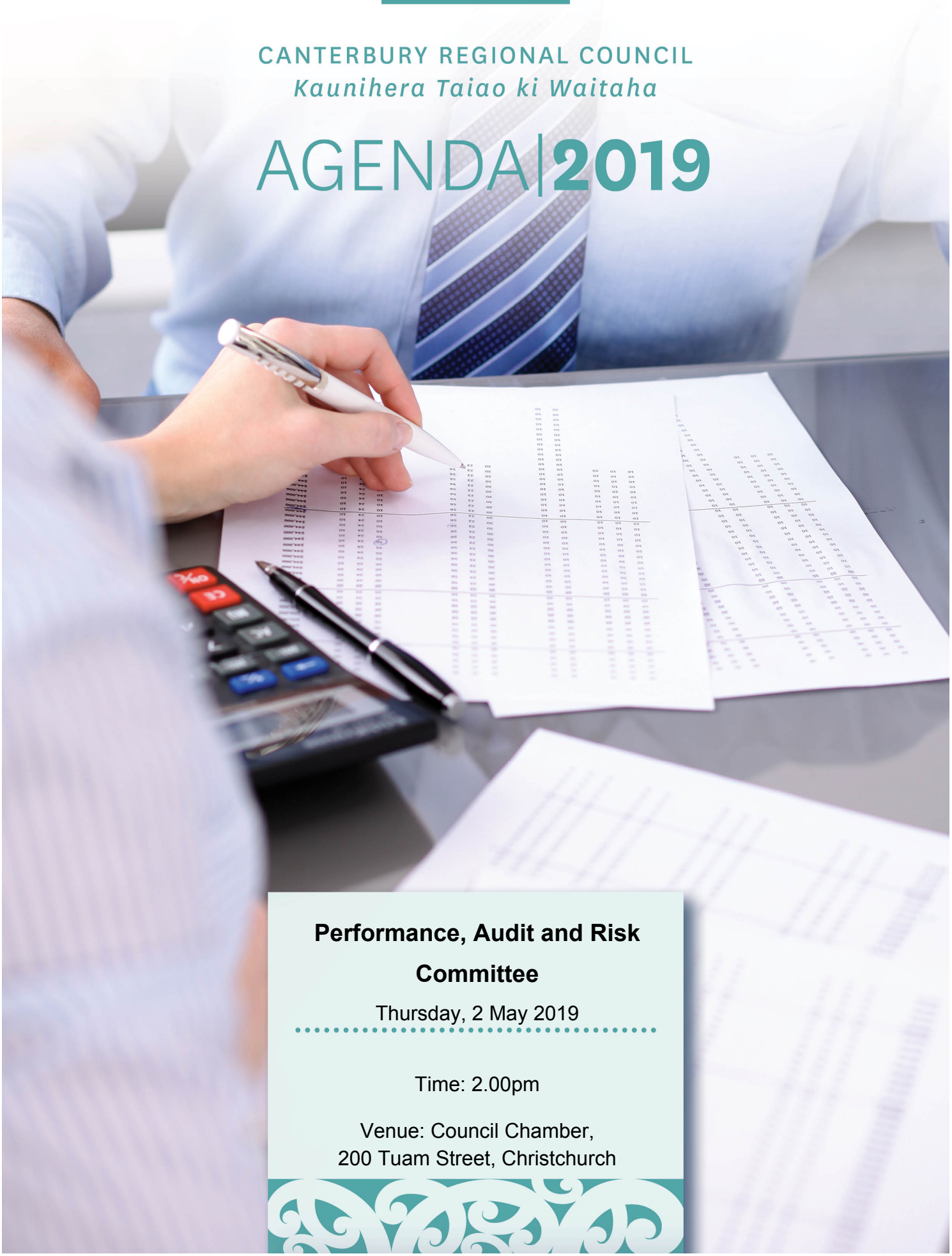
Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

CANTERBURY REGIONAL COUNCIL
Kaunihera Taiao ki Waitaha

AGENDA|2019



Performance, Audit and Risk Committee

Thursday, 2 May 2019

Time: 2.00pm

Venue: Council Chamber,
200 Tuam Street, Christchurch

Performance, Audit and Risk Committee

Membership

Chair	John Sunckell
Deputy Chair	Peter Scott
Environment Canterbury Councillors:	Claire McKay
	Iaean Cranwell
	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	2 May 2019
Author	Matthew Bennett Principal Health and Safety Advisor
Endorsed by	Miles McConway 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.**

Summary

2.

Attachments

1. 190409 H+ S Report - Governance - May 2 nd **[4.1.1]**

Health and Safety Report: 11 March – 9 April

Summary

- A review is underway into the Lockdown procedures for the Tuam St building, the results of which will inform other important procedures for both Tuam St and other ECan facilities.
- Agreement has been reached with other Regional Councils on the sharing of data / information sets that could be used for comparison / benchmarking. This includes incidence, severity and frequency rates and ACC performance ratings. It now requires time for each council to access and calibrate the data before it can be utilised.
- **Five incidents were reported since the last report** (11 March 2019): Three insignificant and two minor events. One of these has been closed off already and the remaining for are still 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

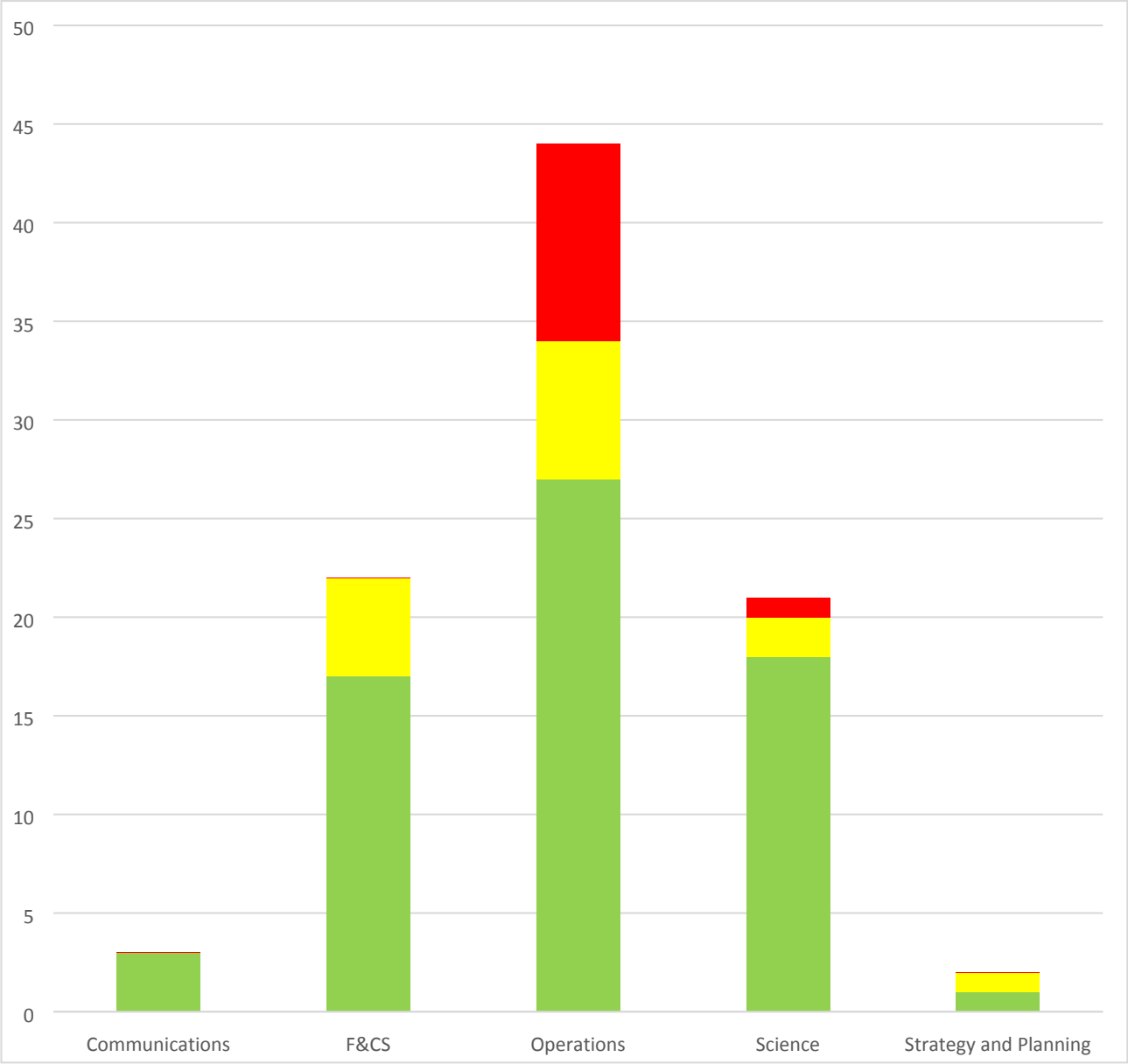
On the 16th of April the PPE Protocols will be presented to the HSCC for their endorsement. Simultaneously some financial implications are being calculated and technical writer has been engaged to scope the work involved to complete the writing of the PPE manual.

A schedule of external reviews has been developed, however the start of this work has been delayed as there has been difficulty booking suitable H+S practitioners. We are continuing to find how to address this.

Lead Indicators

Since the previous detailed risk profile report and number of sections have responded, developing and / or finalising standard operating procedures and adjusting schedules to ensure that planned activities are progressed / completed by the end of the H+S Section Plan cycle, resulting in a positive improvement in the overall risk profile.

Risk Profile by Section



= Identified risk activity with no documented procedure

= Procedure has been developed for the activity / task however has not been reviewed

= Procedure in place for Activity / Task that has been reviewed within past twelve months

Lag Indicators

Incidents from 11 March – 9 April 2019:

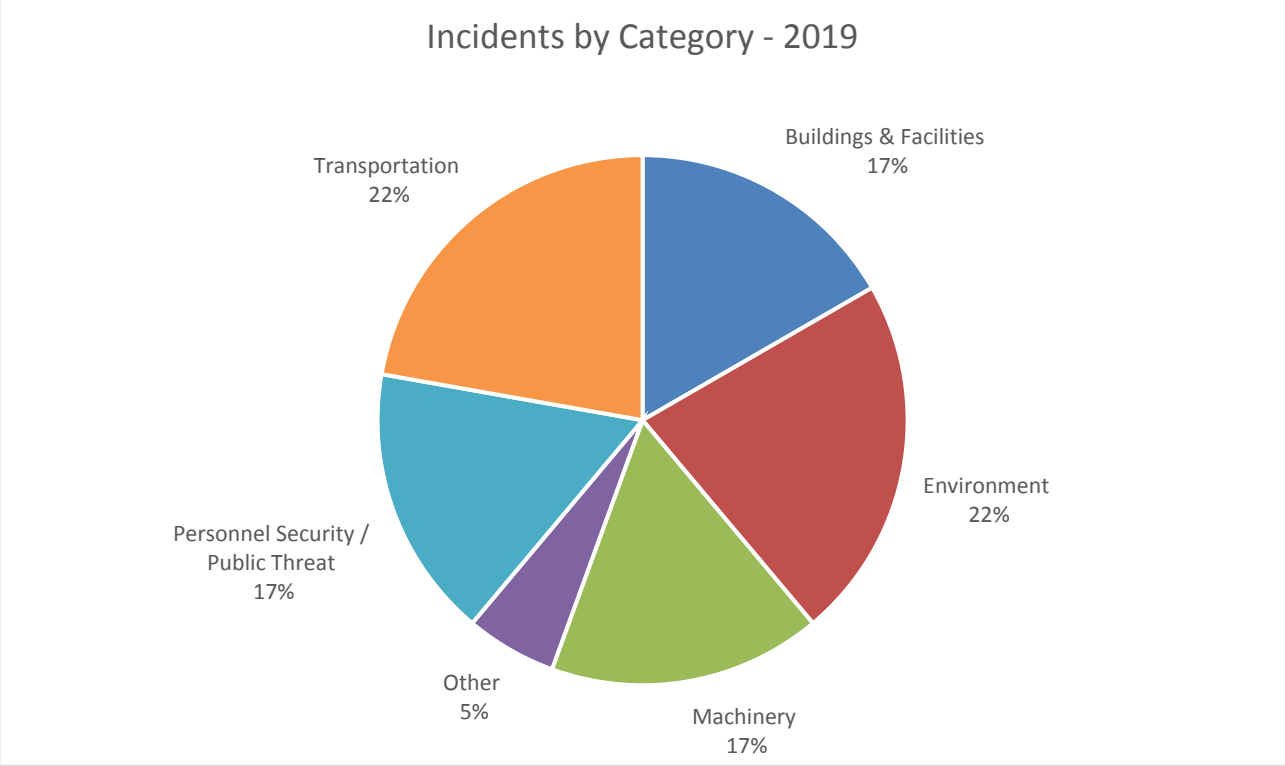
Title	Date	Group	Section	Risk Category	Risk sub-category	Status	Actual Harm
Vehicle vs Surfboard	8/04/2019	Operations	Zone Delivery	Transportation	Land - Car	Closed	Insignificant
Caught finger	22/03/2019	Contractor	Operations	Machinery	Heavy	Open	Minor
Gate Crush	22/03/2019	Operations	Regional Support	Buildings & Facilities	Ecan Property	Open	Insignificant
Log Roll	21/03/2019	Operations	River Engineering	Environment	Physical task	Open	Minor
Tired Driving	12/03/2019	Operations	FS - Biosecurity	Transportation	Land - Truck (4WD)	Open	Insignificant

Year-to-date Summary

1 January 2019 – 9 April 2019

Incident by Impact and Group (Table)

	Insignificant	Minor	Moderate	Major & Catastrophic	Total (by Group)
Communications and Engagement	1				1
Finance and Corporate Services		1			1
Operations	6	7	1		14
Science					-
Strategy and Planning		1			1
Contractors		1			1
Non-Workplace					-
Visitor / Public					-
Total (by Impact)	7	10	1	-	18



4.2. 8+4 Forecast Report

Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

Performance, Audit and Risk Committee (PARC) report

Date of meeting	2 May 2019
Author	Tarsha Triplow, Team Leader Corporate Reporting
Endorsed by	Miles McConway, Director Finance & Corporate Services

Purpose

1. To report the 2018/19 8+4 forecast results compared to the original 2018/19 budget.

Recommendations

That the Performance, Audit and Risk Committee:

1. **Receive the 2018/19 8+4 forecast and note the anticipated effect upon the year end result.**

Background

2. Forecasting takes place on a 4+8 and 8+4 basis annually and is reported to the Performance, Audit and Risk Committee as part of our prudent financial management responsibilities

2018/19 8+4 Forecast

3. The 8+4 forecast contains actual financial results for the first 8 months of financial year, plus 4 months of re-forecast revenues and expenditure.

4. In early March 2019, budget holders, assisted by the Finance Business Partners, carefully and fully reviewed each budget. The revised forecast will play a part in providing a view of the opening reserves balance for the 2019-20 Annual Plan.

5. Forecast operating revenue has been adjusted upwards by $0.5 million and expenditure is anticipated to increase by $2.3 million, resulting in a higher than anticipated deficit this year. However, this will be offset by underspend in grant capital projects explained below, leaving a projected net underspend of $211k.

6. In January 2019 the Council sub Committee agreed that various low priority projects of $1.2 million could be saved this financial year. These savings have been forecast to be achieved and have been included in the $211k under budget.

7. Offsetting these savings there are also some overspends for specific projects or portfolio's:

    a. Zone Delivery Management ($305k) due to mudfish projects, Mackenzie Alignment project and third party derived legal reviews.

    b. Various project costs for the three flood incidents including July 17 repairs ($922k).

    c. Fit for the Future ($400k) draft intermediary goals for the Canterbury Water Management Strategy for 2025-2030 for the Canterbury Mayoral Forum.

    d. Public Transport Bus Contract Payments ($715k) due to NZTA indexing, ERA changes, and higher total mobility costs.

    e. Net Consent Processing ($621k) due to lower chargeable hours however measures are underway to rectify this.

8. Summary of forecast vs budget operating activity by Portfolio:

    For commentary on each variance, please refer to the attached Forecast Summary document.

Legal compliance and risk assessment

9. The purpose of the 8+4 forecast is to identify projects or other costs that are not currently on track and to consider whether further corrective action is required. This is to ensure potential financial issues are minimised or avoided.

Attachments

- **2018/19 8+4 Forecast Summary:** Table 1: Operating Portfolio View

File reference	[SharePoint link for this paper]
Peer reviewers	Mark Smith, Team Leader Business Partnership Katherine Harbrow, CFO

2018/19 8+4 Forecast Summary

TABLE 1: OPERATING PORTFOLIO VIEW

PORTFOLIO	REVENUE				EXPENDITURE				SURPLUS/(DEFICIT) ($000)				
Forecast vs Budget	8+4	BUD	VAR	%	8+4	BUD	VAR	%	8+4	BUD	VAR	%	COMMENTS
Air Quality	3,956,266	3,474,334	481,933	13.9%	4,153,132	3,952,899	200,233	5.1%	-196,866	-478,565	281,700	-58.9%	Forecast deficit is favourable $282k compared to budget. The majority of this saving has been made in Air Communications $205k, where there will be less spend on Collateral for campaigns in Christchurch. The remaining savings have been made in the regional airsheds with less subsidies taken up this year.
Biodiversity and Biosecurity	10,292,872	9,734,488	558,384	5.7%	9,784,771	9,735,827	48,944	0.5%	508,101	-1,338	509,440	-38063.0%	Delays in resourcing specialist Braided Rivers & Wetlands roles; rationalisation of rabbit control contracts post-K5 release; and resource gaps through Field Services impacting Biosecurity. This is offset in part by late project deliveries and additional contractor requirements.
Freshwater Management	29,463,782	31,203,043	-1,739,262	-5.6%	31,280,043	31,387,812	-107,769	-0.3%	-1,816,261	-184,769	-1,631,493	883.0%	Forecast deficit is unfavourable $889k compared to budget. Within this Portfolio are Environmental Infrastructure projects (MAR & Ahuriri Lagoon projects) that rely on Milestones to be met to receive Grant funding. These milestones have been delayed by weather, excavators, planting and land purchases. This results in less Revenue, which will now be received next year. The other significant overspend is the Fit for Future Strategy $405k which has been a prioritised workstream.
Hazards, Risk and Resilience	27,889,797	27,016,316	873,481	3.2%	26,553,605	25,666,040	887,565	3.5%	1,336,192	1,350,276	-14,085	-1.0%	Restorative catchment works as a result of Nov18 and Jul17 flood events offset by deferred climate change integration works, swing mooring fees for late submitters, and rationalisation of expenditure in the Natural Hazards programme
Regional leadership	25,628,235	25,771,556	-143,321	-0.6%	27,941,465	27,947,597	-6,132	0.0%	-2,313,230	-2,176,042	-137,189	6.3%	Forecast deficit is unfavourable $137k compared to budget. The main variance is within the Plans, Consenting and Compliance programme where additional expenditure was required on RMA objections & appeals and less consent application revenue received due to lower chargeable hours processing consents, due to vacancies and other non-chargeable work.
Transport and Urban Development	74,200,320	73,153,530	1,046,791	-0.3%	74,999,879	73,672,598	1,327,281	1.8%	-799,558	-519,068	-280,490	-184.6%	Forecast deficit is unfavourable $280k compared to budget. Key drivers include higher bus contract costs due to NZTA indexing, provisions for ERA changes, price increase for contract extension, and higher Total Mobility costs due to increased usage. These deficits are partly offset by higher user pays revenue; savings in marketing and service reviews and less IT costs due to changing project phasing.
Total	171,076,791	168,503,353	2,573,437	1.5%	174,712,895	172,350,448	2,362,446	1.4%	-3,636,104	-3,847,095	210,991	-5.5%	

Notes

An increase in Revenue or Expenditure is indicated by a positive variance

An increase in the use of Reserves is indicated by a negative Surplus/(Deficit) variance

Acronymns

NZTA: New Zealand Transport Agency

RMA: Resource Management Act 1991

MAR: Managed Aquifer Recharge

5. Performance

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

Date of meeting	2 May 2019
Author	Katherine Harbrow, CFO
Endorsed by	Miles McConway, 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 2 May 2019 meeting.**

Attachments

1. Current PARC Action list – 2 May 2019

[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	28/2/19	*Health & Safety:* Investigate opportunity for benchmarking of incidents and showing year on year comparisons.	Progress at Regional SIG? Progress from data and information management project?	Matthew Bennett	Will provide update at meeting
2	28/3/19	*Health & Safety:* Provide further information about procurement process for Fit for Work.	Fit for Work contract has started	Matthew Bennett	Completed
3					

5.2. Update Reserve Policy

Performance, Audit and Risk Committee (PARC) report

Date of meeting	2 May 2019
Author	Katherine Harbrow, CFO
Endorsed by	Miles McConway, Director Finance and Corporate Services

Purpose

1. To approve the updated Policy on Reserve Funds

Recommendations

That the Performance, Audit and Risk Committee:

1. **approves the updated Policy on reserve funds; and**
2. **recommends to Council that it adopt the updated Policy on Reserve funds**

Background

2. The Policy on Reserve Funds was last updated as part of the 2016/17 Annual Plan process at the July 2017 PARC. This policy sets the minimum reserve limits that Council must maintain.

3. Where a minimum reserve limit is set at $0k this enables underspend/overspends in a year to be held in the reserve but with the understanding that in accordance with the Reserve policy this reserve balance will be replenished/spent to the $0k value.

4. A review has been undertaken in 2018 and the following changes have been made:

	2019 Policy	2017 Policy	Change
Emergency Management Response Reserve	500k	250k	250k
Healthy Homes Reserve	0		NEW
Passenger Tranbport Continuous Service Reserve	4250k	3640k	610k
Asset Replacement Reserve	4000k	400k	3600k
		Change	**4460k**

   a. The format of the policy has been amended to be in line with other policies and has been tablised where possible to aid in reading the policy.

5. The Emergency Management Response Reserve (Civil Defence) - the Canterbury Emergency Group (CEG) would like to increase the target minimum reserve level to

$500k due to the recent events and this replenishing of this reserve has been provided for the 2018-28 LTP and 2019/20 Annual Plan.

a. The new Healthy Homes Reserve initiative has been added. The objective will to over time bring this reserve to zero once the loans are repaid.

b. Passenger Transport reserves have been calculated based on new assumptions.

c. The Asset Replacement Reserve matches the balance that is building up to replace key strategic assets such as 200 Tuam St building through depreciation.

6. There is one reserves that has a current balance, that is not currently included in the policy and has no current purpose for the use of these rated funds. This is the Energy Efficiency reserve which had a balance of $355k but 18 months ago $215k was Council approved to be transferred to air quality reserve for Timaru. Further transfer could be requested from the Council in the future.

Financial implications

7. There is only proposed to be a minor change to the target minimum level of reserves and therefore minimal change to the interest revenue.

8. The target reserve level is proposed to be increased from $18,640k to $21,600k.

Risk assessment and legal compliance

9. There are no legislative requirements covering reserve fund policies

Consistency with council policy

10. This change would amend the Policy on reserves

Next steps

11. 16 May - Council meeting - This policy will be adopted by Council

Attachments

1. Reserve Policy

File reference	[SharePoint link for this paper]
Peer reviewers	Tarsha Triplow, Team Leader Corporate Reporting Mark Smith, Team Leader Business Partnership

ENVIRONMENT CANTERBURY CORPORATE POLICY

FINANCIAL RESERVE FUNDS

EFFECTIVE DATE	April 2019
POLICY OWNER	Director Finance & Corporate Services

POLICY STATEMENT

Environment Canterbury (the Council) establishes reserves to manage short term crises and unexpected developments while also focusing on the long-term achievement of its goals.

PURPOSE

This policy provides guidance on the amount, maintenance and use of financial reserves held by the Council.

APPLIES TO

All employees of the Chief Executive of Environment Canterbury.

PRINCIPLES

Prudence is seen to be especially important for financial management and underscores the importance of maintaining healthy reserves. More cash enables ECan to keep paying its technical staff and creditors when unexpected shocks arrive so that programmes delivering benefits to the community can continue to be supplied.

Reserves protect the organisation in times of financial need, making it less reliant on banks, other lenders and insurance. Essentially reserves provide a form of self-insurance and reduce financial risk for the organisation. During the financial crisis, bank financing tightened up and money was only lent at considerably increased margin spreads. The benefit of immediate access to funds means that the organisation can respond quickly to any opportunity presenting itself which benefits the community.

Less reliance on banks and other lenders is also consistent with current Central Government thinking regarding its concerns about the level and trend of Local Government Debt. However, as we are now a guarantor and borrower of LGFA we are able to access funds at short notice due to the bespoke lending offered to councils. This borrowing is also at lower than traditional bank market rates.

Our transactional banker has also indicated should we need to drawdown on any facility this would be available within 48 hours.

Reserves also contribute an amount of around $0.5m annually in interest income representing a return of 2.5% after tax which exceeds that achievable by the rate payer on an individual basis. This in turn helps reduce the overall ongoing level of funding required from the community.

In light of the above it can be stated that reserves represented by cash or cash equivalent are required to:

- Provide advance financing of expenditure should there be a temporary liquidity shortfall, i.e. provide a source of working capital
- to meet unexpected costs imposed on the organisation, such as those arising from a natural disaster or other unforeseen event
- to replace equipment as it wears out
- To ensure that ECan maintains agility to respond to opportunities relating to the provision of a stable and quality service beneficial to the community.
- Enable a smoothing of peaks and troughs in rate demands.
- Reduce external borrowings in order to avoid the negative spread on interest rates between borrowed and invested money

The purpose of reserves represented by physical fixed asset is simply to report the amount of equity the regional community holds in the assets managed by the organisation on its behalf.

DEFINITION

For the purposes of this policy, unless otherwise stated, the following definitions shall apply:

Reserves	Part of retained earnings, set aside for either a general or specific purpose with special rules for their use which are typically represented by cash or cash equivalents.

RESPONSIBILITIES

Performance and Risk Committee:

- Review this policy at least every two years

Executive Leadership Team:

- ensure that budget setting rebuilds reserves ECan will aim to restore the reserve to its minimum level over the next 3 years

Leaders:

- have an appropriate level of oversight of this policy and ensure reserve build up is considered in budget planning

Employees:

- Understand that there a policy and the guidelines accompanying it.

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Build-up of reserves

The Council is required under the Local Government Act 2002 to ensure that revenues are set a level that is at least equal to operational expenditure unless it is prudent to do otherwise. The purpose of a balanced budget requirement is to ensure there is access to enough funding to enable services and assets of the local authority to be sustainably funded over the long term in a manner consistent with prudent financial management. The Act presumes that showing a small surplus is financially prudent.

Council must make a formal decision to run either an operational surplus or deficit having regard to estimated expenditure requirements, projected revenue available, impact on service levels, and equity between the current and future ratepayers. Therefore, a build-up of reserves can result from a conscious policy decision by elected members.

Reserves can also build up as a result of non-occurrence or deferral of planned expenditure.

Policy:

The financial capability provided by reserves held for contingencies should generally be for commitments from 0 – 3 years.

Setting the required target level of reserves

The reserve funds serve to minimise the risk of deficits or liquidity problems exercising a negative effect on program delivery, to maximise the probability that the organisation can meet its obligations and to provide financial stability.

Policy:

Each year appropriate levels of reserve holdings will be reviewed through the annual plan process and budget setting. A risk scan will identify the likelihood of new and existing risks and decide whether they should be met by:

d) Building the risk into budgeted funding commitments via rates

e) Building the risk into budgeted funding commitments via reserves

f) Not building the risk into budgeted funding but covering any shortfall in a reactive way from the reserves

The target minimum reserve levels resulting from this annual review will be recorded in Appendix I of this policy each year.

Liquidity of reserves

The cash flow and contingency reserves should be maintained in a form that places primary emphasis on minimising the risk to principal funds while ensuring the liquidity necessary to meet the organisations cash requirements.

The overall target reserve level has been ascertained considering each contingency in isolation and aggregating the amounts. The probability of an event leading to a drawdown on all reserves to their maximum simultaneously is highly unlikely. Therefore, even though the overall reserve should be close to the targets as per the table, there is no necessity to hold 100% of these reserves in liquid assets.

Policy:

The council will aim to hold no less than 60% of the minimum level of cash flow and emergency reserves in a liquid form on average over the course of the financial year. This liquidity is represented by cash, cash equivalent assets such as short-term investments and unused committed loan facilities. This objective will need to be considered and balanced against any financial impact it puts on rate payers.

Maintenance and replenishment of reserves

An active use of reserves implies that there is a deliberate plan to replenish the reserve.

The source of replenishment will be rates and / or profits from business units and the simplest way for ECan to provide for this would be to add a margin on to the appropriate rate with the intention that this is banked into the reserve. Reserves collected via targeted rates can only be used for the purpose the rate was collected for.

The operation and maintenance of a reserve is akin to operating an insurance or savings policy – by banking small, regular payments, at some future time much larger withdrawals can be made without disrupting normal cash flow.

Policy:

In the event of reserves dipping below the minimum target level, ECan will aim to restore the reserve to its minimum level over the next 3 years. This replenishment objective will need to be considered and balanced against the financial impact it puts on rate payers.

Principles Underlying the Proposals for Use of Reserves

PRINCIPLE 1: Maintenance of reserves at levels close to the minimum targets, where possible, is considered fundamental to this policy. Therefore, proposals for the use of reserves relating to recurring operational activities should not significantly reduce the reserve below the recommended minimum level. This is applicable both at the level of the individual reserve as well as at the level of the organisation as a whole.

The reserves, while they may be required to finance a deficit in a given year if actual expenditure exceeds income, should not be used to inflate the funding available for operational and recurring expenditure. Planned deficits instil a false sense of long-term resource availability and may result in the undertaking of longer-term commitments with short term funding.

PRINCIPLE 2: Proposals for the use of reserves which would cause the reserve to fall significantly below the minimum target level should be for extraordinary, one-time expenditures such as strategic initiatives or response to an unforeseen event, and not for recurring, operational activities of the organisation.

Unlike appropriations under a regular budget, reserves provide a funding source which can cut across several years and remain available for spending for the duration of the approved initiative.

PRINCIPLE 3: Proposals for the use of Reserves may be for initiatives and responses which are outside the annual financial period of the organisation and may cut across, or last for, several years

PRINCIPLE 4: Each reserve will have a range either side of the target minimum level of plus or minus 10%. Utilisation of the reserve below the 10% range will require specific approval of the Director of Finance and Corporate Services up to his /her level of delegated authority and beyond that the Chief Executive or Council.

Approval mechanism for the proposals for use of reserves

Reserve management requires protocols in order that reactive expenditure is accountable.

Policy:

Anticipated and planned use of reserves must be approved as part of the Annual Planning process, having regard to this policy. As such, proposals for reserve funds usage will be guided by the financial delegations of the Director of Finance and Corporate Services, the Chief Executive, Council and the provisions of this policy. The proposals are to be accompanied by relevant information supporting the request.

Proposals for unanticipated or unbudgeted use of reserves within the financial year are required to be advised to the relevant Director and the Director of Finance and Corporate Services who will consider these having regard to this policy. Proposals for reserve funds usage will therefore be guided by the financial delegations of the Director of Finance and Corporate Services, the Chief Executive, Council and the provisions of this policy. The proposals are to be accompanied by relevant information supporting the request.

Monitoring and review of policy

Monitoring of this policy is the responsibility of the Director Finance and Corporate Services, who will ensure a review occurs every two years or earlier in response to good practice. Any suggested amendments will be referred to the policy owner.

This policy is administered by the Finance section.

Policy:

The Director of Finance and Corporate Services will, as part of the annual budgeting process, examine and review the level of reserves.

This reserves policy will be reviewed at least every two years by the Performance Audit and Risk Committee.

Policy Authorisation

Version	CE Approval	Date	Key Changes
V1		2 May 2019	Approved at PARC

APPENDIX I – Summary of target minimum reserve levels

Cash flow and contingency reserves

Description	Target Level	Comments
Biosecurity Threat Response Reserve	**$0**	Minimum level required.
Flood Protection Reserve (excluding WFPP)	**$8,100k**	Minimum level required
Flood Protection: Waimakariri Flood Projection Project (WFPP) Reserve	**$0**	Negative reserve balance approx. $20m 17/18. Secondary stop bank construction is nearing completion, repayment will occur across 20+ years
Emergency Management Response Reserve	**$500k**	Minimum level required per SLA
Air quality	**$0k**	Minimum level required
Clean Heat Programme Delivery Reserve	**$0k**	Required to run programme to Nil over remaining life
Healthy Homes Reserve	**$0k**	Minimum level required
Passenger Transport Continuous Service Reserve	**$4,250k**	Minimum level required
Public Transport Capital Reserve	**$0**	Represent borrowing for PT technology investment. Repayment will occur over a period of time.
Pest Management Reserve	**$500k**	Minimum level required
Regional Park Funding Reserve	**$0**	Minimum level required.
Asset Replacement Reserve	**$4,000k**	Self-determining balance through robust methodology
General Operations and Contingency Reserve	**$3,000k**	Minimum level required
Accommodation and Fleet Services Reserve	**$1,000k**	Minimum level required.
Chatham Island Contract Reserve	**$250k**	As required by contract
Total	**$21,600k**	

Equity Reserves

Description	Target Level	Comments
Capital Assets Reserve	**$170m**	Forecast Value
Building Redevelopment Reserve	**$0m**	Overtime expected to be repaid
Asset Revaluation Reserve	**$800m**	Forecast Value
Total	**$970m**	

APPENDIX 2 – Rationale for reserves levels

Description	Target Level	Purpose	Rationale
Biosecurity Threat Response Reserve	$0	A temporary fund to assist with initial response to pest incursion	This reserve represents the balance of funds received but not yet spent on responding to pest incursion. These funds are to be used if necessary to assist with initial response to pest incursions having an effect on Biosecurity. This fund is therefore a residual fund which will likely run down over time. Funds to address these threats are and will be maintained as part of the Pest Management reserve.
Flood Protection Reserve, excluding Waimakariri Flood Projection Project (WFPP)	$8,100k	To provide funding for planned and unplanned maintenance and repair of stop banks	The financial reserve target levels are determined by risk of damage, the need for un-programmed work, and the practical level of funding needed to allow immediate start on damage repairs. The catchments areas are considered individually in terms of the size of potential issues and reserve levels are set a between 50% and 100% of annual maintenance expenditure. The overall weighted average is 70% of $11,500k (2019 dollars$)
Flood Protection: Waimakariri Flood Projection Project (WFPP) Reserve	$0	To manage the debt funding of the Secondary stop bank	Secondary stop bank construction is nearing completion, repayment will occur across 20+ years
Emergency Management Response Reserve	$500k	To hold sufficient funds to provide emergency management operations	The purpose of this reserve is to ensure that we can respond quickly to the need to provide co-ordinated emergency management operations and has the support of the CDEM governance body. There is an Emergency Management Service Level Agreement (SLA) between ECan and the Canterbury Civil Defence Emergency Management Group (CDEM Group) which is for the period 1 July 2018 to 30 June 2021. This agreement in clause 4.5 states that a Financial Reserve of $500k to be used to cover unbudgeted expenditure incurred when the Group Emergency Coordination Centre is activated in any mode in support of local or agency responses on behalf of the CDEM Group.
Air Quality	$0	To hold balance of air shed subsidiaries	The purpose of this reserve is fund future costs associated with the air quality subsidiaries in each of the seven airsheds.
Clean Heat Programme Delivery Reserve	$0	To provide funding for clean heat initiatives	The purpose of this reserve is to fund the future costs associated with the clean heat program. These future costs fall into two categories namely a) interest and administration costs associated with the rundown of the interest free loans advanced under the clean heat program and b) any new initiatives on which funds already collected and held could be spent. The appropriate level of reserve is self-determining and is the amount required to cover both the unavoidable future costs as well as the more discretionary costs associated with the program.
Healthy Homes Reserve	$0	To provide funding for Healthy Home loans	New. The purpose of this reserve is to fund the future costs associated with the Healthy Homes program.
Passenger Transport Continuous Service Reserve	$1,000k +$2,950k +$300k Total =$4,250	To ensure funding is available to provide an uninterrupted transport service	a) *Increase in contract price* Price increase resulting from subsequent full tender assuming a 3-year period of readjustment to a different rating base. Assume an increase in contract prices of 10% per annum: Contract Value of likely network impact $10,000k

			Extra Cost 3 years $3,000k 25% Assumed Central Government contribution = Extra Cost to ECan $2,250k When the transition to PTOM contracts is completed by 2020/21, the risk of operator issues is considered low. The **reserve level at $1,000k is recommended** to balance the risk against financial impact it puts on rate payers during 2020/21 Annual Plan. b*) NZTA index* Bus contracts are adjusted quarterly based on NZTA index, which includes four components: labour wages, fuel price, road user charges and other. Historically fuel prices have been extremely volatile and difficult to predict. A repeat of this volatility means that ECan could underestimate the indexation for fuel costs: Contract Costs of network $65,000k 15% of NZTA index represented by fuel 20% Price variation in fuel Possible fuel increases $1,950k 25% assumed Central Government contribution = Extra Cost to ECan per year $1,463k Call on reserves for 2 years $2,925k Annual contract costs are continuing to grow with NZTA indexation. The **$2,950k reserve level should be calculated** based on the annual contract costs after indexation. c) *Reduction in patronage* Any reduction in patronage will result in a reduction of fare revenue to which ECan is exposed by nature of contracts being on a gross basis. The level of forecast fare revenue is conservative, but a possibility remains that patronage may not hold at these levels or even fall short. Because of the very conservative estimate of patronage it is considered that the risk is small. Accordingly, an allowance to cover a 2% reduction in patronage is considered appropriate. With fare revenue at $20m a 2% reduction in patronage equates to $400k. Assuming contribution from Central Government is 25%, **the extra cost to ECan is $300k.** The financial impact of patronage reduction due to natural disasters will be assessed after each event, reserve replenishment will be considered in a reactive way.
Public Transport Capital Reserve	$0	To manage the debt funding of the investment on Public Transport technology	To support the investment into the latest Public Transport technology it is proposed that a new reserve be created to separate capital from operational spend. 51% of capital costs is funded by NZTA and 49% by debt funding, repayment will occur over the asset useful life.
Pest Management Reserve	$500k	To ensure funding is available to quickly respond to obligations under the Regional Pest	The bulk of the pest management program is animal control and plant control. The animal and plant control operation have significant input from pest liaison committees for each of the districts covered by this programme. Although no specific level for reserves is set by the committees it is incorporated into the overall financial considerations.

		Management Strategy.	After considering the individual risk factors for each district, total district' reserves of $500k would be sufficient to provide immediate funding to deal with issues arising such as explosion in rabbit population and our obligations to deliver on the Regional Pest Management Strategy. This is a user pays function so the cost would ultimately be recovered and the reserve is only required to provide bridging funds.
Regional Park Funding Reserve	$0	To ring fence funds that are to be used to fund regional park operating and capital expenditure	The major risk associated with the regional park is the possible occurrence of flood or another natural hazard. There are no other critical infrastructural assets that would need to be immediately addressed. Any fluctuation in the level of reserve would be available to smooth inter-year rating levels.
Asset Replacement Reserve	$4,000k	To provide sufficient funding to maintain service level capability of existing assets.	This reserve is in place to ensure funds are available to replace operational assets. The Asset replacement reserve is funded from sales of assets and depreciation. Given that depreciation approximates the true decline in value of the asset, the level of this reserve will be self-determining and will theoretically represent an adequate level to replace existing assets. To the extent the depreciation is based on historical cost, the reserve would fall short of being sufficient for full replacement of the assets because of the increased cost of replacement because of inflation. To address this, the reserve is also credited with an interest component on the book value of the assets being depreciated. The interest rate is in excess of the rate of inflation so this ensures that any erosion in the reserve's purchasing power is avoided. Recommend that the Asset Replacement Reserve balance be maintained at the level determined by applying the methodology as it is based on a sound underlying financial premise.
General Operations and Contingency Reserve	$3,000k	To provide working capital for day to day operations and a contingency fund to accommodate unexpected events	a) *Transaction Motive* This is to address the need, in the ordinary course of business, to make payments for ongoing costs. The requirement to hold cash for this purpose arises from the fact that inwards and outwards cash flows are not synchronised and so a "float" is required to address this. Due to the availability of debt funding from both LGFA and ASB there is no requirement for any funds to be held for this reason as funds can be accessed with 48 hours' notice. **Recommend that the General Reserve to meet transactional motive $0** b) *Precautionary Motive* This is to maintain a buffer of liquid resources to provide for unexpected contingencies requiring sudden expenditure. In addition, it is also to provide business agility to respond to unforeseen advantageous opportunities. This motive covers tactical responsiveness to react and respond to unforeseen events. Due to the inherent uncertainty in the very nature of this requirement the level at which this should be set is somewhat subjective. It is possible that we could be required to provide up to $500k to meet initial costs of and oil spill before we could claim money back from the oil pollution fund. There is also the possibility of having to deal with a derelict or abandoned ship which could cost up to

			$250k. A further allowance for unforeseen events, based on historic unforeseen issues arising of $2,750k is suggested. **Recommend that the General Reserve to meet precautionary motive $3,000k**
Accommodation and Fleet Services Reserve	$1,000k	To provide funds for development and maintenance of ECan owned properties with any surplus available to be paid as a "dividend" to the organisation	This reserve is in place to ensure funds are available for reactive repairs and unexpected contingencies for ECan owned properties.
Chatham Islands Contract Reserve	$250k	To ring fence funds collected specifically for meeting our obligations under our contract with the Chatham Islands.	Per Contract agreement
EQUITY RESERVES			
Capital Assets Reserve	$170m	To identify the original costs of capital assets	This reserve reflects the council's investment in fixed and infrastructural assets. The reserve value is based on the historical cost of the asset and represents equity of the regional community.
Building Redevelopment Reserve	$0	To manage the debt funding of the Tuam office building	Repayment will occur across 35 years
Asset Revaluation Reserve	$800m	To identify the value of assets in excess of the cost of those assets	This reserve reflects the accretion in value of appreciating assets owned by the organisation to more truly represent the equity of the regional community. The value of the reserve is based on the most recent valuation of the council's major assets.

5.3. Operational Report March 2019

Performance, Audit and Risk Committee (PARC) report

Date of meeting	Thursday 2nd May 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 March 2019.

Recommendations

That the Performance, Audit and Risk Committee:

1. **Receives the Operational Performance report for the period ended 31 March 2019.**

2. **Approves the spend ($400k) in the Fit For Future project retrospectively.**

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 may 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 March 2019, we had an operating deficit of $1.25M compared to a budgeted deficit of $2.39M, a variance of $1.14M. Further explanation of financial performance is provided in the financial health report.

4. The variance is a result of spending $0.44M more than budget and receiving $0.70M 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. Of these targets in the plan, 27 relate to activities expected 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 – $1.16M below budget expenditure, is due to the seasonal implementation in this portfolio, the expenditure is expected to increase over the coming months. Additional Revenue of $0.74M has been received largely for the Wilding Conifer Project.

    b. Freshwater Management - $0.23M above budget expenditure due to CWMS "Fit for Future" project work. Revenue is under budget currently $0.88M due to the timing of MfE Grants.

Strategic Project – Fit For Future

The Fit For Future project has been undertaken this year. The purpose of the project was to draft intermediary goals for the Canterbury Water Management strategy for 2025-2030 for the Canterbury Mayoral forum. The spend to date has been $400k. Council have been well briefed on this project however a formal resolution approving the unbudgeted expenditure is yet to be adopted and is therefore included in this report.

Attachments

1. Ops BI Report Mar 19 **[5.3.1]**
2. 2018-19 LOS PARC Appendix Mar 19 **[5.3.2]**

File reference	[SharePoint link for this paper]
Peer reviewers	Miles McConway, 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
3	67	1	1

	Revenue	Expenditure	Surplus/Deficit
Actuals	125.22	126.47	-1.25
Budget	124.52	126.91	-2.39
Variance	0.70	-0.44	1.14
%Variance	0.56%	-0.35%	

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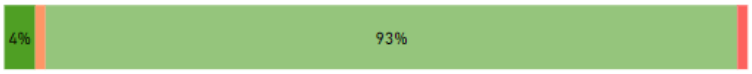
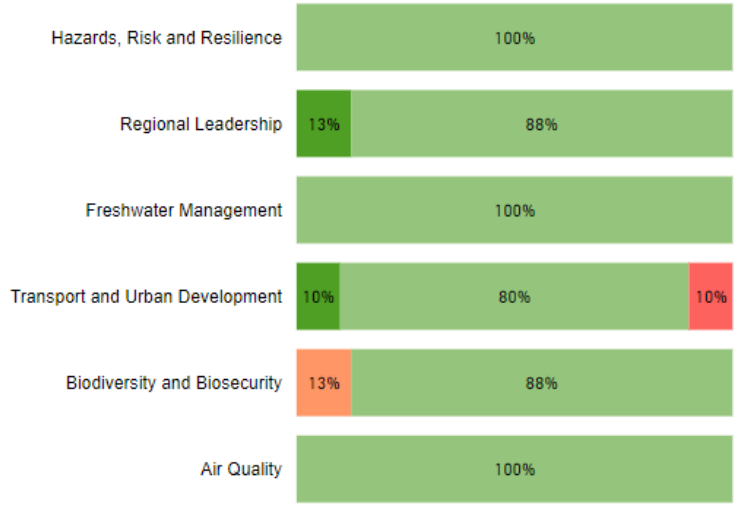
Overall Level of Service Targets Status

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



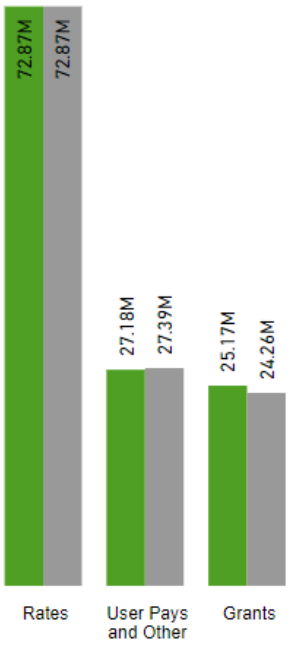
Level of Service By Portfolio

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



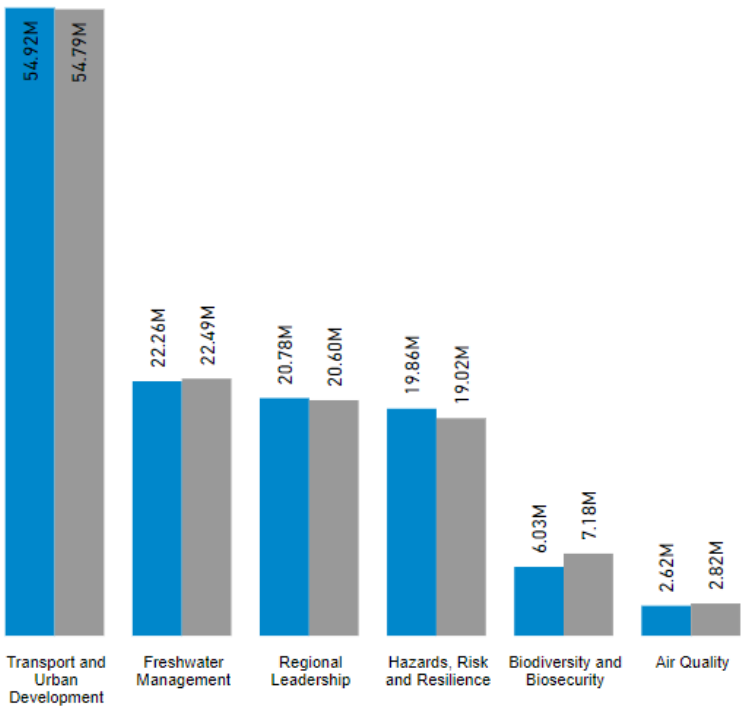
Revenue

YTD Actual Revenue | YTD Budget Reve...



Expenditure

YTD Actual Expenditure | YTD Budget Expenditure



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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 achieved Not Monitored On track to be achi... Will not be achi...

100%

Level of Service

2

Measures

5

Targets

5

Not Measured This Year

0

Comment On Service Delivery

The Cleaner Home Heating programme is planning for the busy winter period. Healthier Homes Canterbury application numbers continue to increase, with 215 applications received, and 171 applications worth $690,296, approved by 31 March. This is below predicted levels but at manageable levels, given the currently manual administration. Environmental Monitoring remains on track. The Washdyke air quality monitors were out of action for 6-weeks following an unexpected and urgent request to remove the monitors from the old site; however they're now running at a new site. We expect to release a report in May on the Timaru spatial monitoring study: this study was undertaken in winter 2018 to address public concerns about the representativeness of a single monitoring site in Timaru. As we prepare for the new Annual Plan a project is being established to support the Air Portfolio to transition to the new budget.

Target

Watchlist

All targets were achieved in 2017/18.

Emerging Issues

No emerging issues

Acronyms / Additional Notes / Metrics

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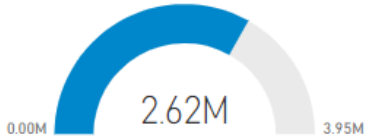
Air Quality

YTD Actual Expenditure vs Full Year Budget



66.29%

YTD Actual/Full Year Budget %

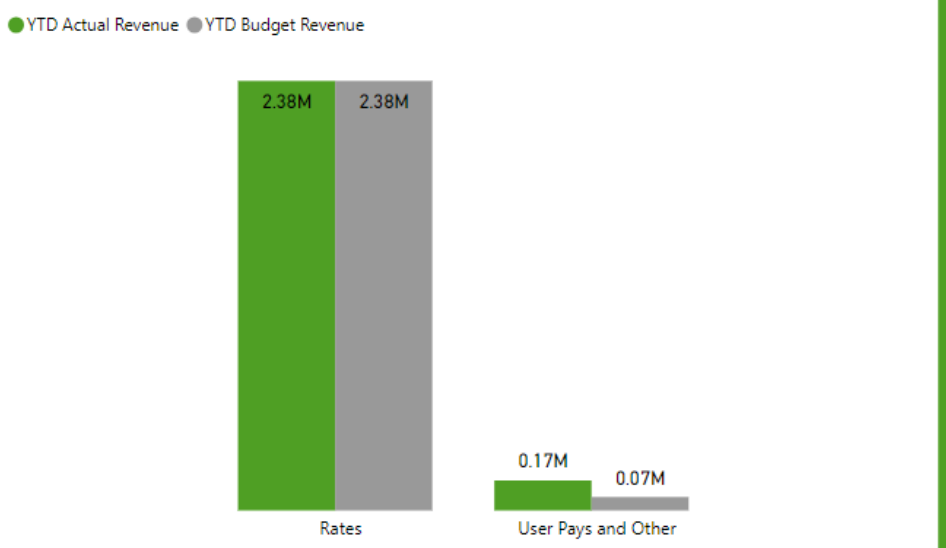
	Revenue	Expenditure	Surplus/Deficit
Actuals	2.55	2.62	-0.07
Budget	2.46	2.82	-0.36
Variance	0.09	-0.20	0.29
%Variance	3.74%	-7.04%	

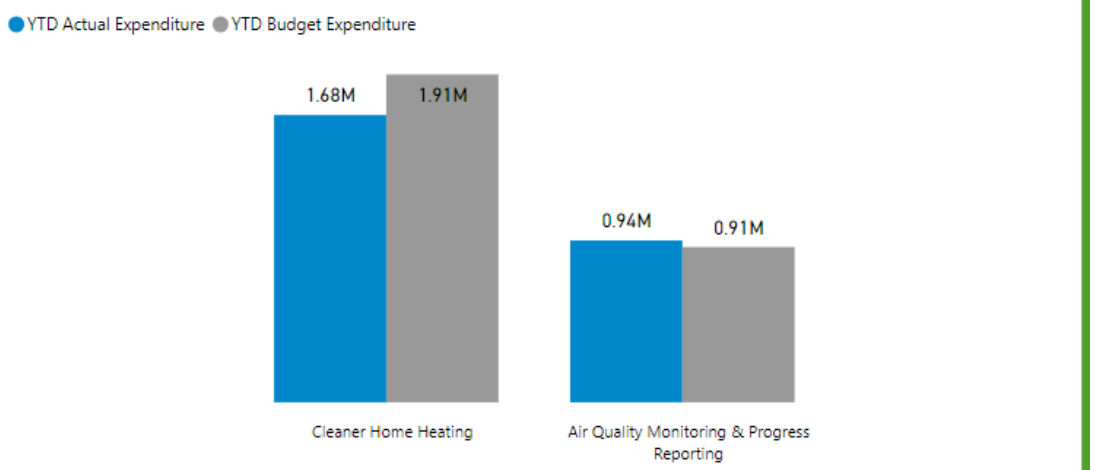
Revenue

Additional income from interest received which was not budgeted.

Expenditure

Costs are expected to increase as we prepare for winter 2019. This will include financial assistance, communications material and external labour during June.





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Level of Service

4

Measures

8

Targets

8

Not Measured This Year

0

Biodiversity and Biosecurity

Levels Of Service Targets

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

Status : Levels Of Service Targets

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

13% | 88%

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 BRAG project is continuing to work with stakeholders to identify land ownership and management issues on the major alpine braided rivers and work is currently focused on the Ashley River/Rakahuri and Ashburton River/Hakatere but could be impacted due to funding availability across partner organisations. Work on the ECan braided river non-statutory plans is concentrating on scoping content and delivery approaches for the plans. Braided river operation work is focussed on long term weed control surveys and implementing weed control programmes. Operational delivery of the Regional Pest Management Plan and the Biosecurity Strategy are on track. We are working closely with, and contracting, the Department of Conservation on projects in braided rivers and weed and willow control around Te Waihora to focus pest and weed control to achieve better outcomes. The wet Spring increased pest numbers and resources required for effective management. There is an ongoing focus on aligning biodiversity and biosecurity programmes.

Target

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.

Watchlist

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

Emerging Issues

Acronyms / Additional Notes / Metrics

CWMS: Canterbury Water Management Strategy

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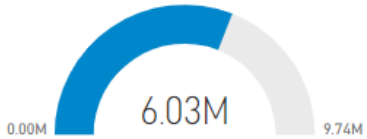
Biodiversity and Biosecurity

YTD Actual Expenditure vs Full Year Budget



61.89%

YTD Actual/Full Year Budget %

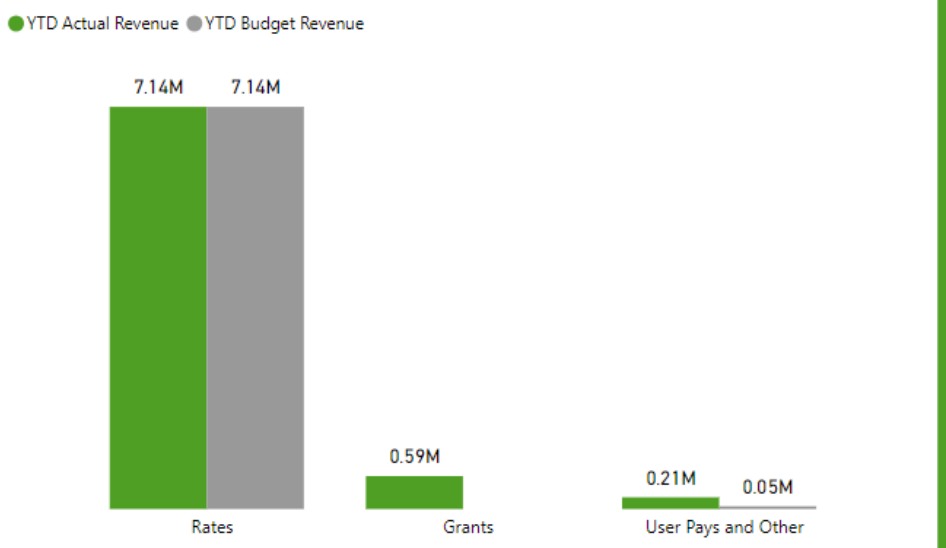
	Revenue	Expenditure	Surplus/Deficit
Actuals	7.94	6.03	1.91
Budget	7.19	7.18	0.01
Variance	0.74	-1.16	1.90
%Variance	10.35%	-16.12%	

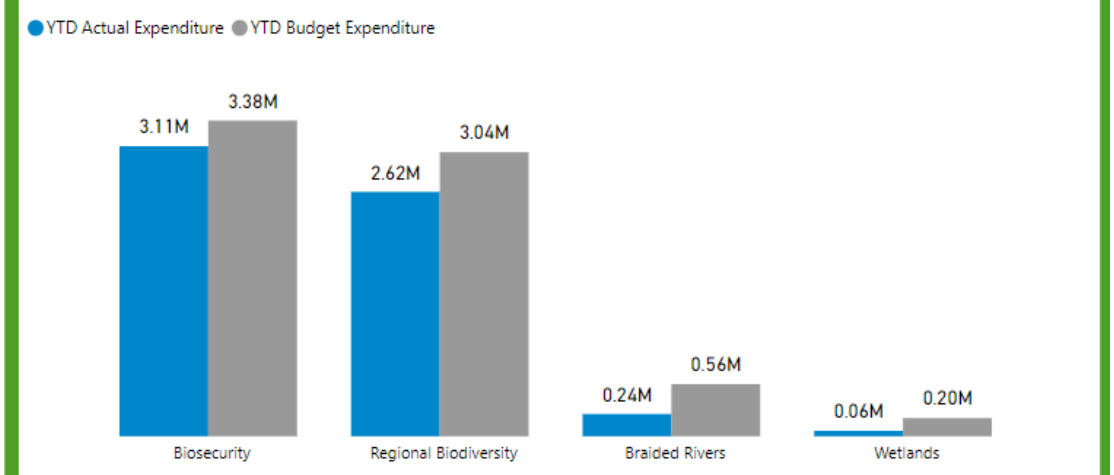
Revenue

Unbudgeted grant 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 accrual of funding grants. Biosecurity work is subject to seasonal implementation and expenditure. Expenditure is expected to increase over the coming months with contracted services now in place but it is likely there will be a slight underspend at year end. 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. The wetlands work will be witihin budget by year end. Grants endorsed by Zone Committees will be paid by the end of June or accrued for by the end of June. There will be no implications on the year end expenditure.





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Level of Service

6

Measures

10

Targets

13

Not Measured This Year

0

Freshwater Management

Levels Of Service Targets

Achieved	On Track	Not On Track	Won't Achieve
0	13	0	0

Status : Levels Of Service Targets

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

100%

Comment On Service Delivery

All Zone and Regional Committee Annual Reports have been drafted and are being shared with Councils. Progress on the Sub-Regional Planning projects is proceeding. Delays in commencing a cultural values assessment in Hurunui Waiau have been resolved. Planning staff are now heavily involved in plan drafting for both the Waimakariri and OTOP Zones whose ZIP addendums were adopted in December 2018. Continued discussion focuses on the delivery of cultural values within these Zones. The Omnibus is proceeding on track, with Section 32 development occurring alongside the plan development. The consent review option is being considered by the Ashburton Zone Committee. Ground and Surface Water monitoring programmes on track, even though there has been extra work required to maintain monitoring sites. Science teams are busy with gathering water quality and quantity data for interpreting and reporting while supporting regional projects focused on fish screening and braided rivers. Zone delivery teams continue to be in high demand to support Land and Water implementation projects across the zones and for a range of projects including bank stabilisation, ensuring farmers are operating at GMP, industry liaison on Plan Change 5, swimming hole restoration and projects focused on mahinga kai & cultural values. The FEP Auditing programme continues to be upgraded with new systems and stronger processes for auditors with input from industry. Additional labour has been required for water use compliance monitoring programme to manage the flow of information through the season and manage exceptions. Te Waihora programme has had some delays and a significant planting programme is now delayed until Spring 2019.

Emerging Issues

For Whakaora Te Waihora, the window for planting has been missed and will need to be postponed to the next financial year - Spring 2019.

Target

Hurunui- Waiau-2018/19.

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

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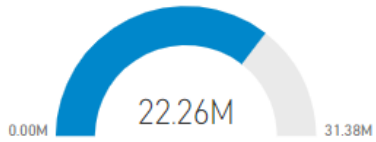
Freshwater Management

YTD Actual Expenditure vs Full Year Budget



70.94%

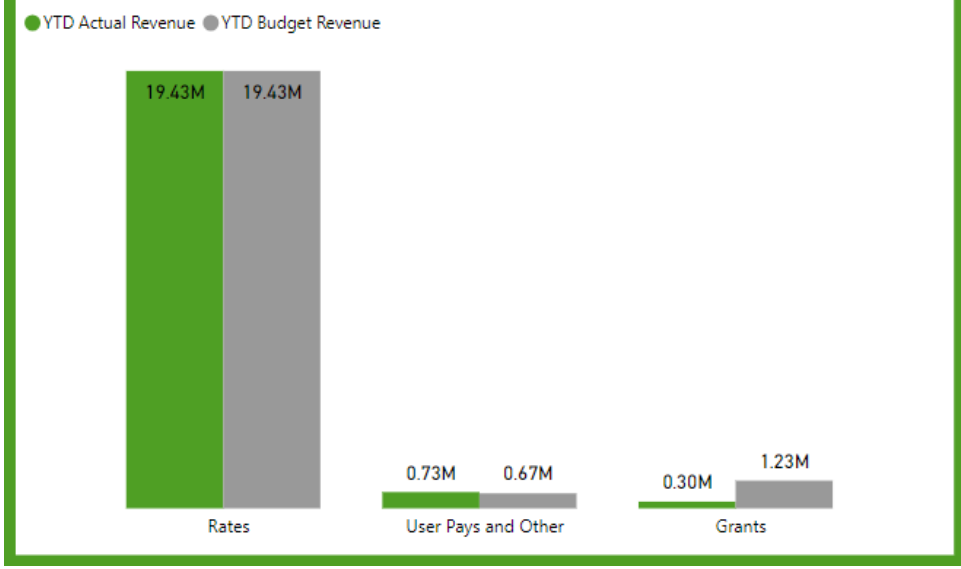
YTD Actual/Full Year Budget %

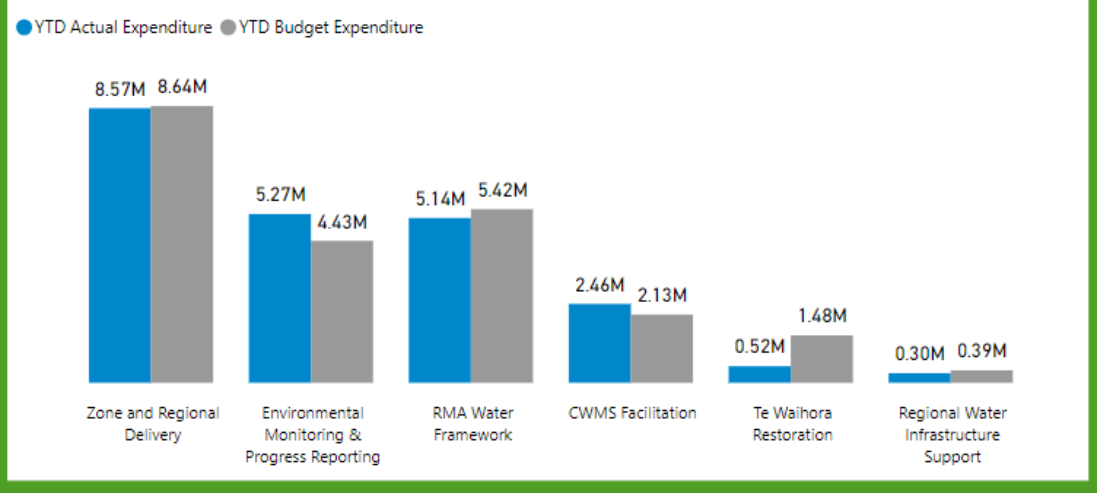
	Revenue	Expenditure	Surplus/Deficit
Actuals	20.46	22.26	-1.80
Budget	21.34	22.49	-1.15
Variance	-0.88	-0.23	-0.65
%Variance	-4.11%	-1.01%	

Revenue

Expenditure

There are some variances across the programmes. There are variances across some programmes including over expenditure in the Environmental Monitoring and Progress Reporting Programme, due to additional effort to re-instate and fix sites damaged from flooding and Kaikoura's 2016 earthquake and some over expenditure due to the CWMS Fit for the Future Project within the CWMS Facilitation Programme. Goods & Services under expenditure is largely from known project delays across work programmes for Te Waihora and Wainono with are expected to normalise by year end.





Environment Canterbury Regional Council
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Reporting Period

7/1/2018 3/31/2019

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 achieved | Not Monitored | On track to be achi... | Will not be achi...

100%

Level of Service

13

Measures

20

Targets

20

Not Measured This Year

0

Comment On Service Delivery

In the Flood Protection and Control Works programme the annual meetings with River Rating District Liaison Committees are complete; and the last of the Waimakariri stopbank earthquake repairs was recently completed in Kaiapoi. Environment Canterbury provided support to the West Coast Regional Council following the March 26-27 flood event, and this was gratefully received. The Hurunui Kaikoura Earthquake Recovery Waste Project has finished and has been a very successful cost-neutral project (due to central government grant funding). A Coastal Hazard Screening Assessment for Selwyn District has been completed and published, utilising the latest science and central government guidance on screening coastal hazards in light of climate change. LINZ have approved our application to progress LiDAR coverage for the Canterbury Region and we have been allocated $2.9million on a 71% co-funded basis (total project $3.4million) from the Provincial Growth Fund to undertake this work.

Target

Watchlist

All targets were achieved in 2017/18.

Emerging Issues

No emerging issues to report.

Acronyms / Additional Notes / Metrics

FENZ: Fire and Emergency New Zealand
JESP: Justice and Emergency Services Precinct
CDEM Group: Canterbury Civil Defence and Emergency Management Group
LINZ: Land Information New Zealand
LiDAR: Light Detection and Ranging

Environment Canterbury Regional Council
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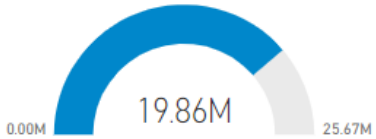
Hazards, Risk and Resilience

YTD Actual Expenditure vs Full Year Budget



77.38%

YTD Actual/Full Year Budget %

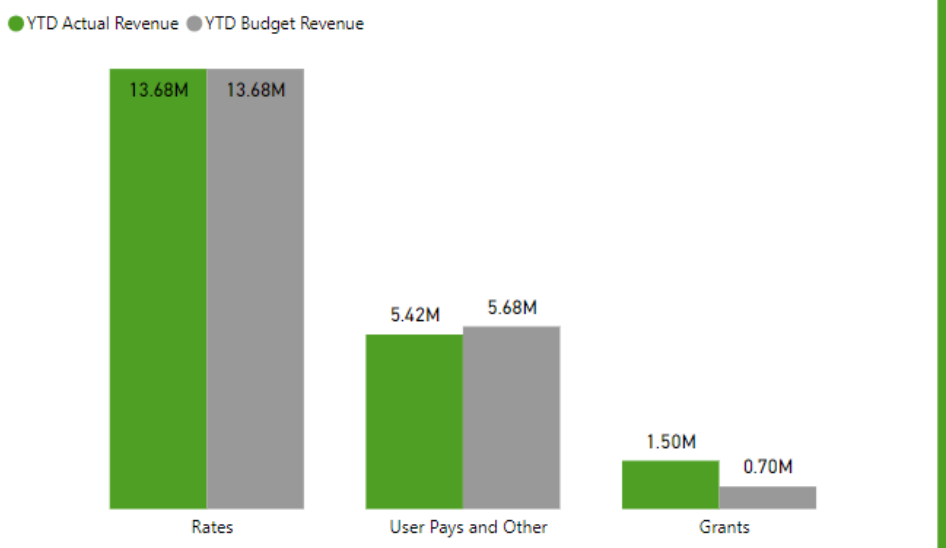
	Revenue	Expenditure	Surplus/Deficit
Actuals	20.61	19.86	0.75
Budget	20.06	19.02	1.03
Variance	0.55	0.84	-0.28
%Variance	2.75%	4.39%	

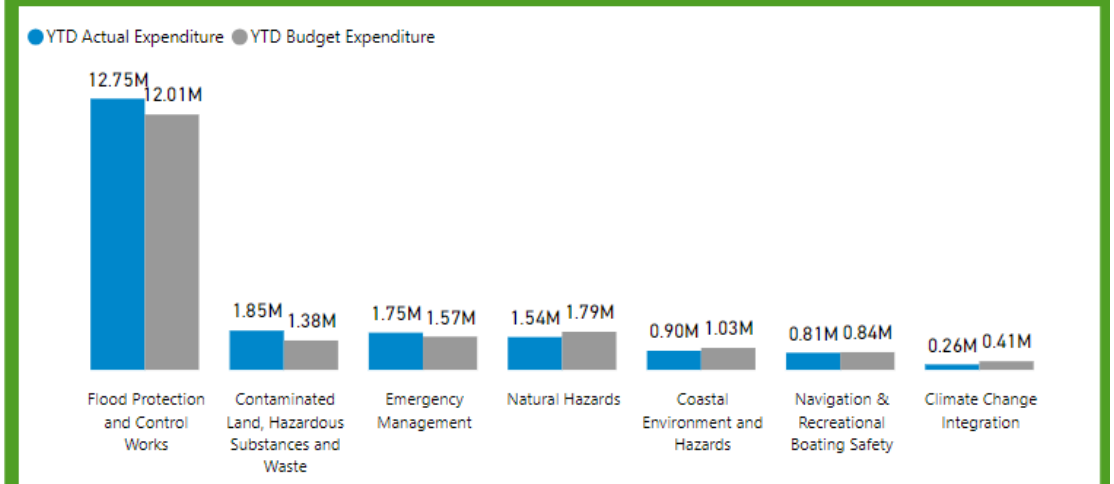
Revenue

Contaminated Land, Hazardous Substances & Waste revenue is above budget due to the grant from central government for the Kaikoura earthquake recovery project. Other unbudgeted revenue includes a Lower Waitaki grant and CDEM reimbursements. Other income is also below budget due to our less oil spills than anticpated in our cost recoverable marine pollution enforcement work.

Expenditure

In Flood Protection & Control Works the overspend will remain at year end and is due to completing work earlier than scheduled due to responding to flood damage in central Canterbury, especially in the Selwyn-Waikirikiri catchment. Costs also incurred due to responding to the March 2019 flooding event in the alpine areas and West Coast. Works were agreed with the responsible Liaison Committees. In Contaminated Land, Hazardous Substances and Waste the overspend is due to the Hurunui-Kaikoura Earthquake Recovery Waste Project and is offset by grants from central government. The Natural Hazards programme is under spent but will level out by year end, with the completion of significant projects including LiDAR capture for monitoring natural hazards, multi-scenario tsunami modelling for the Canterbury coast, fault mapping for Kaikoura and Hurunui Districts and liquefaction mapping for Kaikoura.





Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

Reporting Period

7/1/2018 | 3/31/2019

Regional Leadership

Levels Of Service Targets

Achieved	On Track	Not On Track	Won't Achieve
2	14	0	0

Status : Levels Of Service Targets

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

13% | 88%

Level of Service

8

Measures

14

Targets

16

Not Measured This Year

0

Comment On Service Delivery

The consultation period for the draft 2019/20 Annual Plan and two revised policies (Fees and Charges and Revenue and Financing) closed on 19 March. Responses are being analysed and arrangements made for the submitters who wish to be heard on 30 April.
The Tuia team continued to provide support for progressing the Canterbury Regional Council (Ngai Tahu Representation) Bill, which had its first reading in Parliament on 3 April 2019. Unfortunately it was not passed.
Recruitment has been completed for our Youth Participation Panel, with induction on 5 April and planning for a formal meeting/powhiri during Youth Week in May.

Target

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.

Emerging Issues

No emerging issues

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

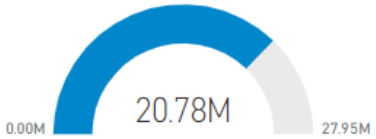
Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

Reporting Period

7/1/2018 3/31/2019

Regional Leadership

YTD Actual Expenditure vs Full Year Budget



74.37%

YTD Actual/Full Year Budget %

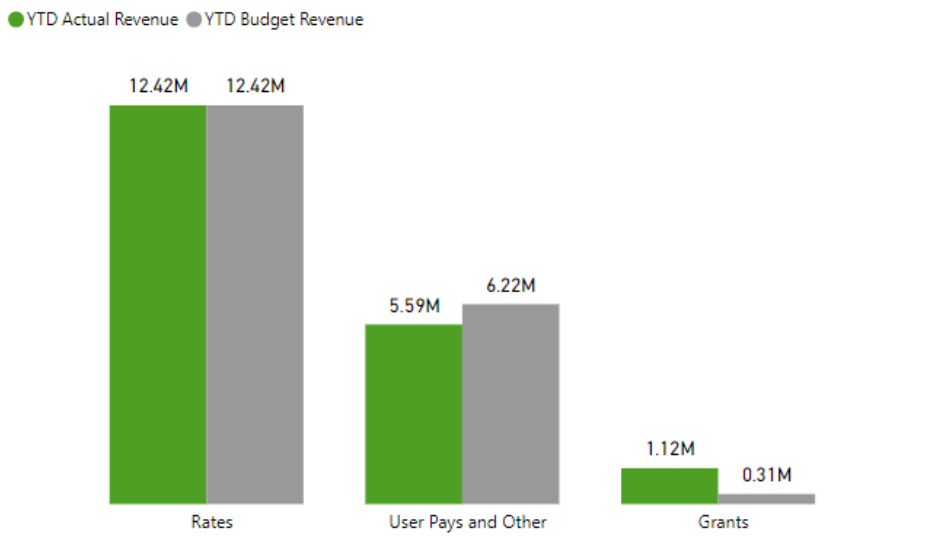
	Revenue	Expenditure	Surplus/Deficit
Actuals	19.13	20.78	-1.65
Budget	18.96	20.60	-1.65
Variance	0.17	0.18	-0.01
%Variance	0.91%	0.87%	

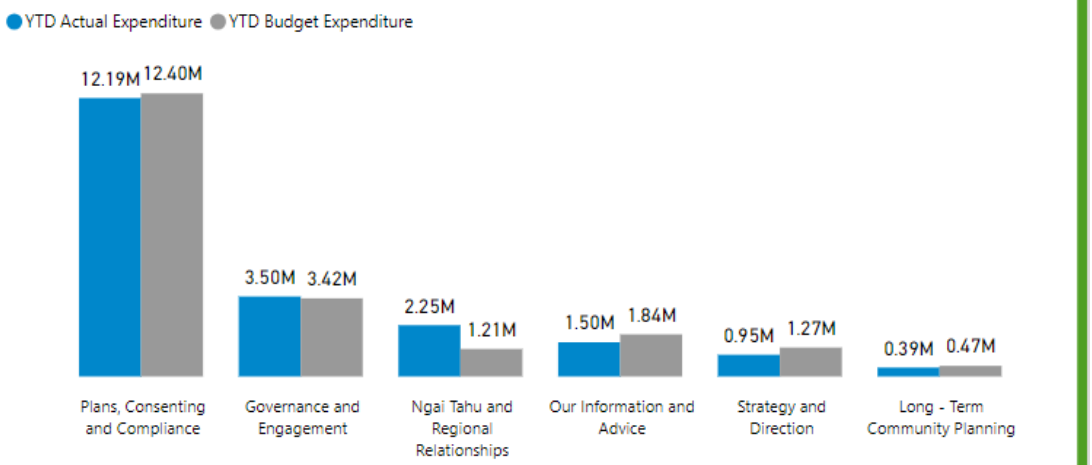
Revenue

Additional revenue has been received from MBIE for CREDs projects. This is expected to balance out with expenditure over the remainder of the year as CREDs projects are delivered. Revenue for consent application processing is lower than anticpated but cost recovery is expected to pick up over the coming months which will bring revenue for Plans, Consenting and Compliance closer to the forecast levels.

Expenditure

The Plans, Consenting and Compliance programme is within budget overall for expenditure but there is some additional expenditure in RMA response and investigations and monitoring compliance advisory services which is offset by reduced expenditure on RMA Consent Application processing. For Ngai Tahu and Regional Relationships, there is considerable additional expenditure associated with the delivery of CREDs projects. This cost is covered by grants from MBIE. There have been lower than expected labour costs for developing the Annual Plan which are expected to be offset by additonal costs incurred to enable community feedback. Savings in the Strategy and Direction programme are due to a decision 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 | 3/31/2019

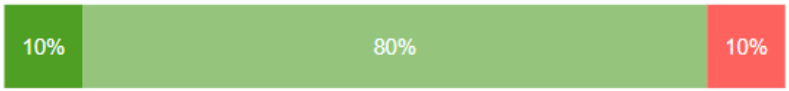
Transport and Urban Development

Levels Of Service Targets

Achieved	On Track	Not On Track	Won't Achieve
1	8	0	1

Status : Levels Of Service Targets

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



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 towards regional transport priority outcomes. The regional transport work programme is currently focused on freight mode optimisation, resilience and road safety. Public transport patronage continued to enjoy positive growth overall with YTD growth sitting at 1.5%. The events of 15 March have had a negative impact on patronage for March, recording an overall decline of 2.5% as a result of extended disruptions to services and school closures. Financial pressure continues due to historical indexing. While the increased patronage is assisting through higher fare revenue, this is not sufficient to off-set the increased costs, and as such, deferment of activities in the Marketing, Review and Technology-related areas is combining to minimise the impact as much as possible. Hearings and deliberations for the draft Our Space 2018-2048 document, which was collaboratively prepared by the Greater Christchurch Partnership, were held in February and March. Delays to this project means it was not possible to insert housing targets into the Canterbury Regional Policy Statement by December 2018 (see Level of Service 25.2a of the Long Term Plan).

Target

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.

Watchlist

All targets were achieved in 2017/18.

Emerging Issues

Upcoming changes to the Employment Relations Act will negatively impact on costs and/or service delivery as Operators make necessary changes to rosters. We are working closely with Operators to understand the implications of these changes.

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

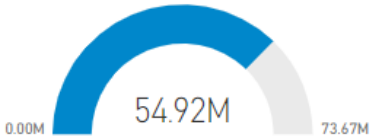
Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

Reporting Period

7/1/2018 | 3/31/2019

Transport and Urban Development

YTD Actual Expenditure vs Full Year Budget



74.54%

YTD Actual/Full Year Budget %

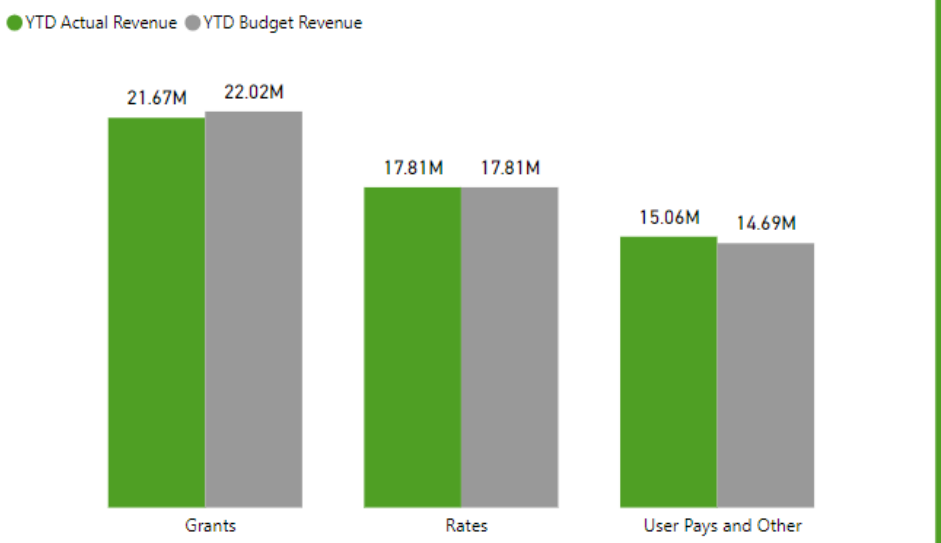
	Revenue	Expenditure	Surplus/Deficit
Actuals	54.53	54.92	-0.38
Budget	54.52	54.79	-0.28
Variance	0.02	0.12	-0.11
%Variance	0.03%	0.23%	

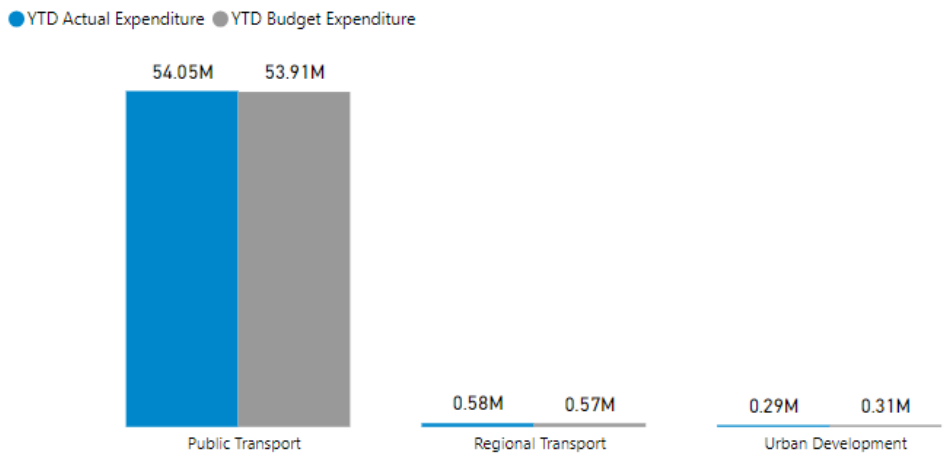
Revenue

Revenue remains within budget thresholds, showing a small under recover YTD of $38k. Key variances in Revenue are related to infrastructure allocations, influenced by project delivery by CCC, $791k additional revenue for bus contracts from additional fares and grants, and $187k and $130k less grants for underspends in technology-related projects and marketing respectively.

Expenditure

Expenditure is tracking within budget thresholds overall, however the following key variations are to be noted. Bus Contracts continue to be above budget expectations by $1.2m as a result of higher than expected indexing. Reviews and Consultation activities are underspent by $161k, however we are about to commence the Waimakariri service review which will see expenditure in this area increase. Marketing activities are underspent by $255k as we work to off-set the increased bus contract costs. IT Systems are underspent by $299k as a result of timing of capital project work.





ALL PORTFOLIO LEVELS OF SERVICE
Operational Performance Report
31-Mar-19

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.	May 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.	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).	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

5.4. Financial Health Report March 2019

Performance, Audit and Risk Committee (PARC) report

Date of meeting	Thursday, 2 May 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 March 2019.

Recommendations

That the Performance, Audit and Risk Committee:

1. **receives the monthly Financial Health report for the period ended 31 March 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 March 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 March 2019, we had an operating deficit of $1.25 million compared to a budgeted deficit of $2.39 million, a variance of $1.14 million.

5. The variance is a result of spending $0.44 million less than budget and receiving $0.70 million more revenue than budget.

Revenue

6. Rates revenue is in line with budget. User pays and other revenue is $0.21 million under budget mainly due to lower consent applications. Grants revenue is over budget

by $0.91M due to Canterbury Regional Economic Development Strategy (CREDS) revenue which is offset in goods and services expenditure.

Expenditure

7. Goods and services are under budget by $1.9 million.

8. Overheads are over budget by $1.9 million. Contributing factors include last minute goods and service budget reduction in IT as part of the LTP adoption, additional data storage and licensing costs, an increase in non-chargeable time being allocated in consents and compliance, both of which are being addressed.

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

Cashflow, Debtors and Debt

Treasury Performance

10. Total cash at bank (including investments) was $17.85 million as at 31 March 2019 and includes a balance on Metrocards of $3.61 million. Environment Canterbury's cash balance is therefore $14.24 million compared to a policy of $12.2 million.

11. Even with a low interest rate environment Councils modest investment portfolio is performing well with a current year to date positive variance of $50k.

Rates Revenue

12. Rates revenue is tracking to budget.

Debtors and Debt

13. Of our outstanding debtors of $4.7 million (excluding rates), $4.0 million relates to the current month. Our debtor balances exceeding 90 days is $0.2 million, our financial health report provides further details on steps taken to recover these outstanding balances.

14. Debt is currently $33m with further borrowings of $5m due to be drawn down in April (as planned and approved in our LTP) to meet our capital works programme that is not funded from depreciation or other sources.

Capital Expenditure

15. All capital works are $1.7M below budget (25.75%) for the year to date, this is largely due to the business improvement project expenditure being under budget.

Reserves

16. Current year reserve balances will be reported at the year end and confirmed as part of the completion of the annual report.

Attachments

1. FH BI Report Mar 19 **[5.4.1]**

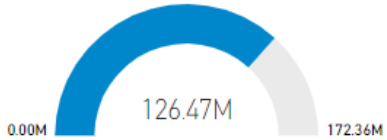
File reference	[SharePoint link for this paper]
Peer reviewers	Mark Smith, Team Leader Business Partnership Tanya Clifford, Corporate Reporting Accountant / Internal Audit

Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

7/1/2018 3/31/2019

FINANCIAL HEALTH REPORT

YTD Actual Expenditure Tracking Against Full Year Budget



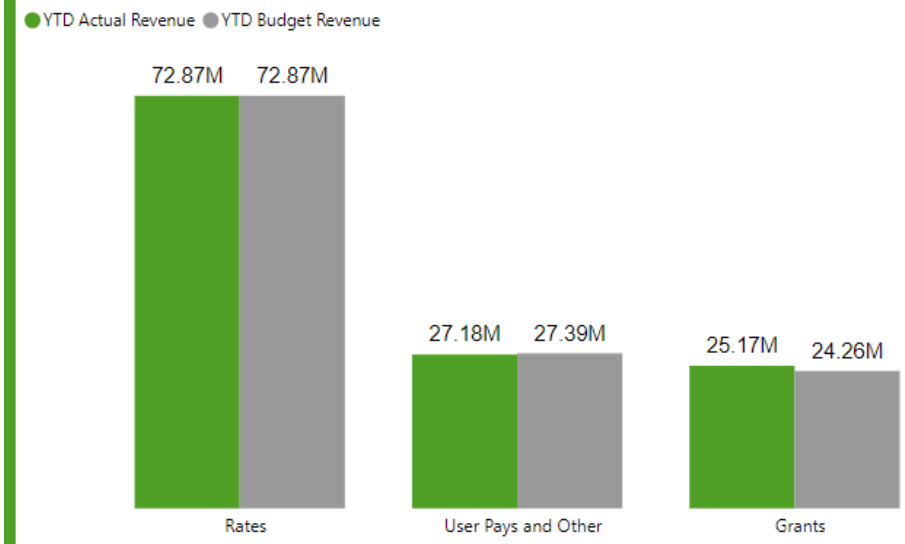
	Revenue	Expenditure	Surplus/Deficit
Actuals	125.22	126.47	-1.25
Budget	124.52	126.91	-2.39
Variance	0.70	-0.44	1.14
%Variance	0.56%	-0.35%	

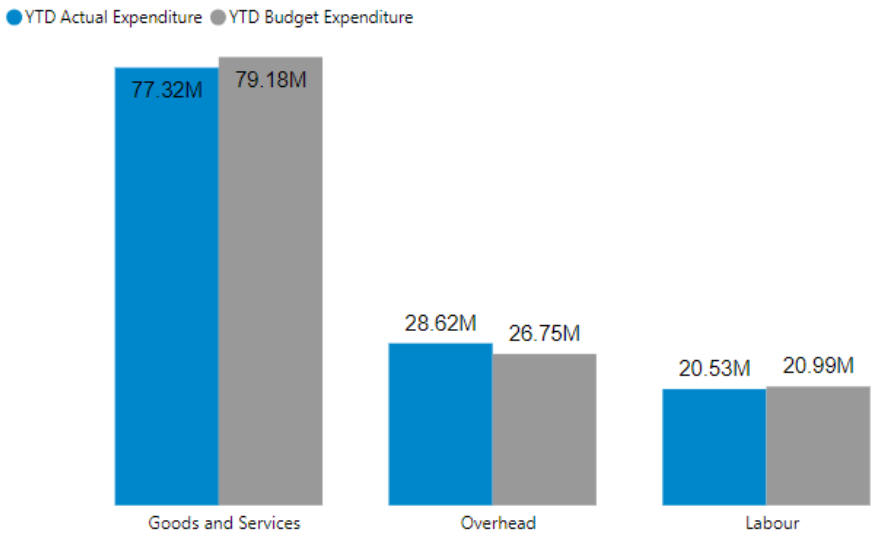
Revenue

Revenue is $0.7M, 0.6% over budget. This is due to grant revenue for CREDS and Biodiversity programmes. User Pays is slightly under due to Consents applications being lower.

Expenditure

Expenditure is over budget by $0.4M, which is 0.4% of budget. Overheads are tracking over budget $1.9M (7%) largely due to increased demand on Business Information Services. Goods & Services is under budget $1.9M due to delays in Freshwater and Biodiversity projects. Labour is under budget by $0.5M, 2% as a result of vacancies that have not been filled.





Environment Canterbury Regional Council
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Cash and Bank

as at 3/31/2019

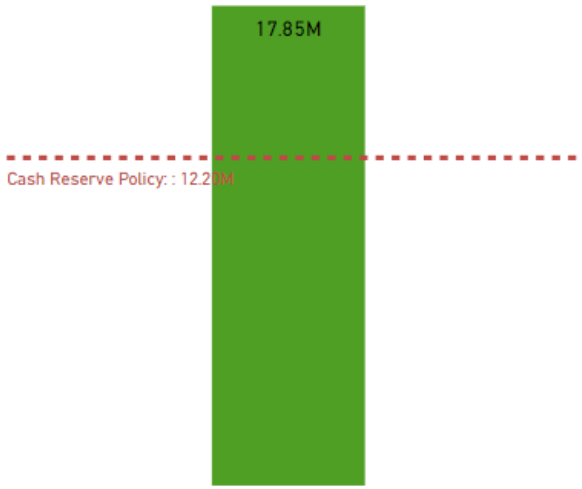
17.85M

Cash	Metrocard	Investment
3.13M	3.61M	11.11M

Investment Details ($000)

$	Maturity	Days	Rate
2000	11/04/2019	30	2.13%
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%
1300	22/11/2019	270	3.35%

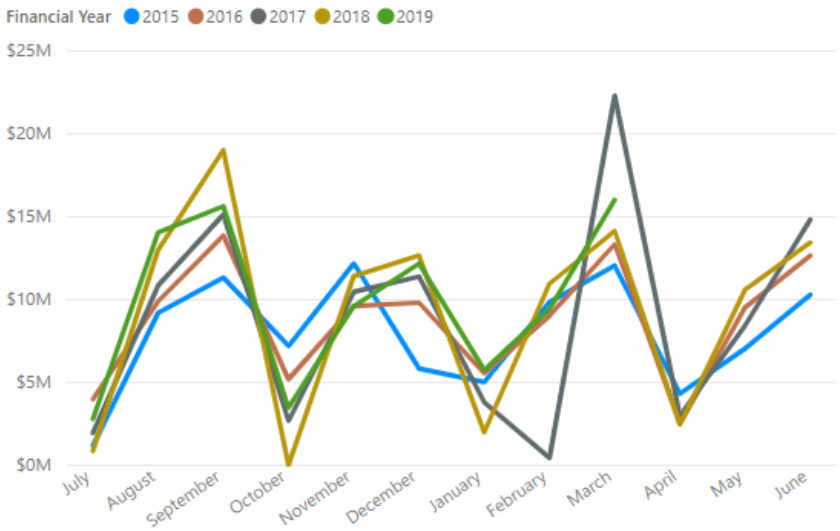
Total Actual Cash & Bank



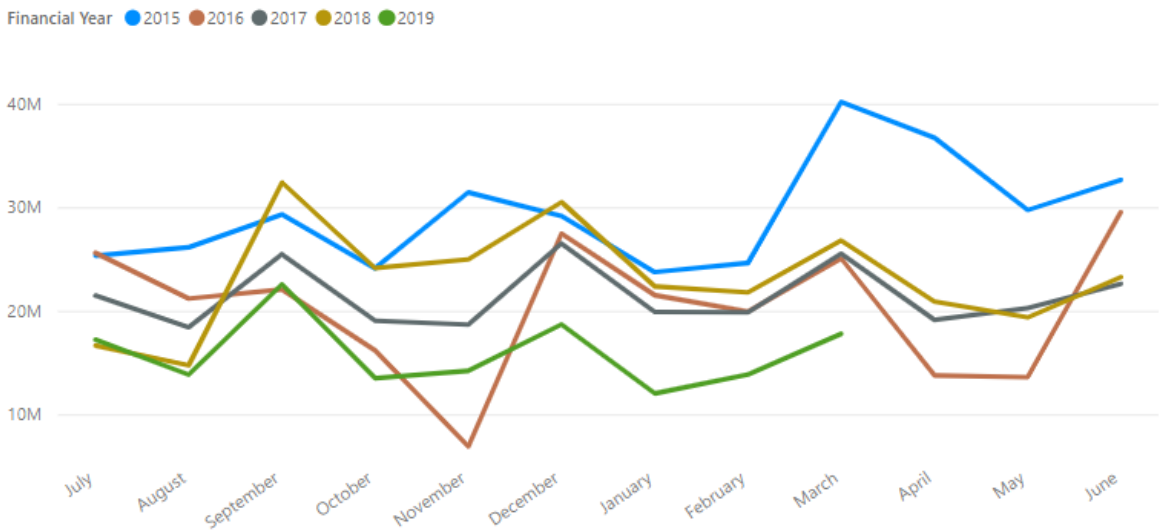
Financial Position

Cash and Bank	18M
Other Current Asset	10M
Non Current Asset	920M
Current Liabilities	-12M
Non Current Liabilities	-34M
Net Assets	901M

Rates Revenue Tracking Against Previous Years



Cash and Bank Balance Tracking Against Previous Years



Total Outstanding Debts (Excluding Rates)

Period Ending : 3/31/2019

$4,728,877

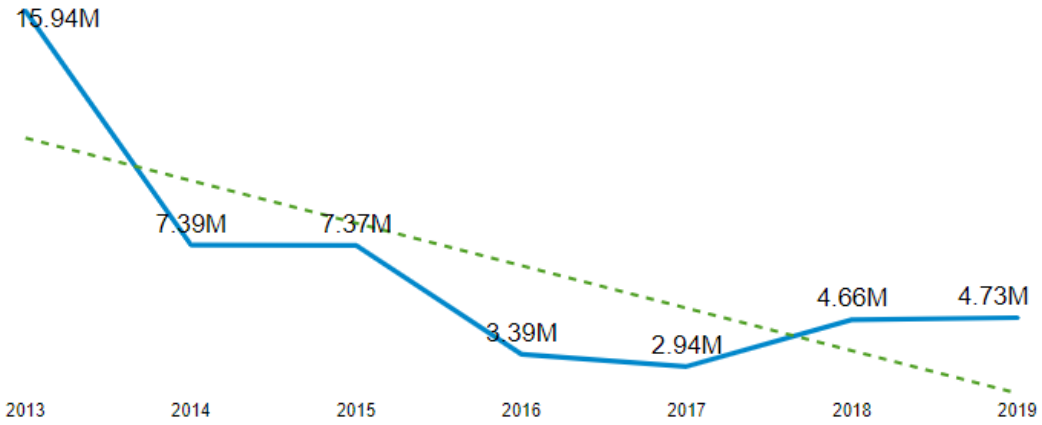
Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

OVER 90 DAYS DEBT MANAGEMENT

Total	Reminder	Payment Arrangement	Objection/ Query	Collection Agency	Others*
0.24M	0.04M	0.02M	0.02M	0.06M	0.11M

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

Amount by Year (Excluding Rates)

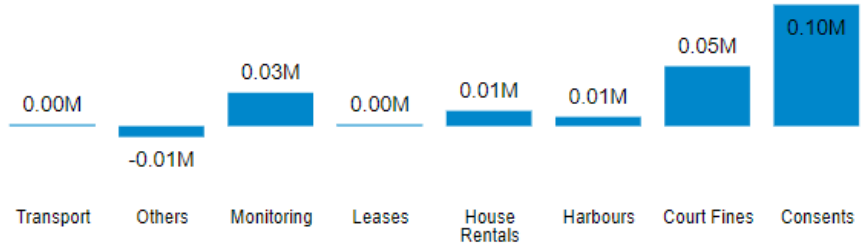


Notes

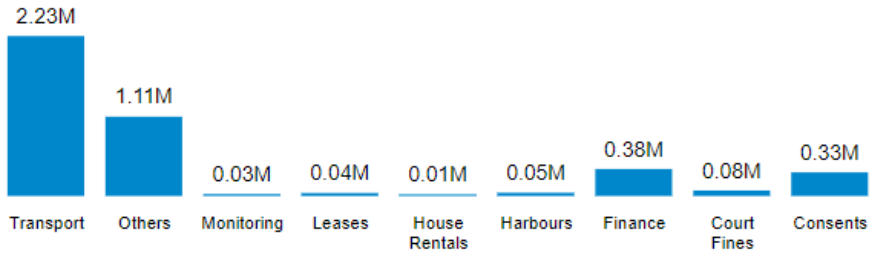
$4.01M of the $4.73M debt is current. Only $0.24M is over 90 days, which is at different stages of debt management as shown above.

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

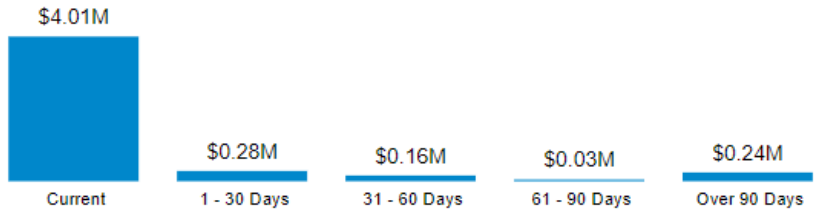
Over 90 Days Debts by Category (Excluding Rates)



Total Debts by Category (Excluding Rates)



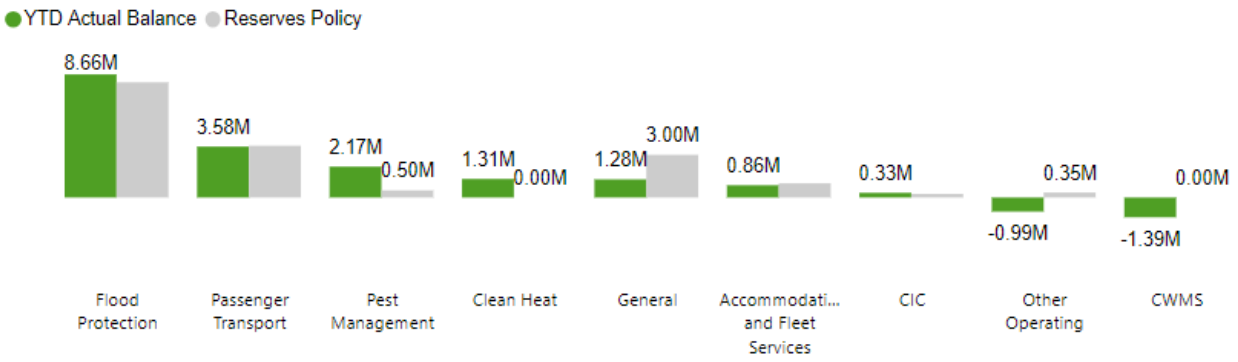
Amount by Aging (Excluding Rates)



Environment Canterbury Regional Council
Kaunihera Taiao ki Waitaha

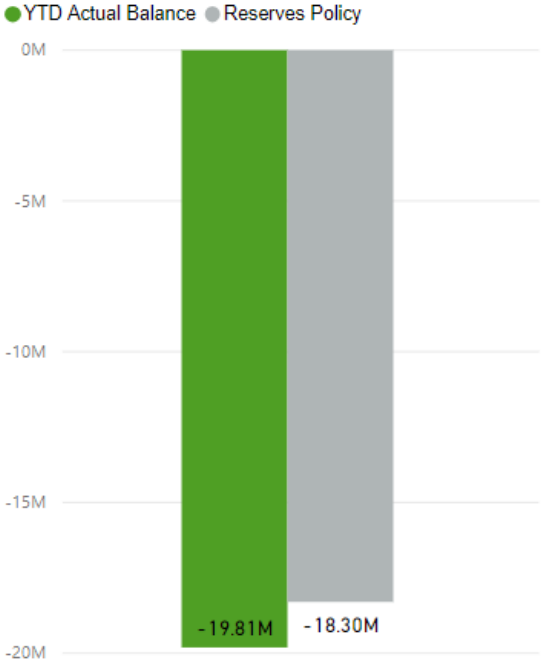
as at 3/31/2019

Major reserve Balances

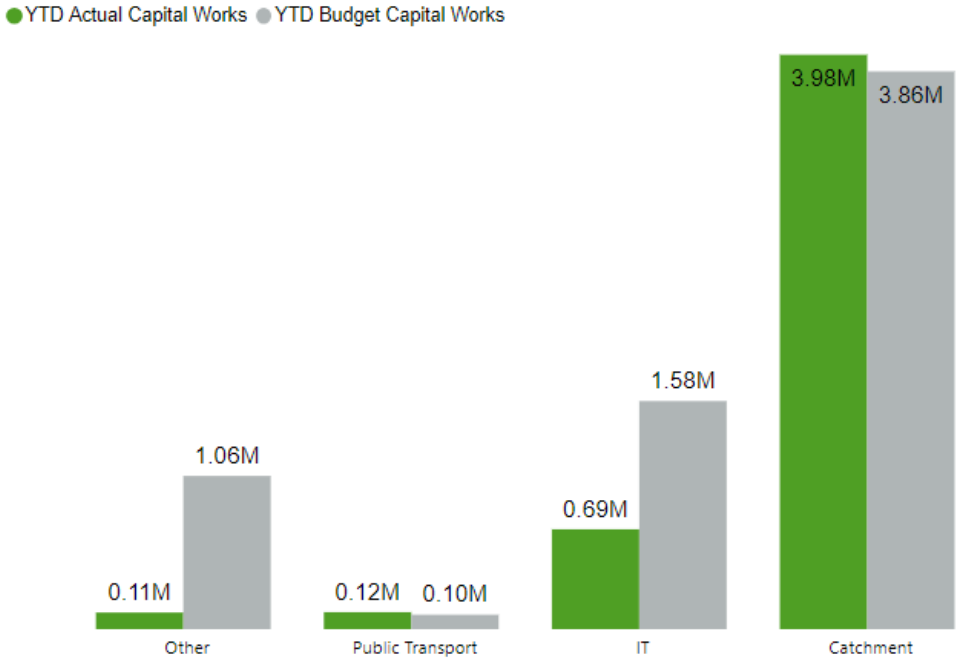


Note:

Waimakariri River Reserve Balance (Debt Funded)



Capital Works



4.90M!

Goal: 6.60M (-25.75%)

Note:

Capital expenditure is $1.7M 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.

5.5. Public Transport Finance Update

Performance, Audit and Risk Committee (PARC) report

Date of meeting	2 May 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. **Receives the financial update on Public Transport**

Attachments

Public Transport financial report

Public Transport Financial Update March 2019

Background

The following analysis is based on financial results for the nine-month period from 1 July 2018 to 31 March 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 nine months beginning 1 July 2018 to 31 March 2019 and also the various funding sources. The financial result is also compared to the 2018/19 Annual Plan budget.

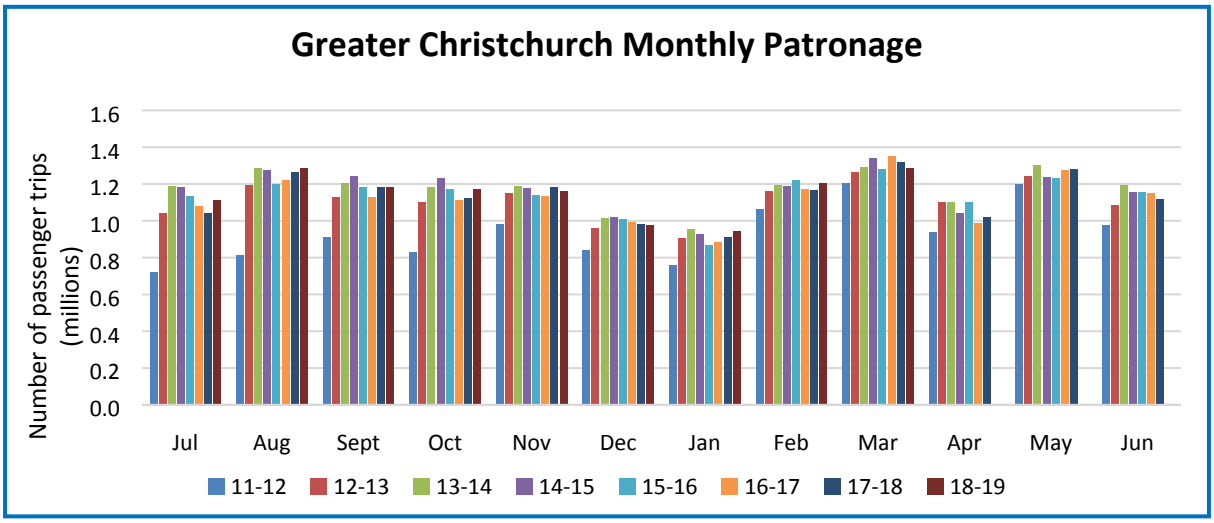
$000	Year to Date			
FUNDING OF SERVICES - REVENUE	**Act**	**Bud**	**Var**	**%**
Rates	17,226,220	17,226,220	0	0%
Grants	21,405,757	21,732,311	(326,555)	-2%
User pays and other	14,979,822	14,691,650	288,172	2%
Total Revenue	**53,611,798**	**53,650,181**	**(38,383)**	**0%**
DELIVERY OF SERVICES - EXPENDITURE	**Act**	**Bud**	**Var**	**%**
Total Expenditure	**54,052,366**	**53,912,578**	**139,788**	**0%**
Reserve Accumulation / (Use)	**(440,568)**	**(262,397)**	**(178,170)**	

Public Transport expenditure is tracking close to budget. Variances relate to bus contracts being $1,220k 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 $791k due to increased patronage and grants. This is offsetting the bus contract deficit resulting in a net bus contract deficit of $460k year to date.

Monthly Activity

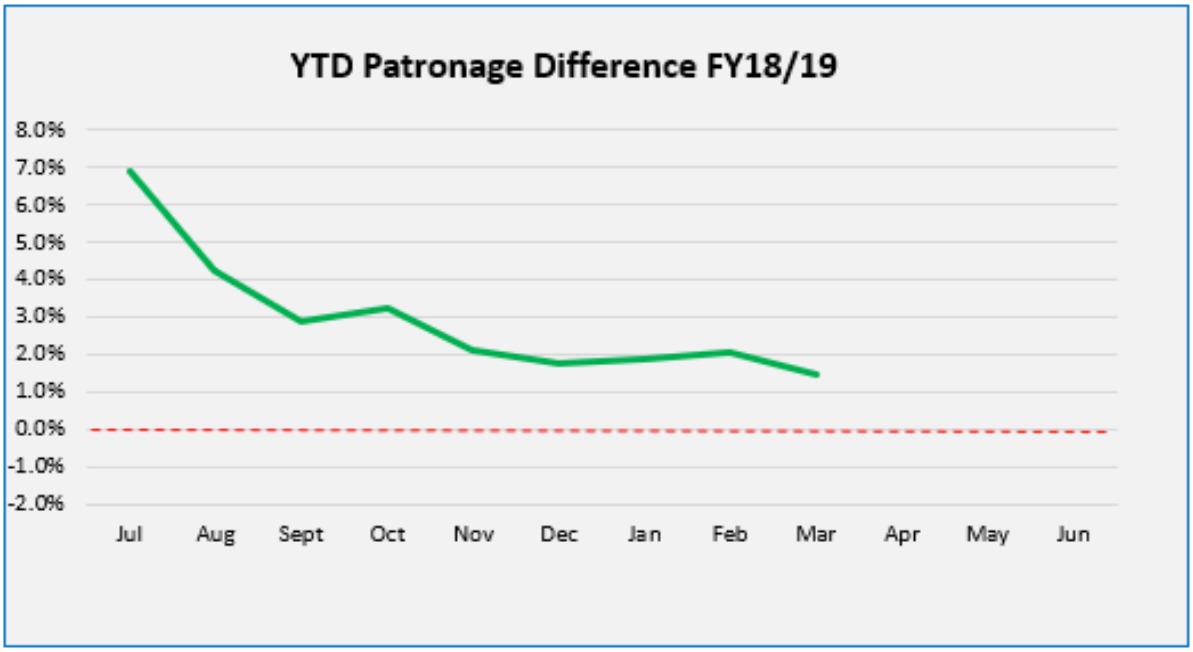
Patronage – Fiscal year to Date (March)



GREATER CHRISTCHURCH	Month March 2019	Prev Yr Comparison	Y-T-D	Prev Yr Comparison
Patronage	**1,282,929**	↓ **2.6%**	**10,313,912**	↑ **1.5%**
Farebox Recovery	**38.0**	↓ **1.9**	**38.3**	↓ **0.3**

March 2019 saw negative patronage growth of 2.59%. Bus usage on March 15, 16 and 17 was uncharacteristically low due to the terrorist attack that occurred in Christchurch. In addition, the closure of four high schools on the day of the remembrance service has also impacted on patronage outcomes.

The fiscal Y-T-D patronage continues to track at a positive figure of 1.5% growth.

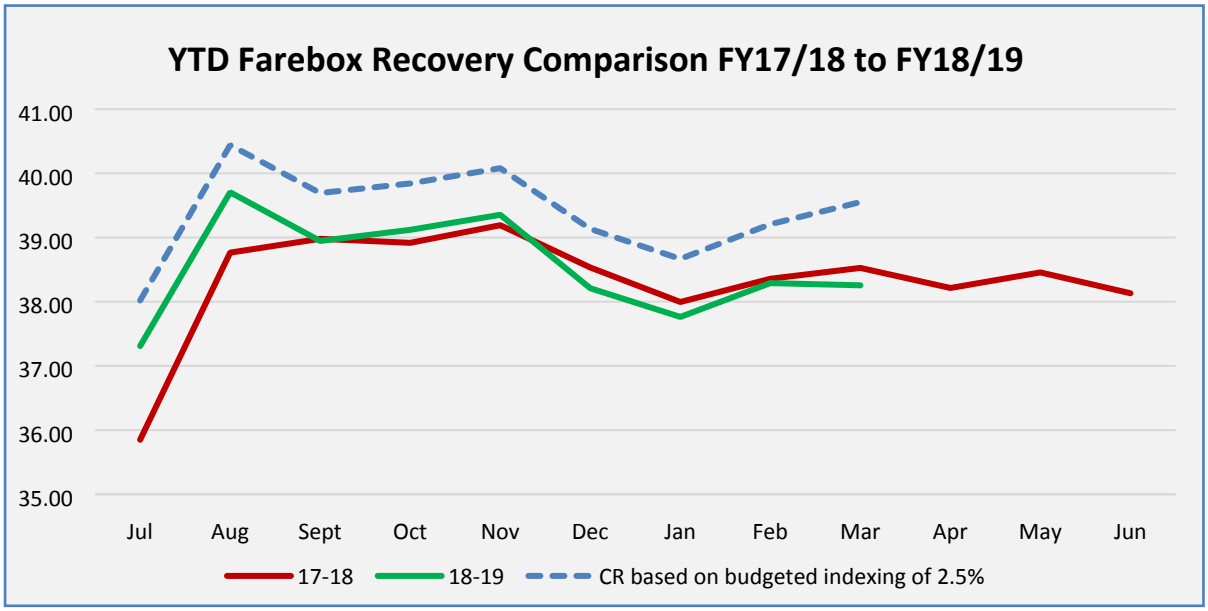


Farebox Recovery

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.

March's Farebox Ratio was 38.0 taking the year-to-date ratio to 38.3 a decrease of 0.3 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 March 2019 average fare was $1.54 ex GST for Greater Christchurch compared to $1.57 ex GST for March 2018.

Payment Type

Payment Type March 2019	Metrocard	Cash	SuperGold Card	Other e.g. Complimentary passes etc
Greater Christchurch	69.6%	14.2%	10.5%	5.7%

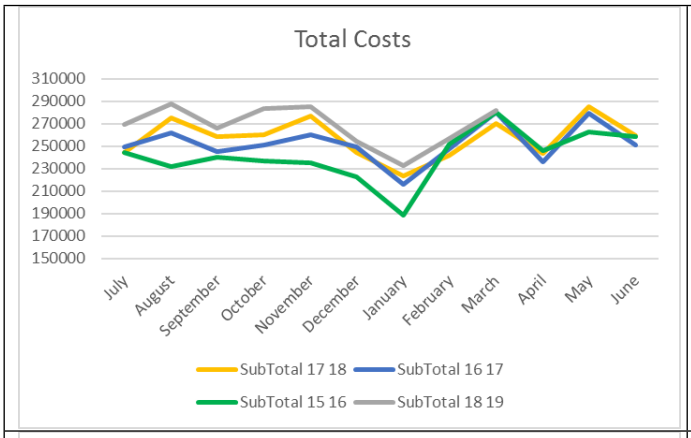
As a comparison, cash fares made up 16.6% of payments in March 2018.

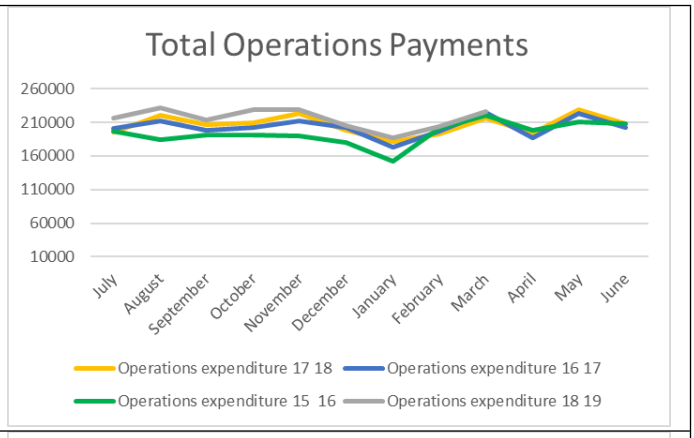
Community Transport

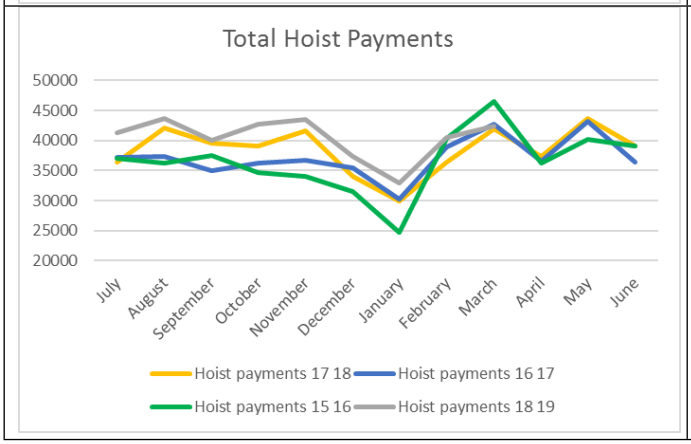
Community Transport (combined Total Mobility and vehicle trusts) Y-T-D is tracking over budget year to date.

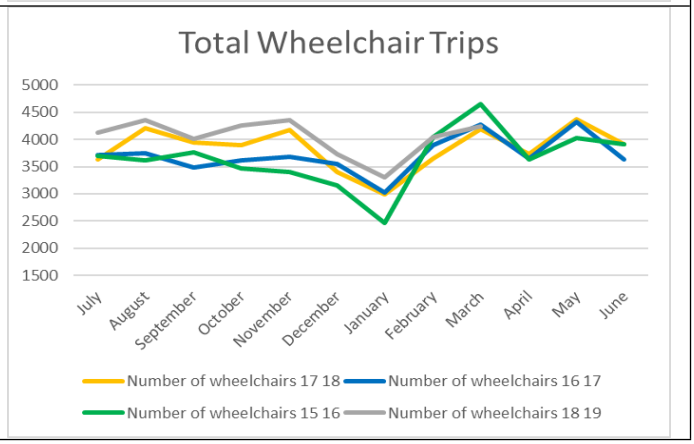
$000	Year to Date			
FUNDING OF SERVICES - REVENUE	**Act**	**Bud**	**Var**	**%**
Rates	937,473	937,473	0	0%
Grants	1,822,198	1,717,142	105,056	6%
User pays and other	13,927	3,134	10,793	344%
Total Revenue	**2,773,598**	**2,657,749**	**115,849**	**4%**
DELIVERY OF SERVICES - EXPENDITURE	**Act**	**Bud**	**Var**	**%**
Total Expenditure	**2,857,552**	**2,657,750**	**199,802**	**8%**
Reserve Accumulation / (Use)	**(83,954)**	**(1)**	**(83,953)**	

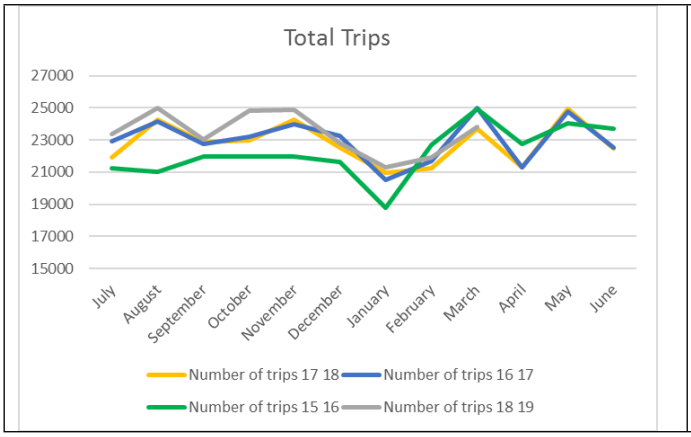
Total Mobility usage for February was approximately 3.4% above last year in terms of trips, and a 11.1% increase in wheelchair customer trips and hoist use. It is interesting to note a continuation of the trend for increased hoist usage. Average subsidised fare YTD is $9.17 compared to $9.07 last year. This increase is primarily driven by the increased hoist usage.

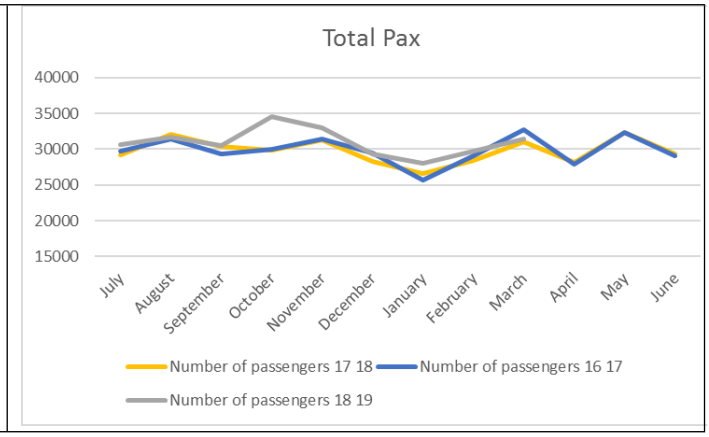










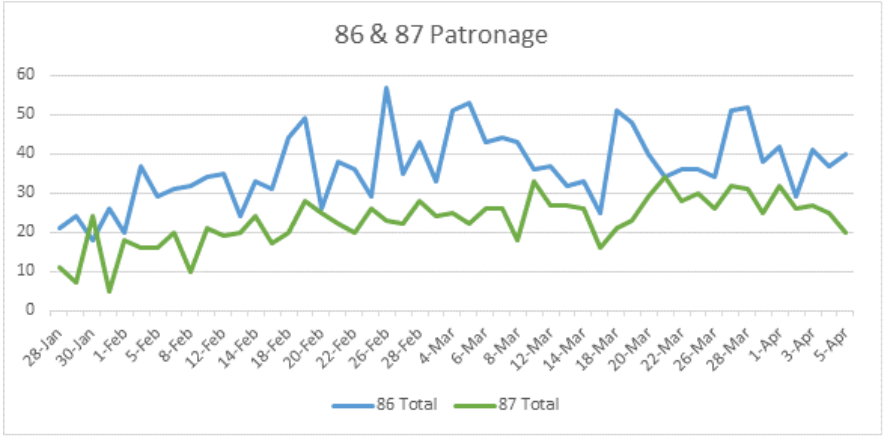


The trends for All Trips and Hoist specific Trips do not suggest any fundamental change in usage pattern other than slight growth in line with the overall growth of Total Mobility usage.

Project Updates

The following Projects are currently in flight:

Real Time Information System		RFP development is now complete and has been issued to the market.
Wi-Fi Trial		Wi-Fi service trials will continue on routes 85, 95 and 29, to build on the data set we have.
Electric Bus Trial		A trial vehicle has been operating on certain routes over the last few weeks, ahead of the delivery of the permanent vehicles procured by RedBus. The delivery of these vehicles has been delayed due to shipping and biosecurity issues
Timaru DRT		The feasibility study for Timaru DRT is almost complete with strong collaboration between Environment Canterbury, Timaru District Council and NZTA. The outcome of this study is expected to be available in late April 2019. Consideration will then be given to potential next steps.
Leeston/Darfield trials		Trials continue for Leeston & Darfield. The Darfield service continues to show a good level of engagement, however the Leeston service is not enjoying the same level of engagement. The current levels of usage for the Leeston service are not sufficient to sustain it long term, so additional community engagement with it is critical to its success. Further work is underway to understand what might be considered to improve this outcome.



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 roading projects planned for 2019 which are likely to impact the network.
Fuel price increase	***High:*** Fuel prices are rising again. This is likely to negatively impact on indexation
Potential for operator to collapse due to contracted market	***Low:*** Staff continue to work with operators to ensure they can 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 Environment Canterbury.
Bus driver retention	***High:*** Bus operators advise that driver pool capacity is satisfactory in Canterbury at present, with normal rates of turnover and recruitment activity. However, changes to the Employment Relations Act are likely to see: • A need for more drivers to fulfil current timetabled service outcomes • A negative impact on total remuneration hrs for drivers These factors may impact on driver retention and recruitment. Government and industry are working collaboratively to identify solutions to these issues.
Employment Relations Act Changes	***High:*** Changes to the Employment relations Act come into effect as of 6 May 2019. Environment

	Canterbury has been engaged with our operators, the government, and the wider industry to understand the implications of the legislative change on 6 May, and to minimise the impacts of this on our customers.

6. Audit

7. Notices of Motion

8. Extraordinary and Urgent Business

9. Questions

10. Next Meeting

11. Closure