Point Automatic Identification System (AIS)/VHF site is now fully built and operational which will give us more information on ship movements in the Lyttelton Harbour/Whakaraupo.

Watchlist

All targets were achieved in 2017/18.

Acronyms / Additional Notes / Metrics

Emerging Issues

No emerging issues.

Environment Canterbury Regional Council
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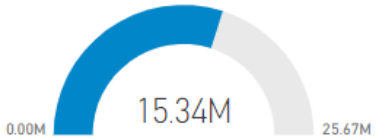
Hazards, Risk and Resilience

YTD Actual Expenditure vs Full Year Budget



59.75%

YTD Actual/Full Year Budget %

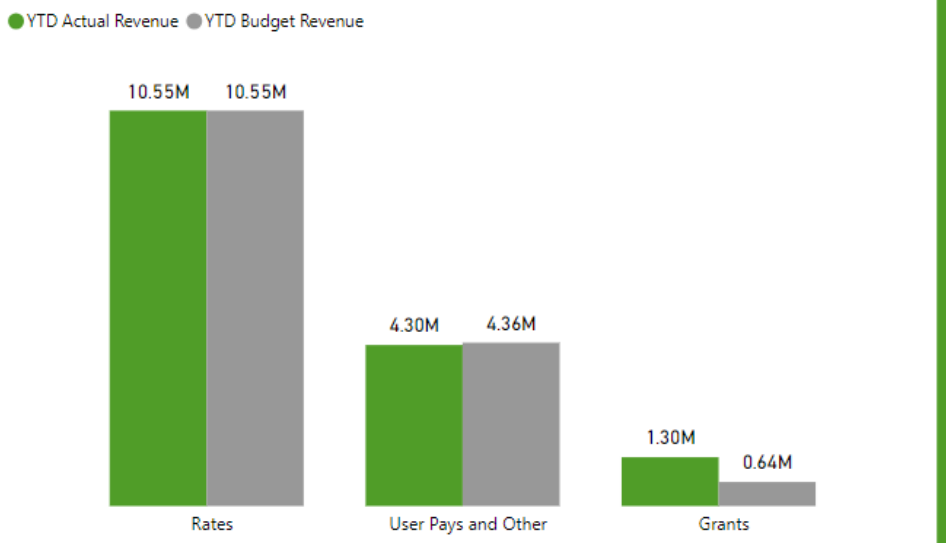
	Revenue	Expenditure	Surplus/Deficit
Actuals	16.15	15.34	0.82
Budget	15.55	14.79	0.76
Variance	0.60	0.54	0.05
%Variance	3.85%	3.68%	

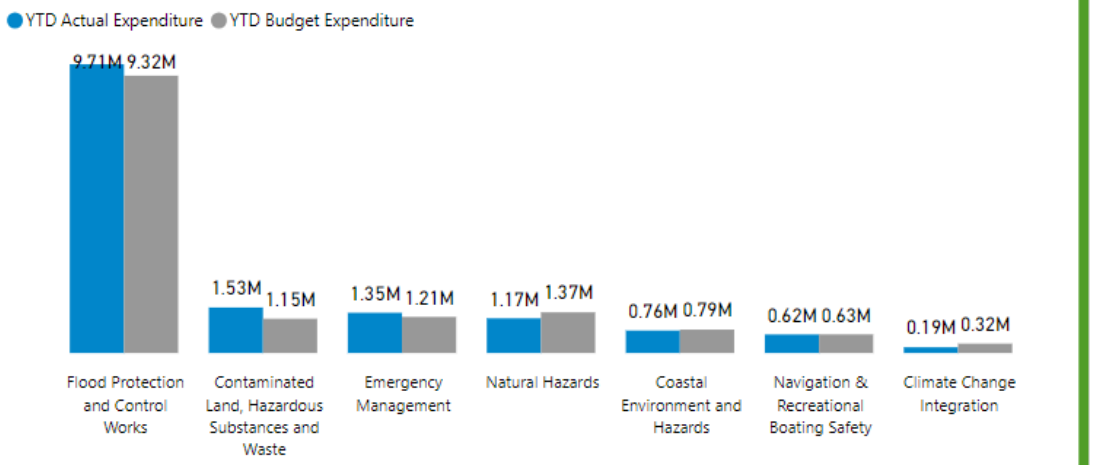
Revenue

Contaminated Land, Hazardous Substances and Waste income is significantly higher than budged due to funding for the Hurunui-Kaikoura Earthquake Project. Other additional funds recieved above budget include the Lower Waitaki grant of circa $86,000 and CDEM of circa $80,000. All offset by additional expenditure.

Expenditure

In Flood Protection & Control Works the overspend will remain at YE and is due to completing capital work earlier than scheduled due to responding to flood damage in central Canterbury, especially in the Selwyn-Waikirikiri catchment. Works were agreed with the responsible Liaison Committees. In Contaminated Land, Hazardous Substances and Waste the overspend is due to the Hurunui-Kaikoura Earthquake Project which is funded by grants from central government.





Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

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Regional Leadership

Levels Of Service Targets

Achieved	On Track	Not On Track	Won't Achieve
1	15	0	0

Status : Levels Of Service Targets

Achieved | May not be achi... | Not Monitored | On track to be ... | Will not be ...

6% 94%

Level of Service

8

Measures

14

Targets

16

Not Measured This Year

0

Comment On Service Delivery

The 2019/20 Annual Plan will move to the consultation/engagement phase in February. LAWA Can I Swim Here? environmental reporting is ongoing, and surface and groundwater science staff continue to work on environmental reporting for CWMS zones. Their focus remains on developing ways to regularly report on water quality and quantity in relation to Canterbury Land & Water Regional Plan targets and limits. The Tuia team have continued to provide support for progressing the Environment Canterbury (Ngai Tahu) Bill, for the Mackenzie Basin Alignment project, and to provide staff development opportunities. Regional Relationships work to provide strategic policy advice to Council and provide secretariat support to regional forums continues to be provided as planned and CREDS workstreams continue to be progressed and are on track. Customer services are on track and progressing well. Programme management has been working on strategic management plans for each of the six portfolio areas of Council activity.

Emerging Issues

No emerging issues

Watchlist

The following targets were not achieved in 2017/18:

Target dates for statutory plan public notification are met.
A reduction in the number of resource consent applications where further information is required (s92 requests) is achieved through pre-application meetings.
A median of 24 days or less of total elapsed time is achieved.

Acronyms / Additional Notes / Metrics

CWMS: Canterbury Water Management Strategy
LAWA: Land Air Water Aotearoa
MBIE: Ministry of Business, Innovation and Employment
CREDS: Canterbury Regional Economic Development Strategy

Environment Canterbury Regional Council
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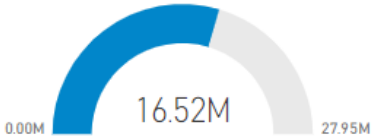
Regional Leadership

YTD Actual Expenditure vs Full Year Budget



59.09%

YTD Actual/Full Year Budget %

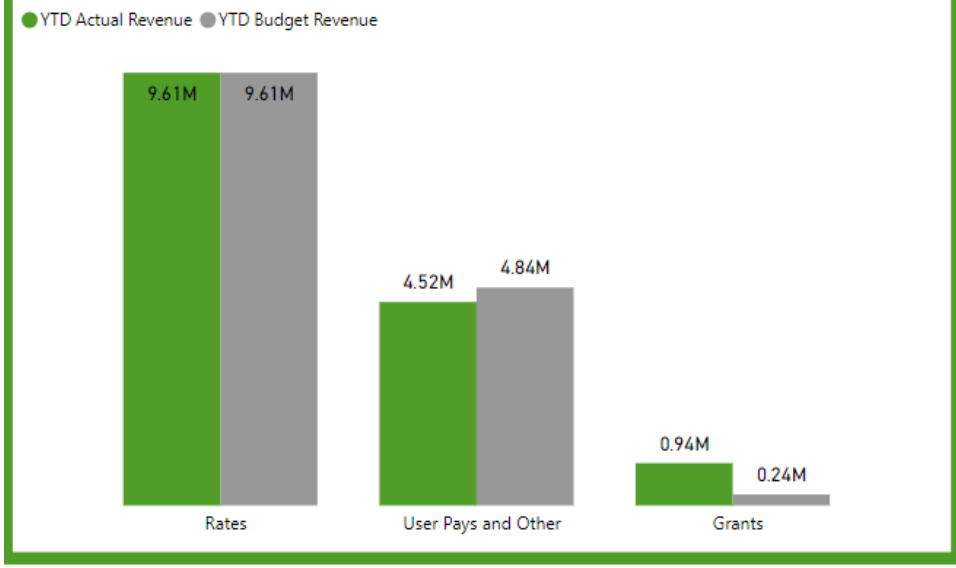
	Revenue	Expenditure	Surplus/Deficit
Actuals	15.07	16.52	-1.45
Budget	14.69	15.97	-1.28
Variance	0.37	0.54	-0.17
%Variance	2.54%	3.40%	

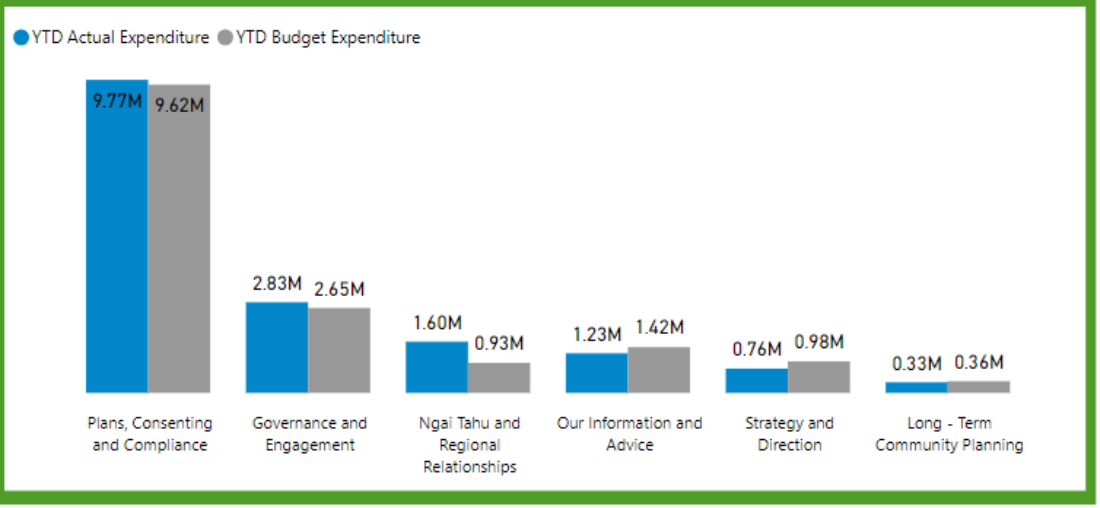
Revenue

Additional revenue has been received from MBIE for CREDS projects and from Regenerate for a staff member who has been seconded to them. This is expected to balance out with expenditure over the course of the year as CREDS projects are delivered and additional costs incurred in seconding a person to replace the staff member with Regenerate.

Expenditure

In compliance, new initiatives such as on-the-spot infringements, quarry dust monitoring and management, and odour management will result in a budget overspend for the year. Legal costs in both consents and compliance/enforcement, including for pursuing prosecutions, have been higher than anticipated. There will be increased scrutiny of legal matters in the second half of the year to reduce expenditure. Cost recovery functions are performing well with income $98k higher than expenditure. For Ngai Tahu Relationships there is some additional expenditure reflecting the costs of replacing a staff member who has been seconded to Regenerate. This is offset by additional revenue received from Regenerate. In Regional Relationships there is also additional expenditure associated with CREDS projects. This is covered by additional MBIE funding received. In Strategy & Direction expenditure is lower than expected as it has been agreed to reduce spending on special projects as part of cost savings for this financial year.





Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

Reporting Period

7/1/2018 | 1/31/2019

Transport and Urban Development

Levels Of Service Targets

Achieved	On Track	Not On Track	Won't Achieve
0	9	0	1

Status : Levels Of Service Targets

Achieved | May not be achi... | Not Monitored | On track to be ... | Will not be ...

90% | 10%

Level of Service

4

Measures

9

Targets

10

Not Measured This Year

0

Comment On Service Delivery

We are working with central government to take up opportunities for enhanced funding of transport projects by Environment Canterbury and other Canterbury councils, to support progress toward regional transport priority outcomes. We have received the near-final freight mode shift report from Stantec, which represents significant progress toward the acheivement of the corresponding level of service for regional transport. We have also progressed work on transport resilience, provided input into the development of the national road safety strrategy, and commenced the first phase of road safety work to improve outcomes in Canterbury. Year to date patronage sits at 1.9% above the same period last year. January recorded growth of 3.2% maintaining the overall positive trend. The Orbiter route change due to the Northern Corridor project impact at Philpotts Rd and the University closure of Homestead Lane was successfully delivered with no operational disruptions. The Leeston and Darfield service trials have commenced and we will be closely monitoring these over the coming months. Hearings for the draft Our Space 2018-2048 document, which has been collaboratively prepared by the Greater Christchurch Partnership, is scheduled for late February/early March. Delays to this project means it was not possible to insert housing targets into the CRPS by December 2018 (see Level of Service Target 25.2a of the LTP).

Emerging Issues

The retrospective application of indexing will continue to impact on PT, however we may see potential improvements in the Q3 or Q4 period. Nevertheless, the increased indexing to date has resulted in an over budget situation which will carry through the year.

Watchlist

All targets were achieved in 2017/18.

Acronyms / Additional Notes / Metrics

GCPC: Greater Christchurch Partnership Committee
HBDCA: Housing and Business Development Capacity Assessment
NPS-UDC: National Policy Statement on Urban Development Capacity
RLTP: Regional Land Transport Plan
RPTP: Regional Public Transport
PlanRTC: Regional Transport Committee

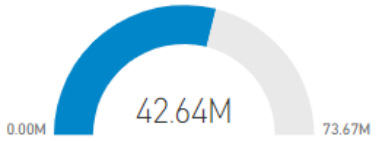
Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

Reporting Period

7/1/2018 | 1/31/2019

Transport and Urban Development

YTD Actual Expenditure vs Full Year Budget



57.88%

YTD Actual/Full Year Budget %

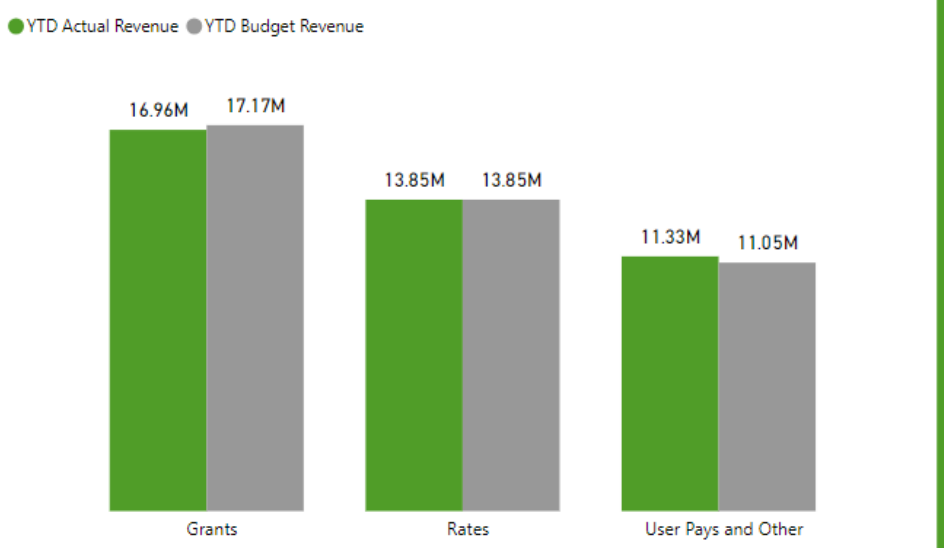
	Revenue	Expenditure	Surplus/Deficit
Actuals	42.14	42.64	-0.51
Budget	42.07	42.30	-0.23
Variance	0.07	0.34	-0.27
%Variance	0.16%	0.81%	

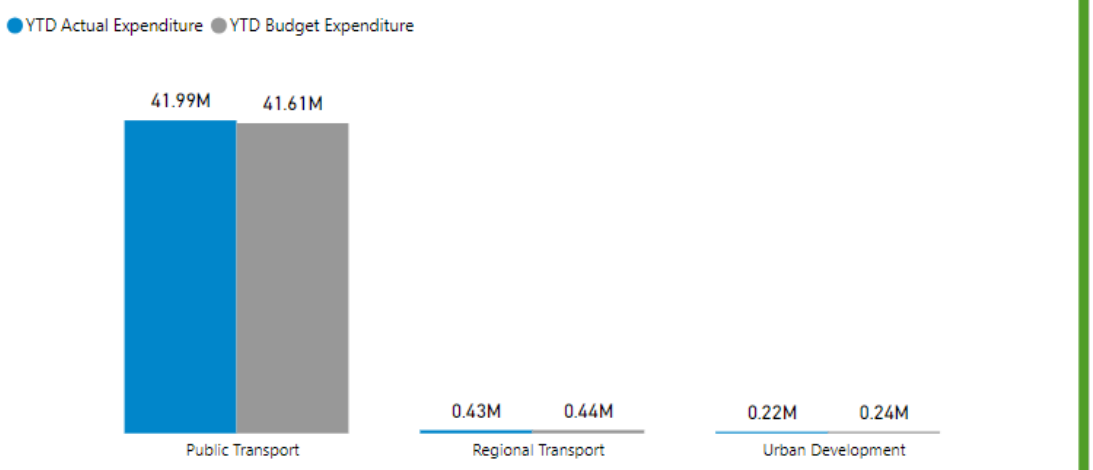
Revenue

Revenue is within budget year to date, with increases from Fares balanced against lower grants due to timing of expenditure in the IT Systems and CCC PT Infrastructure area.

Expenditure

The Transport & Urban Development Portfolio is currently $343k over budget primarily due to Public Transport which is $378k over budget year to date, reflecting high indexing costs and Total Mobility usage. Other cost areas such as IT systems and marketing are being managed below budget to assist in offsetting the imact of indexing.





ALL PORTFOLIO LEVELS OF SERVICE

Operational Performance Report

31 January 2019

Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

Freshwater Management				
LOS 1: In partnership with the Canterbury region's district and city councils and Ngai Tahu, facilitate the CWMS zone and regional committees to provide ongoing and improved community input to water management decisions.				
1.1	Facilitating opportunities for community engagement to progress delivery towards the ten target areas in all Catchment Zones.	1.1	At least 100 community Zone and Regional opportunities for engagement per year are held and will be reported yearly for each Zone and made available on our website.	On track to be achieved
LOS 2: Gather and make available information on water quantity, water quality, ecosystem health, soils, and progress towards the CWMS target.				
2.1	We collect and report on the following relevant detailed data including: rainfall, river flows, river/stream water quality, lake water quality, marine water quality, estuary water quality, ecosystem health, groundwater levels, groundwater quality, land, Matauranga Maori (joint programme from year 2), recreational swimming, water use.	2.1	Collection and reporting of the data is described in the detailed table below. This table includes: number of sites, frequency of measure, availability of information.	On track to be achieved
2.2	A two yearly report is provided on the CWMS target areas. Data and narrative will be included in the report commenting on progress towards these targets.	2.2	A report is produced every two years; next report will be for the year ended 30 June 2019.	On track to be achieved
LOS 3: In partnership with other parties, implement the recommendations in the zone implementation and regional programmes.				
3.1	Work is undertaken according to annual work programmes that have been agreed by Zone and Regional Committees.	3.1	Publish an annual report with the Zone and regional Committees and publish an on the annual progress report towards the ten CWMS targets which will be made available on our website.	On track to be achieved
3.2	Agree joint work programmes in partnership with other parties to implement the recommendations in the zone implementation and regional programmes.	3.2a	An agreed annual work programme is in place with Canterbury District Health Boards, Irrigation New Zealand, the Canterbury dairy industry, Fish & Game (North Canterbury and Central South Island).	On track to be achieved
		3.2b	Publish two reports per year on the progress towards implementation of the joint work programmes which will be made available on our website.	On track to be achieved
3.3	Annual report on progress on the implementation of Good Management Practice across primary industries.	3.3	Publish annual report on the level of adoption of Good Management Practice (including guidelines regarding appropriate nutrient limits) to set good nutrient limits which will be made available on our website.	On track to be achieved
LOS 4: Work with the zone committees to lead a community process to collaboratively establish environmental limits for water quality and water quantity in Canterbury.				
4.1	A schedule of RMA plans or variations is notified that reflects the community recommendations for environmental limits.	4.1a	Orari-Temuka-Opihi-Pareora - 2018/19.	On track to be achieved
		4.1b	Hurunui- Waiau-2018/19.	May not be achieved
		4.1c	Waimakariri - 2018/19.	On track to be achieved
LOS 5: Facilitate an integrated approach to development of water infrastructure in Canterbury that delivers on all the CWMS targets.				
5.1	An annual work programme that supports the integrated approach to irrigation development in the region, is agreed with the CWMS Regional Committee.	5.1	Publish quarterly progress report on the regional infrastructure work programme which will be made available on our website.	On track to be achieved
LOS 6: Environment Canterbury will work in partnership to implement a joint programme to progress the vision to restore and rejuvenate the mauri and ecosystem health of Te Waihora (Lake Ellesmere) and its catchment.				
6.1	Deliver on joint work programme progress towards restoration actions for Te Waihora and its catchment.	6.1	An annual progress report on the agreed Whakaora Te Waihora annual work programme which will be made available on our website.	On track to be achieved
6.2	Deliver the Whakaora Te Ahuriri wetland restoration project.	6.2	An annual progress report on the agreed Whakaora Te Ahuriri work programme which will be made available on our website.	On track to be achieved

Biodiversity and Biosecurity

LOS 7: Environment Canterbury works with Ngai Tahu, communities, territorial authorities, Department of Conservation, willing land owners and other recreational, environmental and industry parties to protect and restore Canterbury's indigenous biodiversity.				
7.1	We collect relevant data to support effective decision-making for biodiversity outcomes.	7.1a	A regional prioritisation process is completed by 30 June 2019.	On track to be achieved
7.2	Technical or other support is provided to Territorial Authorities to give effect to biodiversity policy and strategies.	7.2	Where Environment Canterbury has provided support to a territorial authority, the quality and relevance of that support is measured and reported through an annual survey of the territorial authorities.	On track to be achieved
7.3	Work with partners on on-the-ground projects to protect and restore indigenous biodiversity.	7.3	Publish an annual report on the effectiveness of projects contributing to protecting and restoring Canterbury's indigenous biodiversity which will be available on the website.	On track to be achieved
LOS 8: Environment Canterbury administers and implements a Regional Pest Management Plan and provides incursion response and pathway management to prevent the establishment and spread of pests in the region to support economic production, biodiversity and mahinga kai.				
8.1	Implementation of a Regional Pest Management Plan that meets the requirements of the Biosecurity Act 1993 and the National Policy Direction for Pest Management.	8.1	Publish an annual report on progress towards the objectives in the RPMP which will be available on the website.	On track to be achieved
8.2	Development and implementation of pathway management initiatives.	8.2	Work with others to develop and document pathway management initiatives indicating timeframes and milestones and publish annually on the website.	On track to be achieved
8.3	Maintain effective incursion response capability.	8.3	Response capability as agreed under the National Biosecurity Capability Network will be available.	On track to be achieved
LOS 9: Environment Canterbury works in partnership with other management agencies, Ngai Tahu, willing landowners and local communities to maintain the natural character and mahinga kai of Canterbury's braided rivers.				
9.2	Environment Canterbury land is managed in a way that maintains the natural character of braided rivers.	9.2	Lead the Braided River Action Group (BRAG) project to establish the ownership of land within and on the margins of the large alpine-fed braided rivers by 30 June 2019.	Will not be achieved
LOS 10: Environment Canterbury works in partnership with Ngai Tahu, willing landowners and local communities to support the maintenance of biodiversity and maghinga kai, in Canterbury's wetlands.				
10.1	Work with willing landowners on protection and maintenance of natural wetlands.	10.1	At least five new wetland action plans are developed annually with willing landowners.	On track to be achieved

Hazards, Risk and Resilience

LOS 11: Delivering information and advice to communities and decision makers about natural hazards.				
11.1	To provide transparency all peer-reviewed technical reports will be available on Environment Canterbury website.	11.1	Peer-reviewed technical reports and advice tabled at Council meetings are available on our website three days before the meeting date.	On track to be achieved
LOS 12: Providing flood alerts and warnings when agreed trigger levels are exceeded.				
12.1	Agreed trigger levels determine when flood alerts and warnings are required.	12.1	All flood warning events that exceed trigger levels are notified on Environment Canterbury's website when notified.	On track to be achieved
12.2	Flood warning procedures will be reviewed after each significant flood event to continuously improve responses.	12.2	Procedural review undertaken within 6 months of each significant flood event.	On track to be achieved
LOS 13: Enabling safe navigation for ships and other commercial vessels in ports, harbours and coastal areas.				
13.1	Risk assessment regime and Safety Management System consistent with the New Zealand Port and Harbour Marine Safety Code.	13.1	External review of the Safety Management System is undertaken when required by the Port & Harbour Safety Code working group.	On track to be achieved
13.2	Level of customer focus, quality management and continual improvement in the safety management system, compliant with ISO 9001: 2015 certification.	13.2	ISO 9001:2015 certification is maintained.	On track to be achieved
13.3	Availability of operational and emergency response function, and qualified, experienced and independent harbourmaster.	13.3	Advice and information from a harbourmaster is available to shipping operators, port companies and emergency response organisations during working hours weekdays and on-call 24 hours / 365 days per year.	On track to be achieved
LOS 14: Enabling safe navigation for recreational vessel users of the coast, harbours and inland waterways.				
14.1	Communities, user groups and organisations receive guidance on the safe navigation of vessels within the region.	14.1	A Navigation Safety Officer is available to provide advice and information to the community during working hours weekdays and on-call 24 hours / 365 days per year for complaints and emergency issues.	On track to be achieved
LOS 15: Flood protection and drainage infrastructure is maintained to agreed levels of service defined in Asset Management Plans and in consultation with rating district committees.				
15.1	Construction and maintenance of flood and drainage infrastructure will be completed in accordance with Asset Management Plans.	15.1	Consult annually with rating district committees to agree budgets and capital expenditure programmes that will be recommended to Council.	On track to be achieved
15.2	Mana whenua values are recognised in Annual Work Programmes.	15.2	Environment Canterbury's Annual Work Programmes for flood protection and drainage infrastructure are informed by annual engagement with mana whenua.	On track to be achieved

LOS 16: Environment Canterbury 30-year Infrastructure Strategy outlines a schedule of river and drainage schemes to be reviewed in order to deliver community outcomes.				
16.1	Scheme reviews are carried out in the priority order set out in the LTP.(starting page 95).	16.1	All scheme reviews undertaken as per table.	On track to be achieved
16.2	All completed scheme reviews resulting in 'small' works commence within two years after review, 'medium' two-to-four years after review, and 'large' two-to-ten years after review.	16.2	100% of the time.	On track to be achieved
LOS 17: The extraction of the fluvial gravel resource is sustainably managed for flood and erosion control purposes while protecting and where possible enhancing cultural and environmental values.				
17.1	Percentage of permissions for gravel extraction are assessed for availability of gravel at the time of application.	17.1	100% of the applications.	On track to be achieved
LOS 18: Maintain and continue to develop Regional Parks and 3,000 ha of pine forest, to deliver a mix of services including biodiversity, recreation, protection of rating district assets and revenue.				
18.1	Maintain and develop regional parks in accordance with Park Management Plans.	18.1a	2018/19 Commence development and open the Willows section of the Waimakariri River Regional Park.	On track to be achieved
LOS 19: Provide information on coastal hazards so our communities and partners can make informed decisions.				
19.1	Work in partnership with NIWA to collect coastal data.	19.1	Produce annual survey of coastal profile monitoring sites, and collect and report on wave and sea level data on our website.	On track to be achieved
LOS 20: Monitor coastal water quality and ecosystem health.				
20.1	Collect data and report on recreational swimming monitoring sites and ecosystem health.	20.1	Produce report on recreational swimming monitoring sites during summer months, and on ecosystem health annually.	On track to be achieved
20.2	Maintain a regional marine oil spill response capability.	20.2	Response plan and capability, as approved by Maritime NZ, will be available 24 hours / 365 days a year.	On track to be achieved
LOS 21: Active partnership of the Canterbury Civil Defence Emergency Management Group and provides for the support, information, and administration needs of the group office and Emergency Coordination Centre.				
21.1	Compliance with meeting the Service Level Agreement between the CDEM Group and Environment Canterbury.	21.1	Full compliance with agreement, including providing 55 suitably trained staff.	On track to be achieved
LOS 22: Identify and monitor contaminated land.				
22.1	Annual project to identify potentially high risk contaminated sites in a Canterbury district, in partnership with the Territorial Authority and local Runanga.	22.1a	Year one: Completion of one district.	On track to be achieved
LOS 23: Support our communities to become more risk literate and resilient to climate change.				
23.1	Number of climate change-related information and education activities delivered by Environment Canterbury each year.	23.1	Year 1: Promote activities via website; report total number; and set targets for years 2 and 3.	On track to be achieved
23.2	Develop a process to ensure that climate change is robustly factored in to relevant Council decisions across portfolios.	23.2	Year 1: Process is documented and put into place.	On track to be achieved
Transport and Urban Development				
LOS 24: Facilitate and support prioritised investment in Canterbury's transport network by local and central government.				
24.2	The Regional Land Transport Plan 2018-2028 is monitored to allow the Regional Transport Committee to assess implementation of the plan.	24.2	Quarterly reporting to Regional Transport Committee to track progress against the regional transport indicators set out in the Regional Land Transport Plan 2018-28.	On track to be achieved
24.3	The opportunities for, and barriers to, freight mode shift optimisation are identified so they can be used to inform future regional transport planning and investment decisions.	24.3	A report which outlines the opportunity for shifting road freight to rail or coastal shipping, is submitted to Regional Transport Committee prior to finalising the Regional Land Transport Plan 2021-2031.	On track to be achieved
LOS 25: Integrate land use, transport and hazards planning into the identification of land to provide for residential and business growth.				
25.1	Monitoring required by the National Policy Statement on Urban Development Capacity provides information on urban development indicators for Greater Christchurch.	25.1	Quarterly indicator reports are produced and published on the Greater Christchurch Partnership website each quarter, beginning September 2018.	On track to be achieved
25.2	The Canterbury Regional Policy Statement responds to the requirements of the National Policy Statement on Urban Development Capacity, including setting minimum targets for development capacity in Greater Christchurch.	25.2a	The Canterbury Regional Policy Statement is amended to include targets by December 2018, informed by an urban development capacity assessment that is undertaken in accordance with the National Policy Statement on Urban Development Capacity.	Will not be achieved
		25.2b	The Canterbury Regional Policy Statement is amended, if required, every three years thereafter to respond to further assessments required by the National Policy Statement on Urban Development Capacity.	On track to be achieved
LOS 26: Assist strategic partners in the development, amendment or implementation of regeneration plans in line with the Greater Christchurch Regeneration Act 2016.				
26.1	Regeneration plans meet the requirements of the Canterbury Regional Policy Statement and other relevant regional plans, including avoiding or mitigating natural and other hazards.	26.1	Environment Canterbury provides submission of views to proponents on whether proposals meet the requirements of the Canterbury Regional Policy Statement and other relevant regional plans.	On track to be achieved
26.2	The Canterbury Regional Policy Statement and other relevant regional plans are amended, as required, to enable a regeneration plan.	26.2	The Canterbury Regional Policy Statement and other relevant regional plans are changed to align with ministerial direction(s).	On track to be achieved

LOS 27: Deliver quality, cost effective public transport service that meets the needs of the community and results in increased patronage.				
27.1	Provide quality public transport services for customers.	27.1	95% of passengers are satisfied or better with the overall service.	On track to be achieved
27.5	Provide Total Mobility scheme for transport disadvantaged people.	27.5	95% of registered customers are satisfied or better with the service they receive when they engage with a Total Mobility provider.	On track to be achieved
27.6	Number of communities who receive support from Environment Canterbury to establish Community Vehicle Trusts where conventional public transport services are not feasible.	27.6	100% of all communities who approach Environment Canterbury regarding vehicle trusts and meet relevant criteria are offered support.	On track to be achieved
Air Quality				
LOS 28: Our airshed monitoring and investigations inform our work programmes.				
28.1	Air quality is monitored in gazetted airsheds and reported regularly.	28.1	Airshed monitoring and reporting is completed to the National Environmental Standard for Air Quality requirements.	On track to be achieved
28.2	Air quality investigations are undertaken to provide further information on air quality.	28.2	Environment Canterbury has the information it needs to inform work programmes.	On track to be achieved
LOS 29: In Clean Air Zones, where home heating is the biggest contributor to winter air pollution, we work with groups, agencies, homeowners and the wood burner industry to reduce PM10 emissions from home heating.				
29.1	Better burning information is made available and accessed.	29.1	Website visit numbers are included in our annual report. Smoky chimney intervention material includes better burning information.	On track to be achieved
29.2	Assistance is available for households to upgrade their home heating.	29.2	Numbers of households receiving assistance is included in the annual report (subsidies are only years 1, 2 & 3, but Healthier Homes Canterbury Loan Scheme will run over 10 years, if approved).	On track to be achieved
29.3	The wood burner manufacturing/supply industry is encouraged to continue to develop cleaner burning technology and relevant information is accessible to the public.	29.3	Environment Canterbury's wood burner authorisation process is clear, up to date, and available on the website. Details of authorised burners are published on the website for our customers and local authorities to view.	On track to be achieved
Regional Leadership				
LOS 31: Our citizens are engaged and enabled to play an active part in shaping our region's future.				
31.1	Community understanding of the work of Environment Canterbury as well as related regional issues is increased.	31.1a	Conduct a benchmarking exercise to gauge the level of community understanding and report back to Council (2018/19).	On track to be achieved
31.2	A wide cross-section of the community's views will be heard by Council.	31.2a	Analyse demographic data and identify which sectors of the community are not well represented in engagement with Council (2018/19).	On track to be achieved
LOS 32: Environment Canterbury has clearly articulated a strategic direction and priorities for the organisation.				
32.2	Percentage of Levels of Service targets achieved across all portfolios.	32.2	At least 95% or more of the Levels of Service targets included in the 2018-28 LTP achieved each year.	On track to be achieved
LOS 33: Environment Canterbury's work and regional leadership is grounded in enduring relationships and collaborative agreements.				
33.1	Environment Canterbury - Ngai Tahu governance and working group forums are held regularly to advance an agreed Tuia work programme.	33.1	Governance meetings are held quarterly, and working group forums are held every two-months. Work plans are in place and reviewed annually.	On track to be achieved
33.2	Protocols, including Te Waihora co-governance protocols, are established.	33.2	Two Tuia Operational Protocols are in place (2018/19), with others in development.	On track to be achieved
33.3	Relationships with key stakeholders are managed and maintained to achieve strategic objectives/community outcomes.	33.3a	Systems for stakeholder relationship management are reviewed and key relationships mapped (2018/19).	On track to be achieved
33.4	Regional forums are supported by Environment Canterbury and enabled to achieve their agreed objectives.	33.4	Environment Canterbury provides secretariat support for the five regional forums.	On track to be achieved
LOS 34: Our Long-Term Plan, Annual Plans and Annual Reports provide evidence of sound business planning.				
34.1	Our Long-Term Plan, Annual Plans and Annual Reports are completed within statutory time frames.	34.1a	All Local Government Act statutory planning requirements and financial reporting standards are met.	On track to be achieved
		34.1b	Unmodified independent audit report for Long-Term Plan, including any significant changes in subsequent years, and Annual Reports.	Achieved
LOS 35: Environment Canterbury works collaboratively with the region's district and city councils in the review of their district plans.				
35.1	District and City plans are supported by Environment Canterbury so that these plans give effect to regional policies.	35.1	Planning support is provided by Environment Canterbury for each of the ten Canterbury Territorial Authorities every year.	On track to be achieved
LOS 36: Environment Canterbury delivers customer-centric regulatory services to our community.				
36.1	Pre-application advice results in improved quality of resource consent applications lodged, thereby reducing the need to return applications as incomplete under s88 of the RMA.	36.1	For each year, for similar types of application, the proportion which require more information under s88 of the RMA is lower where pre-application advice has been provided.	On track to be achieved
36.2	Compliance monitoring work programmes are implemented to deliver on national, regional and zone priorities.	36.2	Publish an annual report of compliance monitoring, incident response and enforcement activity on our website.	On track to be achieved

LOS 37: Communities and decision-makers have easy access to relevant, timely, and accurate data and information.				
37.1	State of the Environment reporting information is updated and published throughout the year on four environmental domains: air, coastal, biodiversity/ecosystem health, and water.	37.1a	Data and information which report on the state of Canterbury's environment is accessible through the Environment Canterbury website Reporting Back section.	On track to be achieved
		37.1b	State of the Environment reporting is published in accordance with Ministry for the Environment frameworks.	On track to be achieved
37.2	Council has established a process for reporting matauranga Maori alongside state of the environment reporting.	37.2a	Agree tools and methodology with Papatipu Runanga and conduct pilot monitoring (2018/19).	On track to be achieved
LOS 38: The Environment Canterbury Customer Services team provide access to data, information and advice.				
38.1	Customer Service interactions provide the right information, first time to our customers.	38.1	95% or more of sampled customer service interactions, on average over each year, meet our service standards.	On track to be achieved
Civil Defence Emergency Management Group				
LOS 39: Meeting the objectives of the 2014 Canterbury CDEM Group Plan.				
39.1	The objectives of the current CDEM Group plan are met.	39.1	90% of objectives are met at any one time.	On track to be achieved
LOS 40: Providing a co-ordinated response capability to enable the community to respond effectively to emergencies.				
40.1	The CDEM Group is able to respond to emergencies.	40.1	100%	On track to be achieved
LOS 41: Providing facilities for co-ordinating emergency response and recovery work.				
41.1	The Group Emergency Co-ordination Centre (ECC), alternate ECC, and emergency communications network are available and maintained.	41.1	100%	On track to be achieved

5.3. Financial Health Report January 2019

Performance, Audit and Risk Committee (PARC) report

Date of meeting	Thursday 28 February 2019
Author	Tarsha Triplow, Team Leader Corporate Reporting
Endorsed by	Katherine Harbrow, CFO

Purpose

1. To report on the financial results for the period ended 31 January 2019.

Recommendations

That the Performance, Audit and Risk Committee:

1. **receives the monthly Financial Health report for the period ended 31 January 2019.**

Background

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

3. The financial results for the period ended 31 January 2019 have been prepared and are now presented to the Performance, Audit and Risk Committee for review.

Financial Performance

Surplus/Deficit

4. As at 31 January, we had an operating deficit of $1.44 million compared to a budgeted deficit of $1.61 million, a variance of $0.17 million.

5. The variance is a result of spending $1.1 million more than budget and receiving $1.28 million more revenue than budget.

Revenue

6. Rates revenue is in line with budget. User pays and other revenue is $0.6 million over budget mainly due to unbudgeted Canterbury Regional Economic Development Strategy (CREDS) revenue which is offset in goods and services expenditure.

Expenditure

7. Goods and services are under budget by $0.2 million.

8. Labour is $0.5 million under budget due to staff changes and vacancies.

Cashflow, Debtors and Debt

Treasury Performance

9. Total cash at bank (including investments) was $12.08 million as at 31 January 2019 and includes a balance on Metrocards of $2.65 million. Environment Canterbury's cash balance is therefore $9.44 million compared to a policy of $12.2 million.

10. Attached is the quarterly ECan Treasury Report the period ending December 2018. ECan continues to operate within the parameters of the Liability Management and Investment Policy and ECan's cost of borrowed funds continues to be the lowest for a Local Government entity in New Zealand, that Bancorp Treasury is aware of.

Debtors and Debt

11. Of our outstanding debtors of $4.4 million (excluding rates), $3.5 million relates to the current month. Our debtor balances exceeding 90 days is $0.3 million, our financial health report provides further details on steps taken to recover these outstanding balances.

Capital Expenditure

12. All capital works are 7.2% below budget for the year to date, this is due to the IT expenditure being under budget.

Reserves

13. Current year reserve balances will be reported at the completion of the annual report process; the year end rollover is not actioned until the audit is complete.

Attachments

1. FH BI Report Jan 19 **[5.3.1]**
2. Ecan Treasury report December 18 **[5.3.2]**

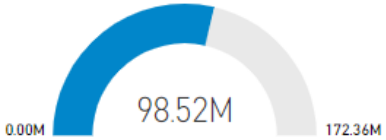
File reference	[SharePoint link for this paper]
Peer reviewers	Mark Smith, TL Business Partnership Tanya Clifford, Corporate Reporting Accountant / Internal Audit

Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

7/1/2018 | 1/31/2019

FINANCIAL HEALTH REPORT

YTD Actual Expenditure Tracking Against Full Year Budget



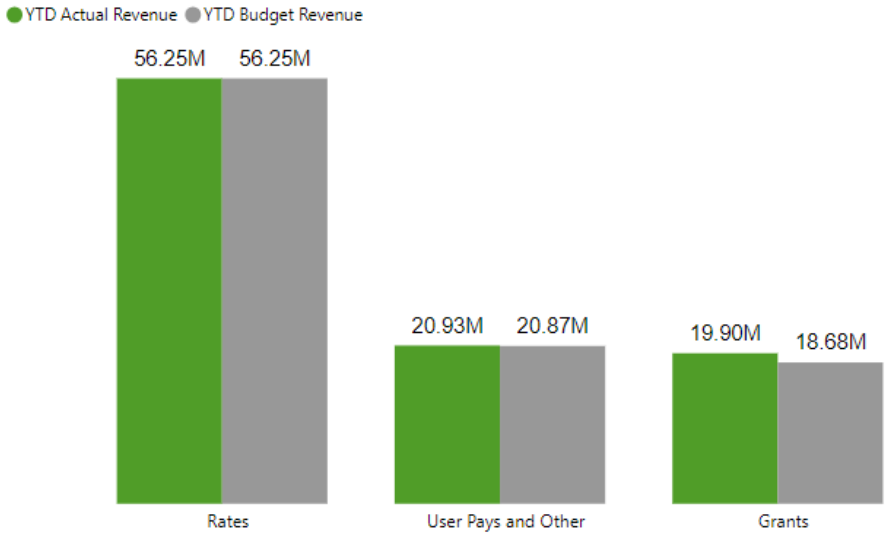
	Revenue	Expenditure	Surplus/Deficit
Actuals	97.08	98.52	-1.44
Budget	95.80	97.41	-1.61
Variance	1.28	1.11	0.17
%Variance	1.34%	1.14%	

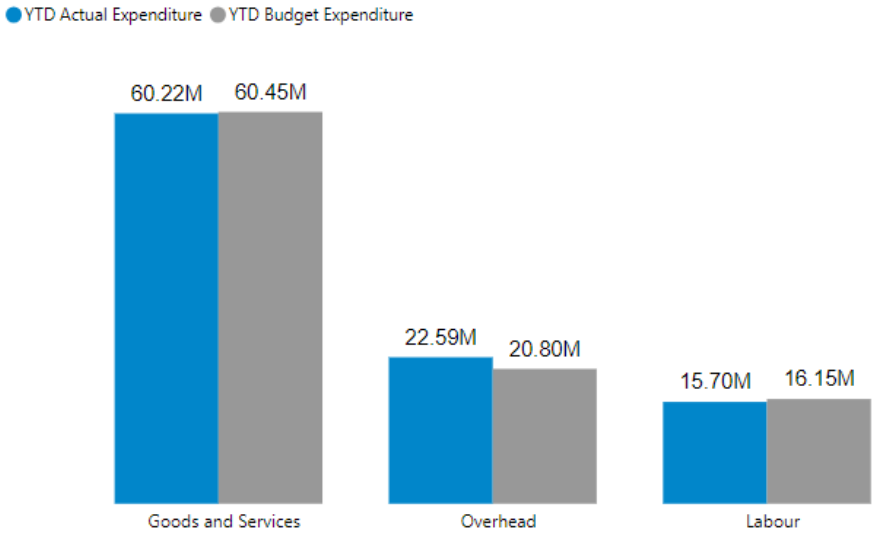
Revenue

Revenue is $1.3M, 1.3% over budget. This is due to grant revenue for CREDS and Biodiversity programmes. User Pays is over due to increased transport patronage and fares.

Expenditure

Expenditure is over budget by $1.1M, which is 1% of budget. All expenditure categories are over budget but the largest variance is in Overhead $1.8M (8.6%). Good & Services is slightly under budget $230k. All non essential expenditure is being reviewed to reduce the variance to budget.





Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

Cash and Bank

as at 1/31/2019

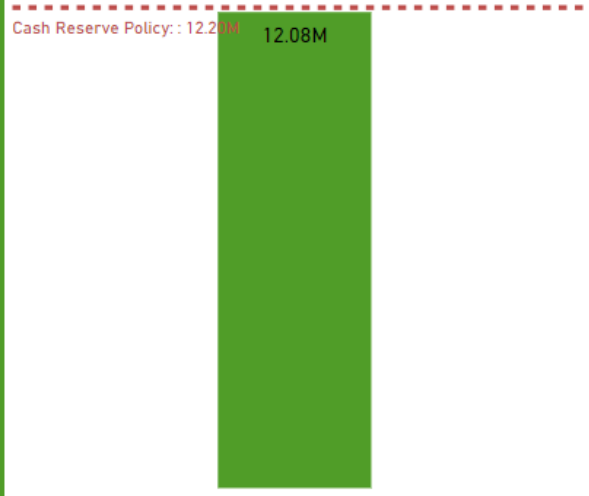
12.08M

Cash	0.72M
Metrocard	2.65M
Investment	8.72M

Investment Details ($000)

$	Maturity	Days	Rate
1200	30/05/2019	365	3.70%
900	7/06/2019	270	3.44%
1000	23/08/2019	365	3.56%
600	17/09/2019	365	3.56%

Total Actual Cash & Bank

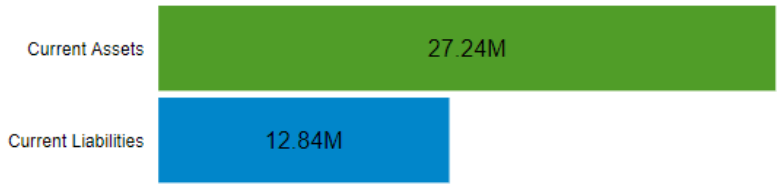


Financial Position

Cash and Bank	12M
Other Current Asset	15M
Non Current Asset	920M
Current Liabilities	-13M
Non Current Liabilities	-34M
Net Assets	901M
Equity	-907M

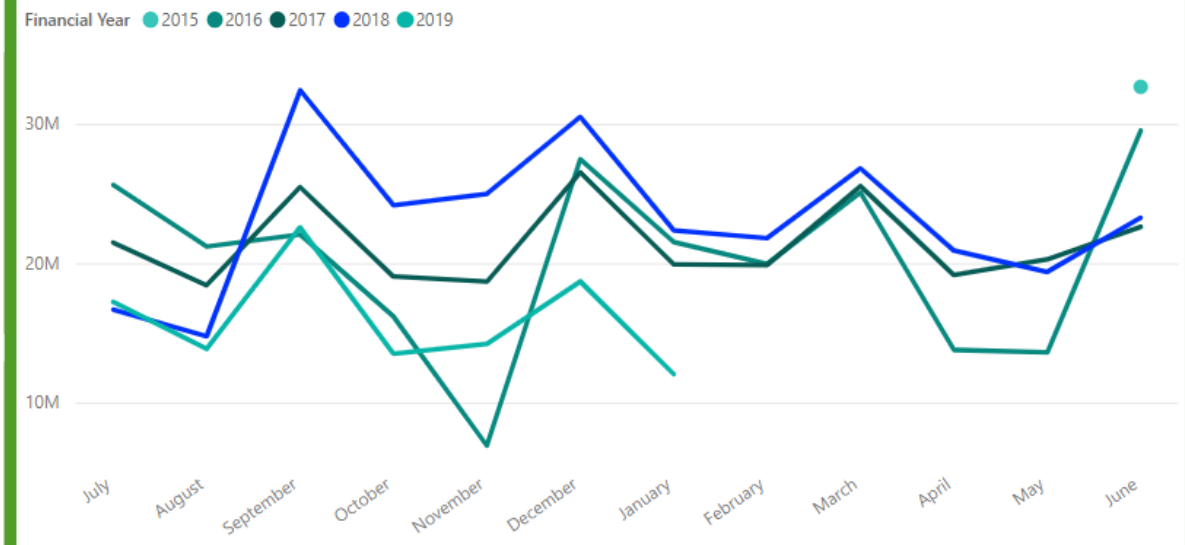
Working Capital

14.40M



Positive working capital indicates that an organisation is able to meet its short-term payables and obligations as they fall due.

Cash and Bank Balance Tracking Against Previous Years



Total Outstanding Debts (Excluding Rates)

Period Ending : 1/31/2019

$4,375,631

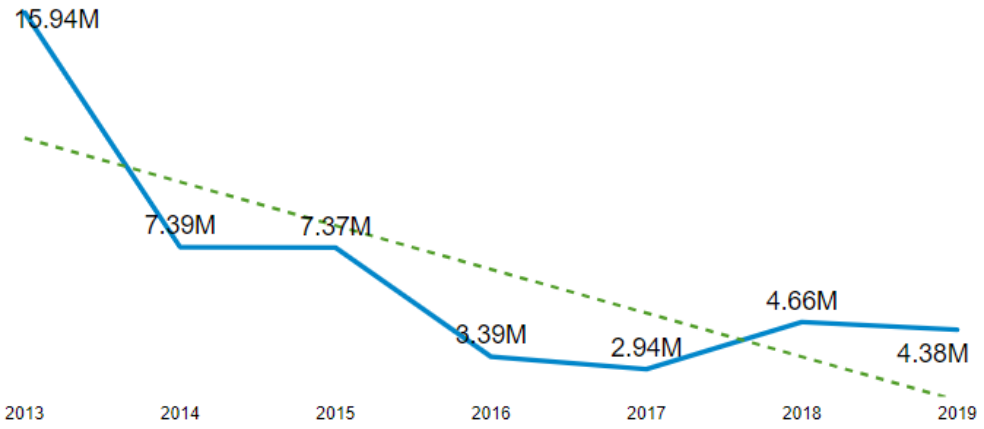
Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

OVER 90 DAYS DEBT MANAGEMENT

Reminder	Payment Arrangement	Objection/ Query	Collection Agency	Others*
0.04M	0.02M	0.02M	0.07M	0.09M

*Others includes Debt recovery, Liens, Court Action/Infringements

Amount by Year (Excluding Rates)

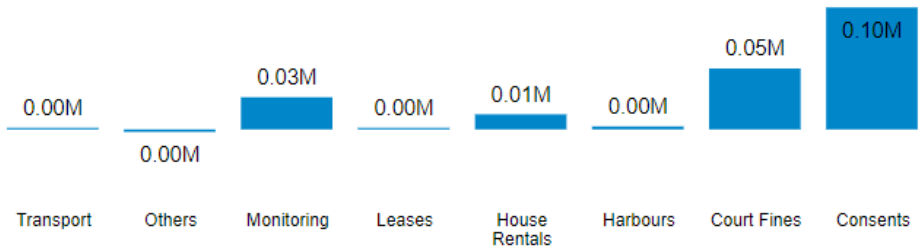


Notes

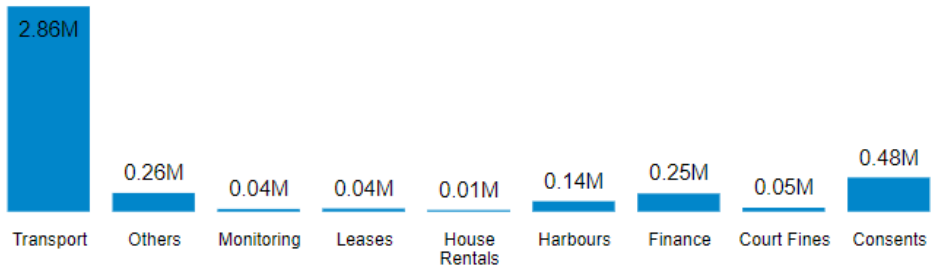
$3.52M of the $4.38M debt is current. Only $0.25M is over 90 days, which is at different stages of debt management as show above.

Overall, debt has been steadily reducing year on year since 2012/13.

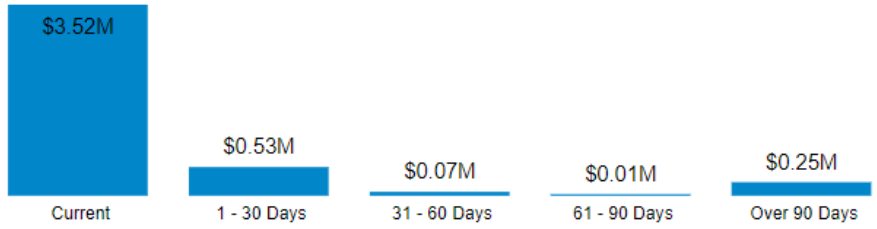
Over 90 Days Debts by Category (Excluding Rates)



Total Debts by Category (Excluding Rates)



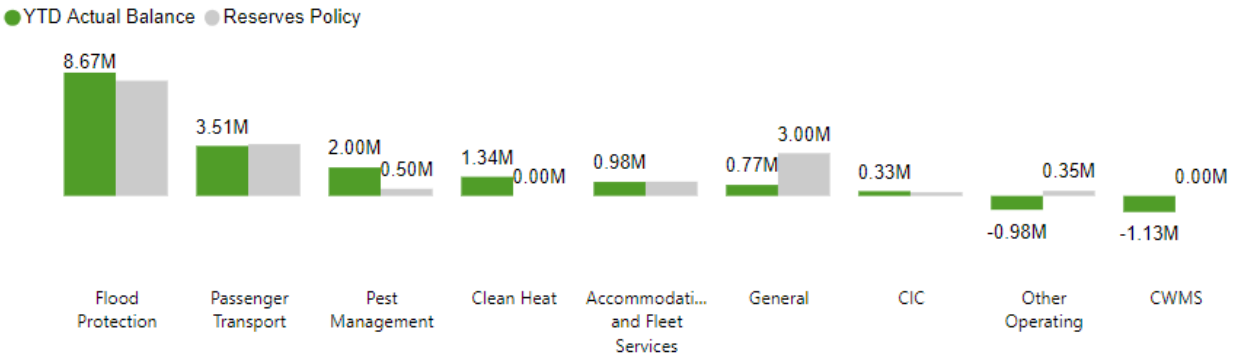
Amount by Aging (Excluding Rates)



Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

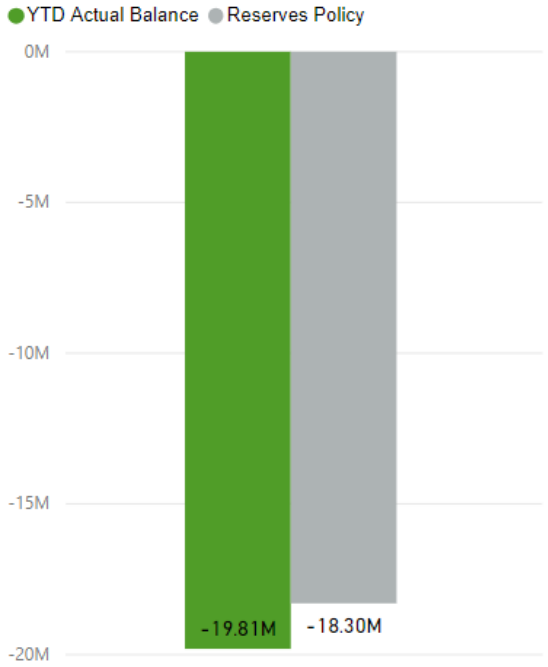
as at 1/31/2019

Major reserve Balances

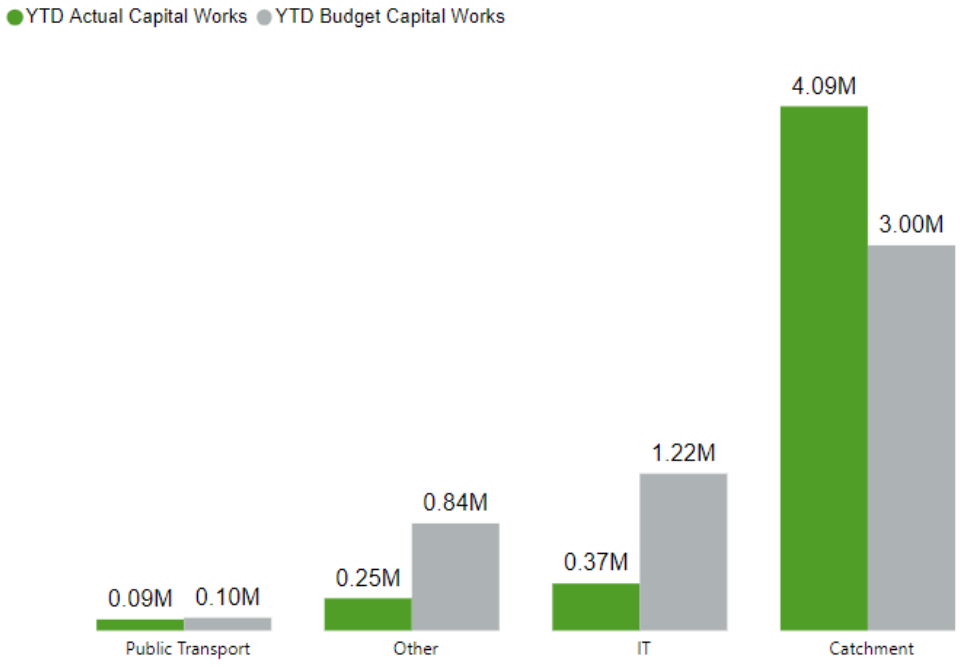


Note:

Waimakariri River Reserve Balance (Debt Funded)



Capital Works



4.79M!

Goal: 5.16M (-7.19%)

Note:

Capital expenditure is $0.37M less than anticipated for the year.

IT expenditure on the RMA Database; and Project Prioritisation Group projects are all lower than budgeted.

Catchment expenditure is higher than expected largely due to Ashley Stopbank.

CONFIDENTIAL

TREASURY REPORT

FOR

FOR THE QUARTER ENDING 31 DECEMBER 2018

BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

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APPENDIX 2: AUTHORISED INVESTMENT CRITERIA – WORKING CAPITAL FUND

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1. MARKET ENVIRONMENT

1.1 GLOBAL MARKETS OVERVIEW (FOR THE DECEMBER 2018 QUARTER)

Heightened volatility was prevalent in a number of markets during the December 2018 quarter, with equities, oil prices and interest rates experiencing some of the biggest movements. These are detailed in the table below which shows the quarterly open, high, low and close across various markets.

Instrument /Index	Open	High	Low	Close
US 2 Year Treasury Bond	2.82%	2.93%	2.49%	2.49%
US 10 Year Treasury Bond	3.06%	3.28%	2.68%	2.68%
Germany 10 Year Bund	0.46%	0.58%	0.22%	0.24%
Japan 10 Year Government Bond	0.13%	0.16%	-0.001%	-0.0005%
S&P 500 Share Index	2,924	2,925	2,347	2,506
Nasdaq Share Index	8,065	8,107	6,190	6,635
WTI Crude Oil (per barrel)	USD74.35	USD76.90	USD42.36	USD45.81

Prior to the December quarter, markets had taken the escalating trade tensions (between the US and China in particular) in their stride. However, confidence started to buckle in early October amid growing fears that rising US interest rates and the escalating US-China trade war would weigh on global growth. Equities and oil prices were the first to fall, in early October, while bond yields followed in early November as markets pared back expectations for future Federal Reserve ("Fed") interest rate hikes in response to a perceived slowdown in economic growth. The downward pressure on these markets intensified in December following a partial shutdown of the US government as President Donald Trump and the Democratic Party failed to reach agreement over funding for the government and the Mexican border wall.

As expected, the Fed's Open Market Committee ("FOMC") raised the Fed Funds rate by 25 basis points to a range of 2.25% to 2.50% at its December meeting, the fourth increase for the year. But the Fed's statement accompanying the hike indicated two interest rate hikes in 2019, down from their previous 'dot plot' projection of three. The markets however are now expecting the Fed Funds rate to remain unchanged throughout 2019.

In Europe, tensions between the European Union ("EU") and Italy intensified during the quarter after the EU had demanded changes to Italy's budget plans because of the country's high debt. Italy initially stood its ground, leading EU officials to threaten disciplinary action and potentially expensive fines. However in late December a deal was reached with Italy agreeing to lower its planned budget deficit from 2.4% to 2.0%, which is still higher than EU officials had originally demanded.

The ongoing saga that is Brexit continued, with British Prime Minister Theresa May reaching an agreement with EU officials but then postponing the British Parliamentary vote necessary for the deal to be ratified as she faced almost certain defeat in the House of Commons. A vote on a slightly revised deal is expected in early January although that too looks like facing opposition within Theresa May's own party.

1.2 New Zealand Market Overview (For the December 2018 Quarter)

	OCR	90 day	2 year swap	3 year swap	5 year swap	7 year swap	10 year swap
30-Sep-18	1.75%	1.91%	2.04%	2.15%	2.40%	2.63%	2.92%
31-Dec-18	1.75%	1.97%	1.97%	2.03%	2.21%	2.41%	2.65%
Change	Nil	+0.06%	-0.07%	-0.12%	-0.19%	-0.22%	-0.27%

Two key pieces of economic data released over the December quarter were both positive. Firstly, inflation rose 0.9% in the September quarter, outpacing both market and Reserve Bank of New Zealand ("RBNZ") forecasts. Over the September year, the CPI rose 1.9%, from 1.5% in June. The inflationary culprits were petrol, cigarettes and tobacco (higher excise) and household costs local authority (rates and construction costs). The RBNZ's sectoral factor model of inflation (probably the closest to a core inflation measure) rose 1.7% in the September year, the same as in June.

Secondly, the labour market tightened significantly during the September quarter. The unemployment rate dropped from 4.4% at the end of June to 3.9% by the end of September, its lowest since June 2008. A lift in the participation rate from 70.9% in June to 71.1% in September made the fall in the unemployment rate even more impressive. The employment rate rose to 68.3% at the end of September, its highest since the data series began more than 30 years ago.

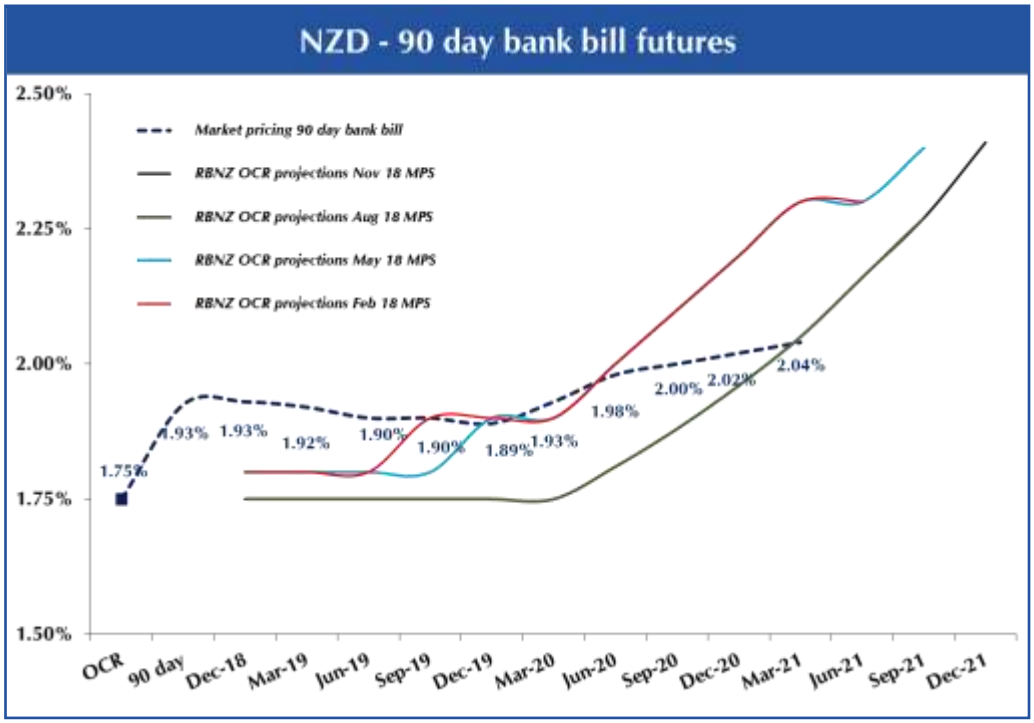
Up until the release of the employment data, both short and long term interest rates were largely unaffected by stronger than expected economic data, with the market applying a counterbalancing effect by factoring in the weak business confidence. The stellar employment data caused a rethink with market pricing for the Official Cash Rate ("OCR") moving to imply no chance of an OCR cut in the ensuing twelve month period, this contrasting with an implied 24% chance of a cut prior to the release of the inflation and employment data.

Swap rates too moved higher on the strong data, with the 2, 5 and 10 year swap rates climbing by 17, 26 and 23 basis points respectively within days of the announcement.

By the end of the December quarter, all of those interest rate increases were erased and more, with swap rates across the yield curve finishing within a point or two of the quarterly lows, in line with falls in global yields. The fall in local interest rates gained added momentum after the release of the September 2018 quarter GDP data in the week prior to Christmas. This showed that New Zealand's GDP rose a modest 0.3% over the quarter, well down on market consensus and RBNZ forecasts of 0.5% and 0.7% respectively and the lowest quarterly rise since December 2013. On an annual basis GDP eased from 3.1% in June to 3.0% in September.

In November, the RBNZ released its quarterly *Monetary Policy Statement* ("MPS") that was more upbeat about domestic economic growth, employment, and inflation than the August MPS, even though its assessment did not include the stellar September quarter labour market data released the day before. Despite its more upbeat tone, the RBNZ retained its August MPS forecast implying an OCR at 1.75% until late in 2020 and, by way of reinforcement, stated that "*we will keep the OCR at an expansionary level for a considerable period.*"

Referring to inflation, the RBNZ stated that it will 'look through' the first round effects of the increase in fuel prices but will be on the alert for possible second and third round effects, the prospects of which were significantly diminished by the subsequent sharp fall in oil prices. The chart below shows the futures market pricing for the 90 day bank bill rate and the RBNZ's projections for the OCR from the last four MPSs.

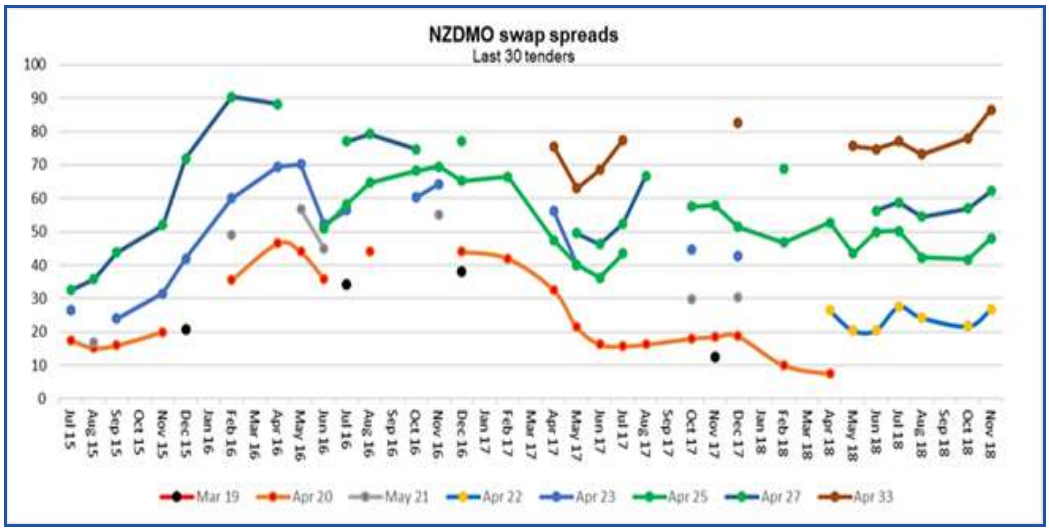


1.3 Local Authority Sector

Listed below are the credit spreads and applicable interest rates for Floating Rate Notes ("FRN") and Fixed Rate Bonds ("FRB"), at which Environment Canterbury ("Ecan") could source debt from the Local Government Funding Agency ("LGFA").

Maturity	Credit Spread	FRN Rate	FRB
April 2020	0.27%	2.19%	2.31%
May 2021	0.37%	2.29%	2.41%
April 2022	0.44%	2.36%	2.58%
April 2023	0.54%	2.46%	2.74%
April 2025	0.64%	2.56%	3.10%
April 2027	0.78%	2.75%	3.41%
April 2033	1.08%	3.00%	4.06%

The chart below illustrates the credit spreads (measured over the applicable swap rate) for all current LGFA debt dating back to July 2015.



1.4 Credit Spreads

The chart on the next page shows credit spreads for the S&P/NZX Corporate 'A' Grade Bond index (the grey shaded area) and the three year swap rate (red line) since late 2008. At the end of the December 2018 quarter, the average credit spread of the index was 62 basis points, compared to 56 basis points at the end of September 2018.

3.00
2.50
2.00
1.50
1.00
0.50
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2009
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NDSWAP3 Curncy (NZD SWAP SA(V 3M) 3Y) NZ Corp A bonds Daily 02SEP2008-08JAN2019 Copyright© 2019 Bloomberg Finance L.P. 08-Jan-2019 16:18:18

2. ENVIRONMENT CANTERBURY INVESTMENT PORTFOLIOS

2.1 INTRODUCTION

Ecan has financial market investments consisting of the following portfolios:

- Financial Market Investment Portfolio ("FMIP") that is used for longer term investment purposes. As at 31 December 2018, the nominal value of the FMIP was $5.0 million.
- Working Capital Fund ("WCF") that is used for cash management purposes. As at 31 December 2018, there were no term investments in the WCF.

2.2 BENCHMARKING – FMIP

For the purposes of measuring the performance of the FMIP, its achieved rate of return is measured against the average of the yield of the 90 Day Bank Bill rate and the yield for the S&P/NZX Corporate 'A' Grade Index.

The average during the December 2018 quarter for the 90 Day Bank Bill was 1.95% and for the S&P/NZX 'A' Grade Corporate Index was 2.67%, producing an average of 2.31%. The running yield of the FMIP on 31 December 2018 was 3.60%, the same as at 30 September 2018.

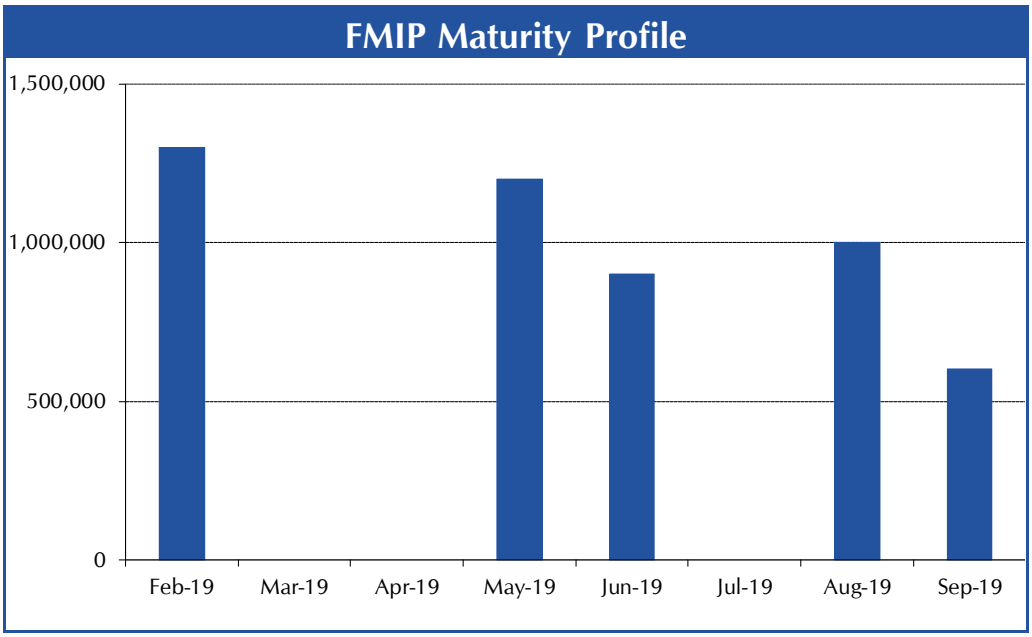
2.3 PORTFOLIO ACTIVITY – FMIP

The FMIP consists entirely of bank Term Deposits ("TD"). During the December 2018 quarter, there were no maturities and no additional funds reinvested. The table below details the investments held in the FMIP as at 31 December 2018.

Bank	Instrument	Rating	Maturity	Term	Rate	Nominal
BNZ	Term Deposit	AA-	01-Feb-19	270 days	3.65%	$1,300,000
BNZ	Term Deposit	AA-	30-May-19	365 days	3.70%	$1,200,000
BNZ	Term Deposit	AA-	7-Jun-19	270 days	3.44%	$900,000
BNZ	Term Deposit	AA-	23-Aug-19	365 days	3.56%	$1,000,000
BNZ	Term Deposit	AA-	17-Sep-19	365 days	3.56%	$600,000
TOTAL						**$5,000,000**

2.4 Maturity Profile - FMIP

The maturity profile of the FMIP ranges from February 2019 to September 2019 and is depicted in the graph below.



2.5 Counterparty Exposures - Financial Market Investment Portfolio

Ecan manages its FMIP within the Authorised Investment Criteria matrix that is contained in Appendix 1 of this report.

Currently, FMIP investments are held solely in TDs with the BNZ that has a S&P Global Ratings ("S&P") short term rating of 'A-1+' and a long term rating of 'AA-'.

2.6 Policy Compliance for the Financial Market Investment Portfolio

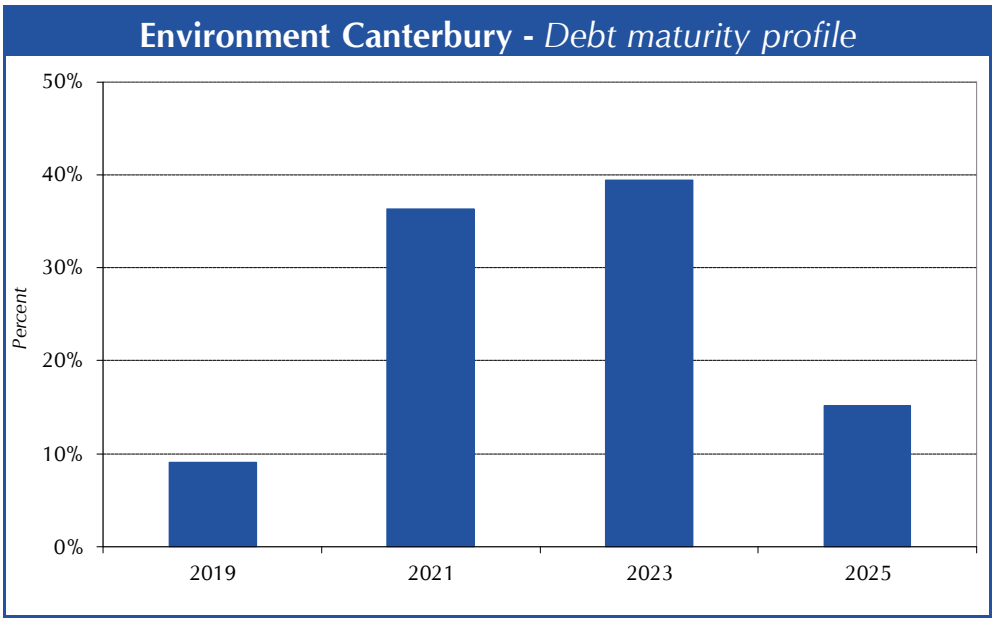
Policy	*Yes/No*
Have all transactions been entered into in accordance with the policy?	*Yes*
Are the investments complying with maximum percentage limits for counterparties?	*Yes*
Are all investments complying with the credit rating criteria?	*Yes*
Are all investments complying with approved financial market investment instruments criteria?	*Yes*
Are all investments complying with the authorised asset class criteria?	*Yes*
Are all investments complying with the portfolio limits for each asset class?	*Yes*

3. DEBT AND HEDGING

As at 31 December 2018, Ecan had $33.0 million of debt sourced from the LGFA, in seven separate tranches. Details of Ecan's debt are as follows:

Instrument	Maturity	Rate	Amount
LGFA CP	10-Jun-19	2.14%	$3,000,000
LGFA FRB	15-May-21	2.97%	$2,000,000
LGFA FRN	15-May-21	2.555%	$3,000,000
LGFA FRB	15-Dec-21	3.88%	$7,000,000
LGFA FRN	15Apr-23	2.665%	$10,000,000
LGFA FRB	17-Dec-23	4.19%	$3,000,000
LGFA FRB	15-Dec-25	4.43%	$5,000,000
			$33,000,000

Ecan's funding risk management criteria is contained in Section 2.4 of the *Liability Management Policy* ("LMP") and states *"To avoid a concentration of debt maturity dates the Council will where practical aim to have no more than 50% of debt subject to refinancing in any 12 month period."* As at 31 December 2018, Ecan was compliant.

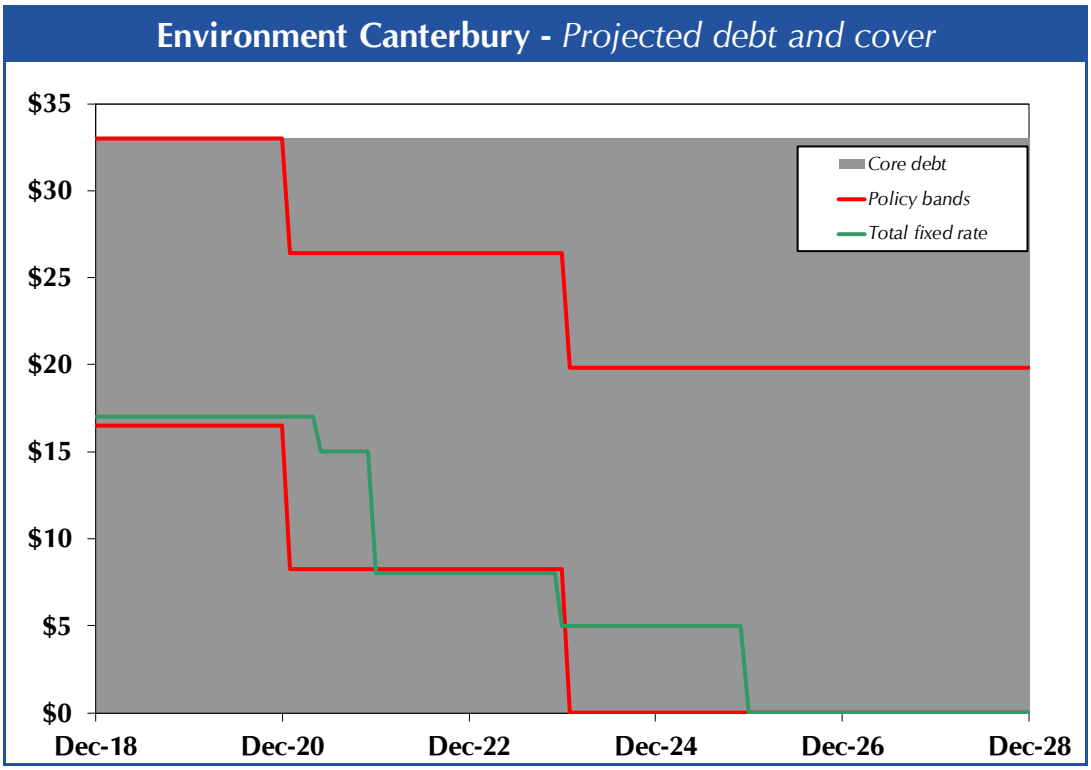


The liquidity risk management requirement, also contained in Section 2.4 of the LMP, states *"The Council will maintain access to committed lines of not less than 110% of projected external debt or $6.0 million whichever is the greater. If Council establishes a Debenture Trust Deed to enable it to issue debt securities and joins the Local Government Funding Agency ("LGFA") this requirement shall be reduced to 105% or $6.0 million whichever is the greater."* The interpretation of Section 2.4 is that cash and TDs constitute committed lines. This is consistent with how the LGFA interprets committed lines and liquidity. Thus, Ecan is compliant with this requirement given its holding of cash and TDs.

Ecan's interest rate risk management parameters are detailed in Appendix 5 of the LMP and are as follows:

Fixed Rate Hedging Percentages		
Term	**Minimum Fixed Rate Amount**	**Maximum Fixed Rate Amount**
0 - 2 years	50%	100%
2 – 5 years	25%	80%
5 – 10 years	0%	60%

Ecan's projected debt and hedging profiles are depicted below. At 31 December 2018, Ecan had a minor policy breach in the 2-5 years timeframe. The intention is to rectify this breach in the March 2019 quarter using interest rate swaps. Before undertaking any interest rate swap, Ecan needs to establish a bank interest rate swap dealing line, which it was in the process of obtaining at 31 December 2018.



Ecan's cost of funds as at 31 December 2018 was 3.29%, down from 3.41% as at 30 September 2018. The fall in the cost of funds was due to the additional $3.0 million of debt in the quarter being funded with LGFA CP at a rate of 2.14%. Ecan's cost of funds continues to be the lowest for a local government entity in New Zealand that Bancorp Treasury is aware of.

APPENDIX 1: AUTHORISED INVESTMENT CRITERIA – FINANCIAL MARKET INVESTMENT PORTFOLIO

Authorised Asset Classes	Overall Portfolio Limit as a Percentage of the Total Portfolio	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit Rating Criteria – Standard and Poor's (or Moody's or Fitch equivalents)	Limit for each issuer subject to overall portfolio limit for issuer class
New Zealand Government	100%	• Government Stock • Treasury Bills	Not Applicable Not Applicable	Unlimited
Rated Local Authorities	70%	• Commercial Paper • Bonds/MTNs/FRNs	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA or better	$2.0 million $1.0 million $2.0 million $3.0 million
Unrated Local Authorities	50%	• Commercial Paper • Bonds/MTNs/FRNs	Not Applicable Not Applicable	$2.0 million $1.0 million
New Zealand Registered Banks	100%	• Call/Term Deposits/Bank Bills/Commercial Paper • Bonds/MTNs/FRNs	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA or better	$7.5 million* $1.0 million $2.0 million $3.0 million
State Owned Enterprises	50%	• Commercial Paper • Bonds/MTNs/FRNs	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA or better	$2.0 million $1.0 million $2.0 million $3.0 million
Corporates **	50%	• Commercial Paper • Bonds/MTNs/FRNs	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA or better	$2.0 million $1.0 million $2.0 million $3.0 million
Financials **	30%	• Commercial Paper • Bonds/MTNs/FRNs	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA or better	$2.0 million $1.0 million $2.0 million $3.0 million

* *Short term investments in any one New Zealand Registered Bank shall not exceed 70% of the portfolio or $7.5 million whichever is the greater.*

** *The combined holding of Corporates and Financials shall not exceed 70% of the portfolio.*

APPENDIX 2: AUTHORISED INVESTMENT CRITERIA – WORKING CAPITAL FUND

Authorised Asset Classes	Overall Portfolio Limit as a Percentage of the Total Portfolio	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit Rating Criteria – S&P (or Moody's or Fitch equivalents)	Limit for each issuer subject to overall portfolio limit for issuer class
New Zealand Government	100%	Treasury Bills	Not Applicable	Unlimited
Rated Local Authorities	70%	Commercial Paper	Short term S&P rating of A1 or better	$3.0 million
Unrated Local Authorities	50%	Commercial Paper	Not Applicable	$2.0 million
New Zealand Registered Banks	100%	Call/Term Deposits, Bank Bills, Commercial Paper	Short term S&P rating of A1 or better	$15.0 million*
State Owned Enterprises	50%	Commercial Paper	Short term S&P rating of A1 or better	$3.0 million
Corporates **	50%	Commercial Paper	Short term S&P rating of A1 or better	$3.0 million
Financials **	30%	Commercial Paper	Short term S&P rating of A1 or better	$3.0 million

* *Short term investments in any one New Zealand Registered Bank shall not exceed 70% of the portfolio or $15.0 million whichever is the greater.*

** *The combined holding of Corporates and Financials shall not exceed 70% of the portfolio.*

5.4. Public Transport Financial Performance

Performance, Audit and Risk Committee (PARC) report

Date of meeting	28 February 2019
Author	Stewart Gibbon
Endorsed by	Nadeine Dommisse

Purpose

1. To provide an update on the financial performance of Public Transport

Recommendations

That the Performance, Audit and Risk Committee:

1.1. Receives the financial update on Public Transport

Attachments

Public Transport Financial Report

Public Transport Financial Update January 2019

Background

The following analysis is based on financial results for the seven-month period from 1 July 2018 to 31 January 2019. Monthly activity and risks are outlined at the end of the report.

Financial Results

The table below provides details of expenditure levels for the seven months beginning 1 July 2018 to 31 January 2019 and also the various funding sources. The financial result is also compared to the 2018/19 Annual Plan budget.

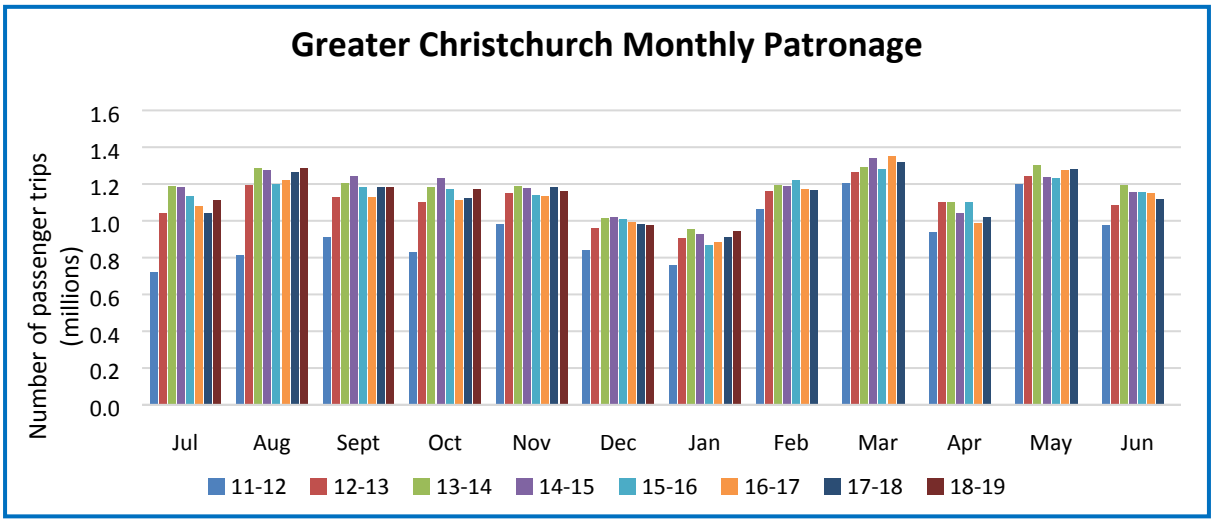
$000	Year to Date			
FUNDING OF SERVICES - REVENUE	Act	Bud	Var	%
Rates	13,400,426	13,400,426	0	0%
Grants	16,771,700	16,943,404	(171,704)	-1%
User pays and other	11,277,938	11,048,655	229,283	2%
Total Revenue	**41,450,063**	**41,392,485**	**57,578**	**0%**
DELIVERY OF SERVICES - EXPENDITURE	Act	Bud	Var	%
Total Expenditure	**41,990,517**	**41,612,460**	**378,056**	**1%**
Reserve Accumulation / (Use)	**(540,454)**	**(219,976)**	**(320,478)**	

Public Transport expenditure is tracking 1% over budget. Variances relate to bus contracts being $1,191k above budget as a result of NZTA indexing, bus infrastructure under budget due to lower claims received to date, and IT costs under budget due to changing project phasing.

Revenue is tracking within budget, with variances occurring in the same areas as expenditure due to the consequential impact on grant revenue as well as increased fare revenue from patronage. Revenue for bus contracts is ahead of budget by $757k due to increased patronage. This is offsetting the bus contract deficit resulting in a net bus contract deficit of $433k year to date.

Monthly Activity

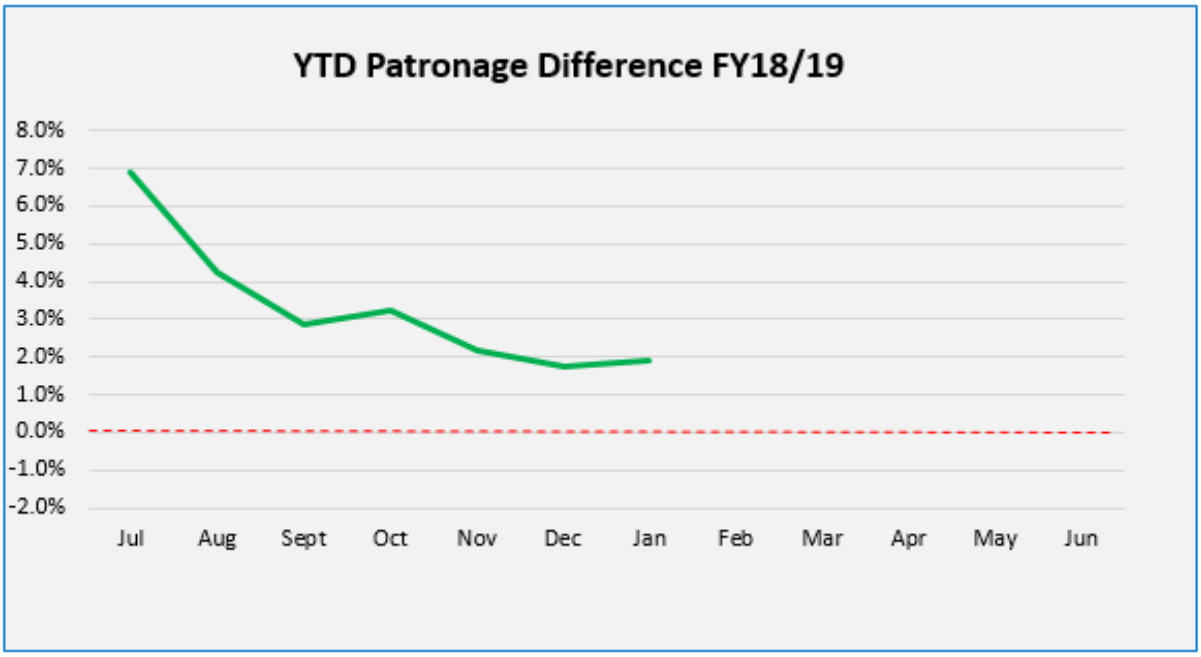
Patronage – Fiscal year to Date (January)



GREATER CHRISTCHURCH	Month January 2019	Prev Yr Comparison	Y-T-D	Prev Yr Comparison
Patronage	940,454	↑ 3.21%	7,826,124	↑ 1.92%
Farebox Recovery	35.1	↑ 0.3	38.0	↓ 0.2

January 2019 saw positive patronage growth of 3.21%.

The fiscal Y-T-D patronage continues to track at a positive figure of 1.92% growth. Having growth occurring on top of growth for the same YTD period last year continues to be encouraging.

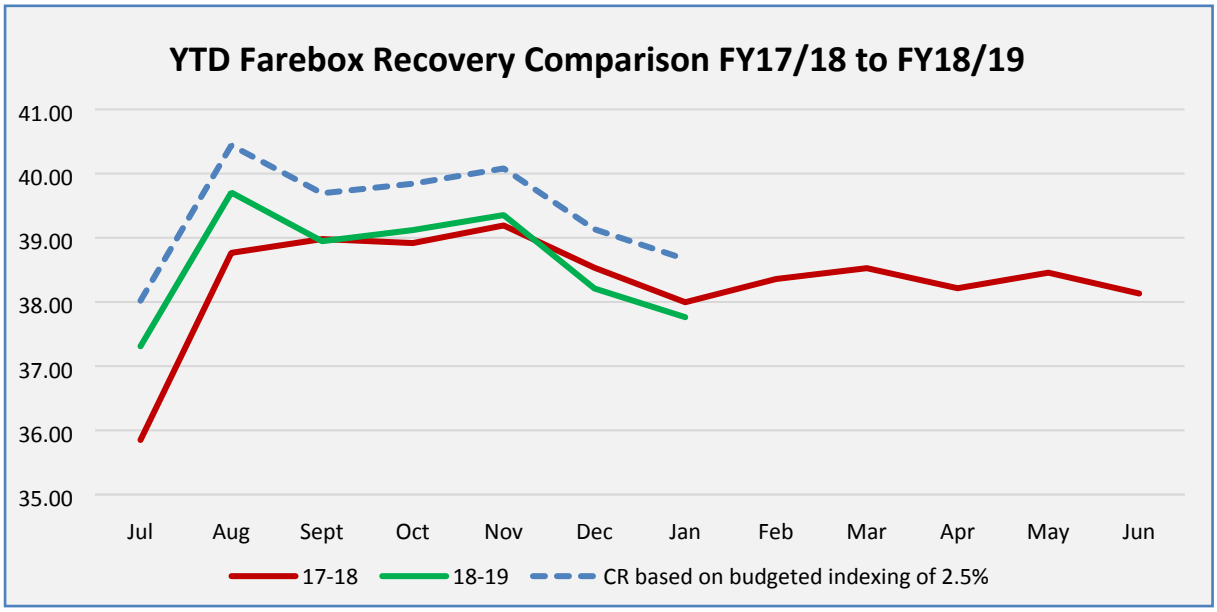


Farebox Recovery

In the recently adopted Canterbury Regional Public Transport Plan the Farebox Recovery target has been reviewed. The annualised target is now to maintain or improve on the current level of farebox recovery, that being 38.2%, by 2024.

January's Farebox Ratio was 35.1 taking the year-to-date ratio to 38.0 a decrease of 0.2 compared to the same time last year, driven primarily by indexing.

Farebox recovery has and will continue to be impacted by indexing beyond what was forecast and budgeted for. To illustrate the impact of Indexing on our budgeted outcomes, the below chart illustrates the difference between what our Farebox would have been given current network performance if indexing remained within forecast levels and what it currently is.



This demonstrates that our underlying strategy and approach is sound, however external factors beyond our control are negatively impacting on budgeted outcomes.

The January 2019 average fare was $1.76 ex GST for Greater Christchurch compared to $1.75 ex GST for January 2018.

Payment Type

Payment Type January 2019	Metrocard	Cash	SuperGold Card	Other e.g. Complimentary passes etc
Greater Christchurch	64.1%	21.6%	14.0%	0.2%

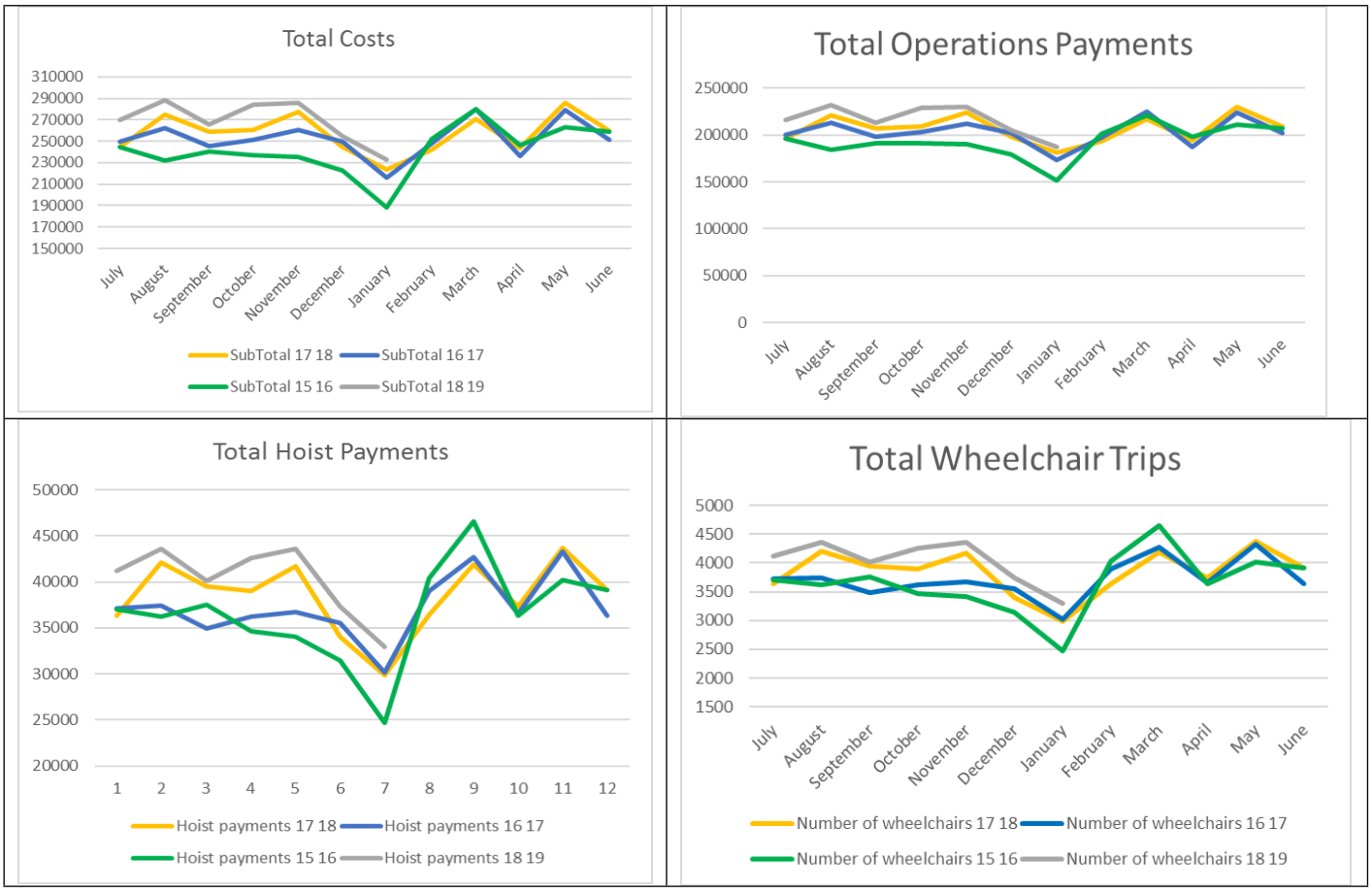
As a comparison, cash fares made up 22.8% of payments in January 2018.

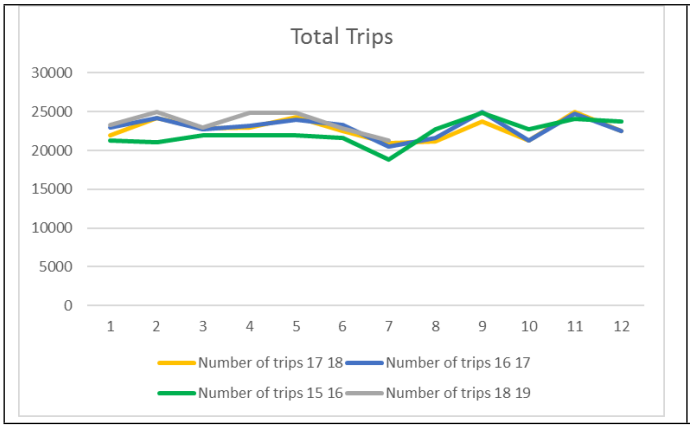
Community Transport

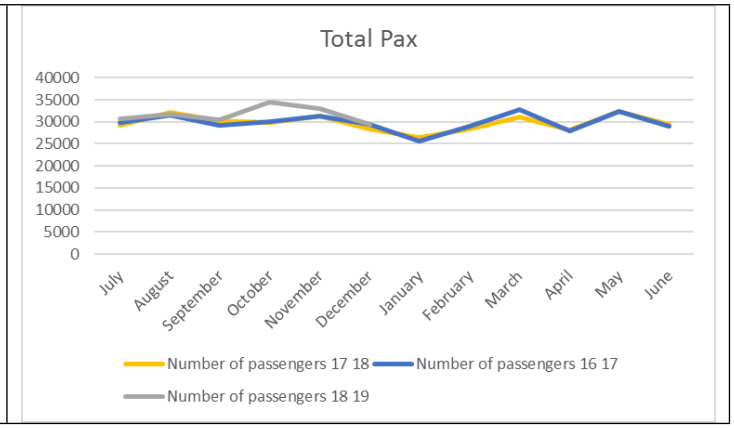
Community Transport (combined Total Mobility and vehicle trusts) Y-T-D is tracking over budget year to date.

$000	Year to Date			
FUNDING OF SERVICES - REVENUE	**Act**	**Bud**	**Var**	**%**
Rates	729,067	729,067	0	0%
Grants	1,451,491	1,335,422	116,069	9%
User pays and other	10,344	2,443	7,901	323%
Total Revenue	**2,190,902**	**2,066,932**	**123,970**	**6%**
DELIVERY OF SERVICES - EXPENDITURE	**Act**	**Bud**	**Var**	**%**
Total Expenditure	**2,280,374**	**2,066,933**	**213,442**	**10%**
Reserve Accumulation / (Use)	**(89,472)**	**(1)**	**(89,471)**	

Total Mobility usage for January was approximately 1.7% above last year in terms of trips, and a 10% increase in wheelchair customer trips and hoist use. It is interesting to note a continuation of the trend for increased hoist usage. Average subsidised fare YTD is $9.16 compared to $9.07 last year. This increase is primarily driven by the increased hoist usage.







Project Updates

The following Projects are currently in flight:

National Ticketing		The procurement phase of this project is underway as planned.
Real Time Information System		RFP development is now complete and has been issued to the market.
Wi-Fi Trial		The Wi-Fi trial has been extended to now include route 95, being a long route from the Waimakariri district. Wi-Fi service trials will continue on routes 85 and 29, to build on the data set we have.
RPTP Review		The Regional Public Transport Plan was adopted by Environment Canterbury in December.
PT Data 2020		Phase 1 of the Data Warehouse is nearing completion. Wider team training has now been booked to "productionise" work done to date and expand access and availability to the wider team.
Electric Bus Trial		These vehicles are scheduled to arrive in the first quarter of next calendar year however this may be impacted due to biosecurity requirements related to the marmorated stink bug.
Timaru DRT		The feasibility study for Timaru DRT is well underway with strong collaboration between Environment Canterbury, Timaru District Council and NZTA. The outcome of this study is expected to be available in late February/early March 2019. Consideration will then be given to potential next steps.

Network Risk Summary

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 2018 which are likely to impact the network.
Fuel price increase	***High:*** Fuel prices have come down again in recent months which is promising in terms of indexing, however note comment re Road User Charges
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	***High:*** Road User Charges have increased as of 1 Oct 2018 with further increased scheduled for 2019 and 2020 as part of the Government's Transport funding programme. This will also impact on the NZTA Index
Risk of discontinuation 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 advise that while recruitment and retention is not posing a significant risk at present in Canterbury, the trend in availability of suitable P endorsed drivers is not heading in the right direction. We continue to monitor this issue with Operators. We note that driver availability is becoming an issue in Wellington impacting on service delivery

5.5. Healthier Homes Canterbury

Performance, Audit and Risk Committee (PARC) report

Date of meeting	28 Feb 2019
Author	Clare Pattison
Endorsed by	Sam Elder

Purpose

1. To provide the PARC an initial report on the performance of the new Healthier Homes Canterbury financial assistance service.

2. To seek PARC feedback on ongoing reporting of this initiative.

Recommendations

That the Performance, Audit and Risk Committee:

1. **Receive the report regarding the performance of the Healthier Homes Canterbury initiative**

2. **Provide feedback on the content of the report to staff, indicating any preferences for future reports**

3. **Request quarterly reporting on this initiative to commence effective immediately**

Background

3. Canterbury homeowners can receive assistance towards home heating, insulation and ventilation installation via Healthier Homes Canterbury. This initiative was announced as part of the Long-Term Plan 2018-28. The scheme opened in September 2018.

4. The $20-million scheme enables ratepayers to access a loan of up to $6,000 to contribute towards home heating, insulation and ventilation installation. The loan scheme is designed to be cost-neutral to Environment Canterbury: a fixed margin per annum is part of the rate recovered to support the scheme. This is intended to cover all costs associated with the administration of the scheme.

Quarterly Reporting

5. A PARC report was requested by the Portfolio Councillors due to the risk regarding the $20m financial assistance and ensuring good uptake and full recuperation of costs via rates repayments over 19 years.

6. Quarterly updates to PARC are recommended due to the long-term nature of the financial risk associated with this initiative.

Next steps

7. Staff will commence quarterly reporting and adjust future reports to align with any feedback received.

Attachments

HHC PARC Report

File reference	https://environmentcanterbury.sharepoint.com/:w:/s/docassembler/EZxI41fDQYZNnZQeo5wvlA8BO35c3CqN--FGwxHBhbno-g?e=errYF6
Peer reviewers	Andrew Hudson

Healthier Homes Canterbury Performance Update Month End January 2019

Monthly Activity

Initial interest in the scheme was higher than predicted, however application volumes and associated value of financial assistance approved are now broadly on track (Figure 1). Application volumes are expected to be low in warmer months and increase significantly in cooler months. Our minimalist approach to promotion of the scheme appears to be appropriate at this stage; however there are promotional channels available at zero cost to Ecan should we need them later.

The gap in the actual amount paid and the predicted amount paid is due to an average lag of 55 days between the application being approved and payment to suppliers. This was expected to be closer to two weeks when original expenditure predictions were made. The lag is due to the timing of installations and invoicing after application approval, which is managed by suppliers.

Applications continue to be received from across Canterbury, with the majority (60%) being received from Christchurch (Table 1).

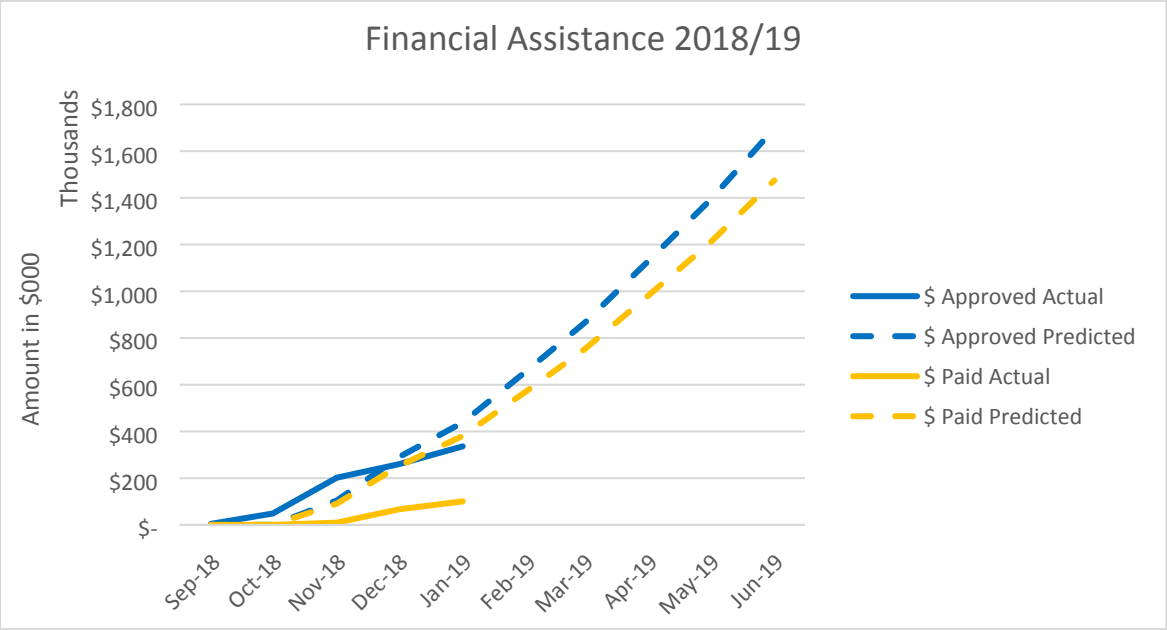


Figure 1: Cumulative value of financial assistance approved and paid

Application status (current)	
Applied:	0
Awaiting TA:	5
Accepted:	0
TA Approved:	0
Declined:	5
Cancelled:	0
On Hold:	6
PO Issued:	38
Installed:	21
Invoice Paid:	25
Withdrawn	1
Total number of applications:	**101**

Owner occupied and rentals	
Owner occupied:	87
Rental:	12
Not provided:	2

Number of applications by district	
Kaikoura District Council	0
Hurunui District Council	0
Waimakariri District Council	6
Christchurch City Council	61
Selwyn District Council	4
Ashburton District Council	5
Timaru District Council	20
Mackenzie District Council	0
Waimate District Council	5
Waitaki District Council	0

Table 1. Current application statistics for Healthier Homes Canterbury from Sept 2019 to 31 Jan 2019.

Financial Performance

The margin for ratepayers is set at 5.9% for the 2019/20 year. This includes an assumed borrowing rate of 3.6% to finance the payments to suppliers, which is conservative compared to our current cost of corporate finance of 3.29%.

The margin will be reviewed annually based on borrowing costs, operating costs and uptake of the scheme. This will ensure the scheme remains self-financing.

Repayments will begin to be received next financial year, as the first batch for rates recovery will be sent to councils in April for inclusion with 1 July 2019 rates invoices.

The scheme administration cost must be kept low to ensure that scheme interest rates remain favourable for rate payers. Costs are well below budget YTD (Figure 2); however are expected to increase as application volumes increase and processing of repayments start.

Checks are in place to ensure that the total value of the financial assistance approved remains within budget.

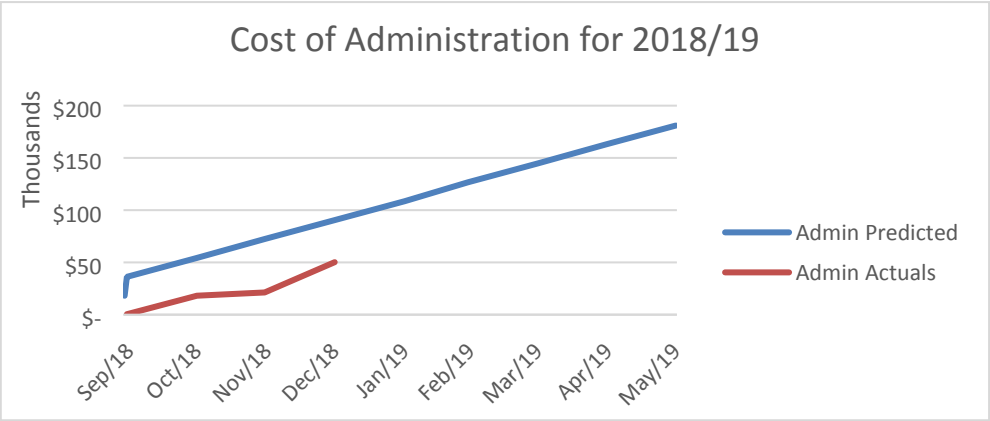


Figure 2: HHC Administration cost compared to predicted

Risk Summary

Risks associated with the scheme are being proactively managed, as outlined in Table 2.

No.	Identified risk	Likelihood	Impact	Risk	Mitigation measures
1	If our administration processes and systems are not well developed, then there is an increased risk of higher administrative costs and higher likelihood of financial or other processing errors.	2	3	6	Currently we have initiated a software project to reduce the risk of errors and to increase automation to lower administrative overheads. We continue to work on ensuring the processes are clearly established and documented and that systems are in place to deal with the entire application and payment process, inclusive of exceptions and error handling. Process flowcharts have been developed for all key processes and peer reviewed by relevant staff.
2	If increased operational costs of scheme result in the borrowing interest rate to new customers rising to prohibitive	1	3	4	A process has been implemented to routinely monitor operational costs and

No.	Identified risk	Likelihood	Impact	Risk	Mitigation measures
	levels, then the scheme may cease to be viable.				ensure that they stay at an acceptable level.
3	If rising global and NZ interest rates result in prohibitive borrowing interest rates to customers and actual interest costs exceeding budget, then the scheme may cease to be viable.	1	3	4	Fixed term borrowing and active treasury management.
4	If there is too much interest in the project, then we won't have the financial capacity to approve all the applications.	2	2	4	The level of marketing has been reduced to manage demand. We are working with customers to help identify other options e.g. subsidies. We also have the option to develop referral systems or use various criteria to prioritise some customers, however this is not in place currently.
5	If the processes with TAs for managing rates and LIM are not established, then we may not get as much money repaid	2	2	4	We have been working with TAs to ensure they are all up to speed with this, and have provided them up to date copies of process maps
6	If there is a lack of clarity about what products are included, then people might commit to work we cannot pay for.	2	1	3	The website is plain English and outlines the options for customers. We have used FAQs to specify/clarify what we will allow in terms of ventilation and document our approach to LED lights and cylinder wraps.
7	If the installation quality is inferior, then ratepayers may not be satisfied with the service.	1	3	3	We have used initial audit process coupled with ongoing random audit process to ensure quality standards are maintained. Service providers failing to meet the required standard

No.	Identified risk	Likelihood	Impact	Risk	Mitigation measures
					will be removed from the project.
8	If the scheme does not reach budgeted uptake, then fewer borrowers may not be able to meet the fixed cost of the scheme.	1	2	3	At present interest in the scheme is growing however customer uptake will continue to be regularly monitored.

Table 2: Healthier Homes Canterbury Risks

6. Notices of Motion

7. Extraordinary and Urgent Business

8. Questions

9. Next Meeting

10. Closure