

Selwyn District Council

Annual Report 2021/22

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Adopted by Selwyn District Council on 19 April 2023

From the Mayor and Chief Executive

Kia ora Selwyn,

In the past year, Waikirikiri Selwyn has gone from strength to strength. Our economy continues to outstrip the rest of New Zealand with our GDP growing comfortably at 6.9%, well above the national average, and placing us as the second fastest growing economy in the country. This fact, coupled with great housing options and opportunities for businesses to thrive, remains a strong drawcard for people choosing Selwyn as a place to raise their whānau or grow a business. As domestic tourism bounces back from the pandemic, we're also attracting more visitors. Tourism spending grew by more than 10 per cent in the last year.

The driving forces behind our consistently high levels of performance are both obvious and complex. Our strong rural economy has stimulated supporting industries to grow, requiring us to develop and future-proof our infrastructure to meet increased demand for business and housing. At the same time, we have established award-winning community facilities and services. These have enabled a range of lifelong learning opportunities for our residents and helped with employment placement.

While new people have brought an increase in expectations from our Council, they have also increased our rating revenue.

In the past 12 months, we have added new hockey and football turfs at Foster Park, the town centre and youth zone in Rolleston are well under way, and the 22-hectare Kahaha Park near Prebbleton is nearing completion. A particular milestone was the opening of Toka Hāpai, the Selwyn Health Hub, bringing a new maternity unit into the heart of our community, along with community dental, mental health and radiography services.

Our flagship project was the opening of Te Ara Ātea – a \$22.7 million multifunctional civic centre, library, and home to nationally significant taonga. Incorporating cutting-edge technology, sensory, performance and workshop spaces, along with a café and lounge and a wāhi tamariki for younger users, it reflects the strong collaboration between our Council and Te Taumutu Rūnanga and won the 2022 Local Government New Zealand Excellence Award for Cultural Wellbeing.

With more than 500 reserves and playgrounds, and a network of 27 community centres and halls, all linked by 3,000 kilometres of roads, footpaths, and cycleways, our teams have worked hard to maintain and upgrade these facilities to keep them in the condition you expect. Our investment in doing this had been significant. At the same time, we provided 8.8 million cubic metres of safe drinking water to our residents in the last year.

While our Council works for you, there is only so much we can do. Everything else that makes our district such an awesome place is a product of our communities, our volunteers, our business owners, and residents. We are one big whānau: we look out for each other and have the wellbeing of others at the heart of what we do.

Thank you, Selwyn.



Sam Broughton, Mayor



David Ward, Chief Executive



The background of the page is a close-up photograph of a wooden wall. The wall is composed of vertical wooden planks. Carved into the wood are various geometric and organic shapes, including triangles, circles, and stylized fish-like patterns. The lighting is warm, highlighting the natural grain of the wood.

About the Annual Report

The purpose of the Annual Report is to compare the actual activities and performance of the Council against those set out in the Long-Term Plan. The Annual Report also supports the Council's accountability to the community for the decisions made during the year.

The financial statements and performance information presented in this document are reporting against the first year of the Selwyn District Council Long-Term Plan 2021-2031, which was adopted on 23 June 2021.



Māori involvement in decision-making

Selwyn District Council has an obligation to take into account the principles of the Local Government Act 2002 to recognise and provide for the special relationship between it and Māori including Māori culture, traditions, land and taonga. This is also recognised in the Council's strategic objectives.

The territorial area governed by Selwyn District Council sits within the takiwā (territory) of Te Taumutu Rūnanga and Ngāi Tūāhuriri, which are two of 18 Ngāi Tahu regional papatipu rūnanga, constituted under the Te Rūnanga o Ngāi Tahu Act 1996 to represent mana whenua interests.

The approved tribal leaders and members of Te Taumutu Rūnanga and Ngāi Tūāhuriri are acknowledged as knowledge holders of mātauranga mana whenua.

The Council is committed to developing its relationship with mana whenua based on active partnership and collaboration – recognising that we are 'in one house, working together' to find solutions and identify opportunities. We actively encourage relationships between staff and mana whenua and support a range of joint projects and initiatives that contribute to fostering and maintaining our partnership.

Operational arrangements

Te Taumutu Rūnanga

After extensive discussions, the Council signed a formal relationship agreement with Te Taumutu Rūnanga on 30 November 2022. This is an enabling document which recognises the roles and responsibilities of Te Taumutu Rūnanga and the Council across the Waikirikiri/Selwyn district rohe. It encourages a strong, ongoing relationship between the two entities, acknowledging the commitments of both parties to work together and to grow a new age of local government, reflecting the role of mana whenua as a Treaty partner of the Crown.

The Council also has quarterly meetings with the Chair and Executive members of Te Taumutu Rūnanga, which cover a wide range of topics of interest to both parties. These include the impact of both current and proposed legislation, as well as operational matters across Selwyn District. The Council will continue to schedule quarterly hui to engage with and share information with Te Taumutu Rūnanga.

Mahaanui Kurataiao Limited Service Level Agreement

The Council has entered into a service and funding agreement with Mahaanui Kurataiao Limited to assist the Council in meeting its obligations under Section 81 of the Local Government Act 2002.

Mahaanui Kurataiao Limited is a rūnanga-owned entity and consultancy which has been established specifically to engage with local government. A broad range of services is offered under our agreement including advice, liaison, facilitation of consultation on resource management issues, recommendations on policy and democratic processes, and training for Council and Rūnanga staff.

Te Waihora Co-governance Agreement

Selwyn District Council is also a signatory to the Te Waihora Co-governance Agreement between Te Rūnanga o Ngāi Tahu, Environment Canterbury (Canterbury Regional Council), Selwyn District Council, and Christchurch City Council.

Other processes which incorporate formal mechanisms for Māori to participate in Council decision-making include the District Plan Review, National Policy Statement on Urban Development, and the Greater Christchurch Partnership.

For further information see the policy 'Development of Māori Capacity to Contribute to the Council's Decision-Making Processes'. This is in the Long-Term Plan 2021-2031.

Financial performance

\$139.6 million

total expenditure

(compared with budget of \$134.0 million)

\$78.5 million

rates revenue levied

(compared with budget of \$74.8 million)

\$34.5 million

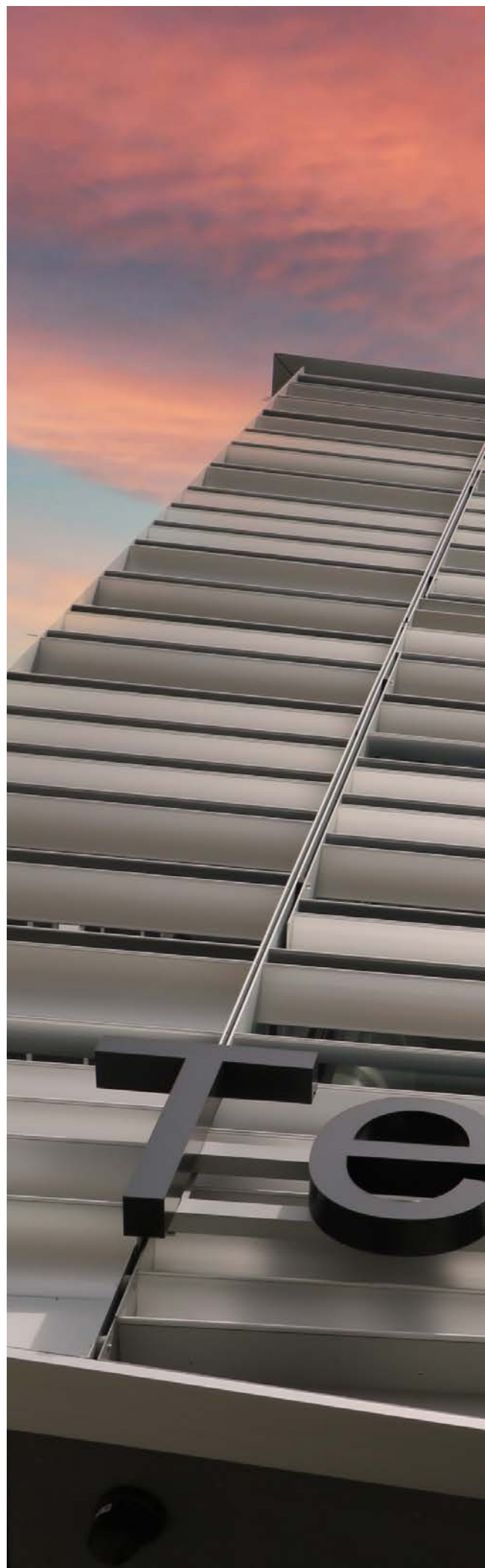
received in development
contributions revenue

(compared with budget of \$9.8 million)

\$2.6 billion

total council net assets

(2021 \$2.0 billion)





Group performance

The Selwyn District Council Group reported an after-tax surplus of \$99.2 million in the 2021/22 financial year, an increase of \$47 million on the previous year. The Group's net assets at 30 June 2022 are \$2.7 billion.

A significant portion of the group surplus comprises development contributions, which are retained for future infrastructure provision and cannot be used to reduce rates; and vested assets, which are a non-cash item and are also not available to reduce rates.

Ara Ate

Summary financial performance (\$M)

Financial year ending 30 June

	Council			Group		
	2022			2022	2021	
	Actual	Budget	Variance	Actual	Actual	Variance
Rates	78.5	74.8	3.7	78.5	68.7	9.8
Fees and charges	25.2	22.4	2.8	24.6	20.6	4.0
Development and financial contributions	34.5	9.8	24.7	34.5	24.7	9.8
Subsidies and grants	26.2	22.7	3.5	26.3	15.2	11.1
Interest revenue	0.6	0.6	-	0.6	0.7	(0.1)
Other revenue	57.7	44.5	13.2	91.1	69.1	22.0
Gains	14.8	0.2	14.6	15.0	3.6	11.4
Total revenue	237.5	175.0	62.5	270.6	202.6	68.0
Operating Expenses	139.5	134.0	(5.5)	169.4	148.3	(21.1)
Surplus / (deficit) before taxation	98.0	41.0	57.0	101.2	54.3	46.9
Income taxation expense / (benefit)	0.1	-	(0.1)	2.0	1.9	(0.1)
Surplus / (deficit) after taxation	97.9	41.0	56.9	99.2	52.4	46.8

The Council's core operating expenditure in the year was \$139.6 million, which compares favourably with the budget of \$134.0 million.

The Council's core operating expenses benefited from lower-than-planned levels of borrowing, with higher cash in-flows and the delayed start of some capital projects leading to financing expenses being \$1.4 million lower than budget. Depreciation and amortisation expenditure is \$0.6 million above budget.

The Council is committed to providing high-quality infrastructure assets, to achieve this it has required the Council to increase its investment in the districts roading and water networks. In the year roading maintenance and operational expenditure was \$3.5 million higher than budget. This was partially offset by additional funding received from Waka Kotahi. The Council's increased focus on the provision of high-quality water supply resulted additional costs to deliver this service by \$1.0 million above budget.

The Council's core revenue in the year was \$237.5 million. This strong performance was \$62.4 million higher than the budget of \$175.1 million. The robust nature of the Selwyn economy and continued population growth have been a significant factor behind the positive revenues.

Population growth in the district exceeded budget expectations leading to a continued fast paced housing development sector. This has resulted in development and financial contribution revenue being \$24.7 million above budget. Development contributions are collected from developers to fund the building of infrastructure assets to service the additional demand created from this housing growth. Higher population levels have also seen higher than budgeted property related revenues from rates, and fees and charges for the provision of building and resource consents and land information memorandum (LIM) reports.

Vested asset revenue is \$11.3 million higher than budget due to the higher-than-expected level of housing development activity. Vested assets are predominantly infrastructure, such as roads and water services, established by developers then transferred to the council for ongoing ownership and management. This is a non-cash item and is not available to reduce rates.

Subsidies and grants revenue was higher than the budget of \$22.7 million due to higher subsidies received from Waka Kotahi in relation to road maintenance work.

The Council's equity investments performed in-line with expectation. Dividend revenue benefited from CORDE Limited's strong financial performance resulting in dividends received being \$0.8 million above budget. The Council sold investment land associated with the Izone Southern Business Hub, this was higher than budget by \$0.8 million. There were also gains (non-cash) from the valuation of the Council's investment properties, the movement in the fair value was \$3.6 million above budget.

The Council also recognised non-cash revenues from the fair value movement in the valuation of the Council's interest rate swaps, these were \$6.0 million above budget.

For more information on financial performance, see the Financial Reporting section starting at p. 71.



Service performance

3,208

building consents processed

346,276

visits to Selwyn Aquatic Centre

8.8 million

cubic metres of drinking water
supplied to households

50 km

of road resealing completed





Our services

This year, the Council has continued to provide services that help make Selwyn a great place to live. Some of the things we do every day include:

- Maintaining over 3,000 kilometres of roads, footpaths, and cycleways.
- Providing rubbish and recycling services to more than 25,500 households.
- Providing and maintaining 545 reserves and playgrounds, and 706 hectares of recreation reserves.
- Providing and running the Selwyn Aquatic Centre and community pools. A total of 346,276 admissions were recorded at the Selwyn Aquatic Centre in the last year.
- Providing and maintaining 27 community centres and halls.
- Operating a district network of libraries in Darfield, Lincoln, Leeston and Rolleston. The Council also provides a mobile library service and assists two volunteer libraries.
- Issuing building and resource consents. During the year, a total of 3,208 building consents were issued and 803 resource consent applications were processed.
- Operating 27 community water supplies, supplying clean, safe drinking water to 77% of the district's population.

Progress on our key projects

In our Long-Term Plan 2021-2031, we consulted with the community on several significant new projects. Here's how some of these have progressed during the year to 30 June 2022.

New wastewater system in Darfield and Kirwee

As at 30 June 2022, this important project is close to completion. Construction of the main pipeline between Darfield and the Pines Wastewater Treatment Plant near Rolleston began in August 2021 and will be finished later in 2022.

New hockey and football artificial turfs at Foster Park

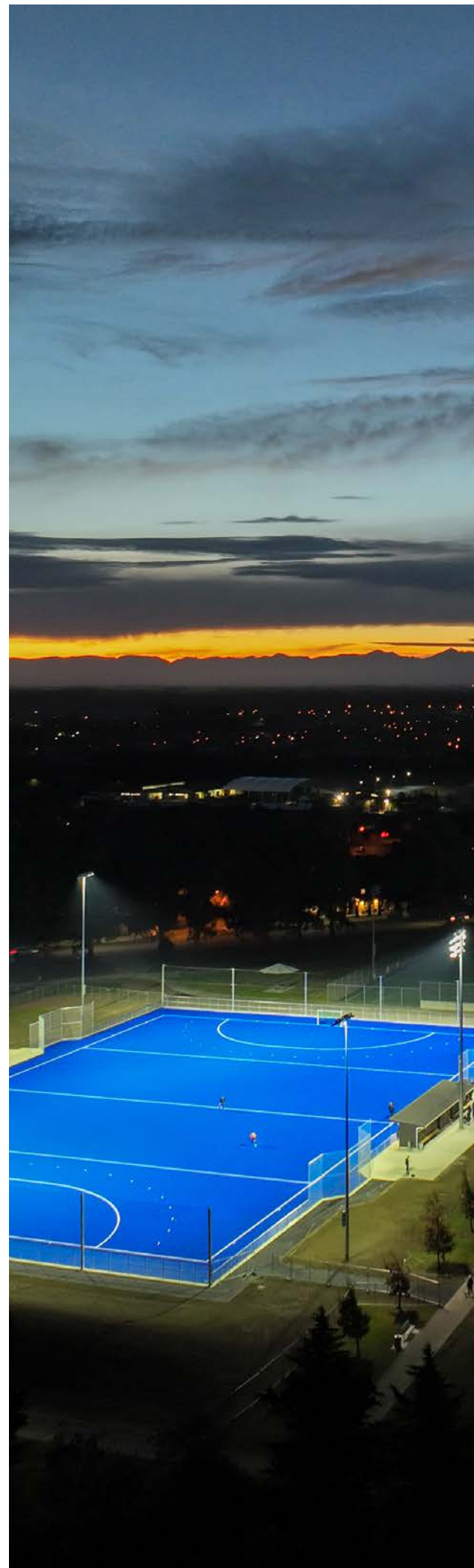
The installation of full-size artificial hockey and football turfs at Foster Park was completed in mid-May 2022. The turfs are valuable assets for these sports district-wide and are already proving to be very well used.

Pines 120k Wastewater Treatment Plant upgrade

This \$100 million project to upgrade the capacity of the Pines Wastewater Treatment Plant, to service a population of 120,000 rather than 60,000, has been brought forward to accommodate the district's rapid growth. Design work started in 2022, with the timing of construction to be aligned to the growth of the district.

Rolleston town centre and reserve

Following the opening of Te Ara Ātea in December 2021, work is continuing on other parts of the new Rolleston town centre. This includes the Rolleston Fields development being undertaken by commercial partners and the new youth space, which is under construction in the reserve.



An aerial night photograph of a sports field, likely a soccer or rugby pitch, illuminated by bright floodlights. The field is green with white markings. In the background, the city lights of Selwyn are visible against a dark sky with some clouds. The overall scene is a mix of natural and artificial light, creating a vibrant night-time atmosphere.

Service highlights

A strong economic growth track

Selwyn's economy has continued to significantly outperform national and regional averages over the 2021/22 year. Data from independent analysts Infometrics shows Selwyn recorded strong economic growth of 6.2 per cent over the year to June 2022, well ahead of the national average of 0.9 per cent and the Canterbury region's growth rate of 3.6 per cent. This result places Selwyn as one of Aotearoa's fastest growing economies during the year.

Employment growth has also outpaced national averages, increasing by 7.7 per cent in the year to June 2022. This was higher than the New Zealand growth rate (3.2 per cent) and the Canterbury region (3.4 per cent). The annual average unemployment rate in Selwyn was 2.2 per cent in the year to June 2022, down from 2.8 per cent in the previous 12 months. Selwyn continues to record lower unemployment than the rest of New Zealand (3.3 per cent) and the Canterbury region (3.4 per cent).

Selwyn's building and construction sector continues to be a major contributor to economic growth, with high levels of non-residential and residential consenting. Residential consents rose 10.8 per cent over the year to June 2022, with 534 new dwellings consented in the year. This was the highest rate of new houses consented for any region in the country, according to Statistics NZ. Selwyn issued new house consents at three and half times the rate of the rest of Aotearoa over the year.

Non-residential building consents to the value of \$309.4 million were issued in Selwyn during the year to June 2022, an increase of 123.9 per cent over the previous year. House prices were relatively immune to the national slowdown, with Selwyn's house values up by 30 per cent over the June 2021 year, compared to nine per cent nationally.

Consumer confidence was also reflected in spending growth, with a 13.3 per cent increase in consumer spending over the year to June 2022. Tourism expenditure in Selwyn has recovered rapidly from the impacts of the pandemic, growing by 10.7 per cent in the year to June 2022. This was in sharp contrast to regional and national figures which showed decreases over the year. Strong population growth underpins Selwyn's consumer spending, with health enrolments in the district growing 7.1 per cent over the year.

Planning for future growth

The Selwyn District Plan is a key document in helping the Council to plan for, and manage, the future growth of the district. The review of this Plan has progressed well during the 2021/22 year. The Council identified 30 hearing topics, and public hearings for these topics have been underway since August 2021.

In August 2022, following the end of the financial year, the Council notified a variation to the Proposed District Plan, relating to new housing intensification rules. This variation will allow for more housing and at greater heights in some residential areas in Rolleston, Lincoln and Prebbleton. The change is required following the Government's introduction of the National Policy Statement on Urban Development (NPS-UD) 2020 and the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021.

To enable the variation process to be completed, including new hearings, there will be a delay in the Proposed District Plan becoming operative. Submissions on the Proposed Plan will continue to be heard separately to submissions on the variation. The Council will align the decision-making process with Variation 1 and release decisions on both processes together, prior to 20 August 2023. The Proposed Plan is expected to become operative soon after that.

In October 2021, the Council joined the Greater Christchurch Urban Growth Partnership, between the Christchurch City, Selwyn and Waimakariri councils, Environment Canterbury, Ngāi Tahu, and the government. The partners will work together on growth issues to help improve housing affordability and access to employment and education; assist in emissions reduction and climate change resilience; and avoid unnecessary urban sprawl.

Meeting our community's growing needs

A number of major new facilities were completed in Selwyn district in the 2021/22 year, as the Council continued to invest in services to support a growing population.

A highlight was the opening in December 2021 of Te Ara Ātea – the new 2,200-square metre, multifunctional civic centre and library on Tennyson Street, Rolleston. The name Te Ara Ātea was gifted by Te Taumutu Rūnanga, who worked in partnership with the Council on the building and surrounding landscaping. It signifies 'the unobstructed trail to the world and beyond'. The facility incorporates displays of nationally significant taonga, cutting edge technology, and sensory, performance and workshop spaces, along with a café and lounge and a wāhi tamariki for younger users. The \$22.69 million building sits within a specially designed landscape and will open on to the town square of Rolleston's new town centre. In July 2022, the facility won the 2022 Local Government New Zealand Excellence Award for Cultural Wellbeing, reflecting the strong collaboration between the Council and Te Taumutu Rūnanga.

From May 2022, key services at the Toka Hāpai Selwyn Health Hub opened to the Selwyn community, including Canterbury District Health Board's Oromairaki Maternity Unit, its Community Dental Service, Child Adolescent and Family (CAF) Mental Health Service, and Public Health Nursing spaces. This followed the earlier opening of radiology and physiotherapy services. The hub was developed by the Council to provide increased capacity for health services as the district grows.

In October 2021, work began on Kakaha Park - a long-planned, 22-hectare park in the Springs ward. The \$17.2 million reserve on Birchs Road, between Prebbleton and Lincoln, will feature a new dog park, sports fields, carparking, wilderness areas and bike tracks. It will be constructed in stages over the next five years. The first stage is scheduled to open later in 2022. In May 2022, a project to restore the historic Southbridge Hall was completed.

Construction began on a new hub for youth in the district, as part of the Rolleston town centre development. Scheduled for completion later in 2022, the area will feature a skate park, half basketball court, and netball zone. West Melton residents also welcomed further development of a new community park, including a new barbecue area, playground and basketball half-court. In Kirwee, the next stage of the Kirwee Reserve extension got under way in June 2022, with a new playground, cricket nets and other upgrades being made at the Reserve.

The Selwyn Sports Centre, which opened in 2021, capped off a successful launch by winning a merit award in the Outstanding Project Category at the Recreation Aotearoa 2020/2021 Recreation Awards. The 8,000 square metre indoor sports and recreation facility at Foster Park, Rolleston, was recognised for its innovative build, strong community use and support of the building, efficiency and sustainability.

Foster Park cemented its place as a major district sports facility with the opening in May 2022 of new football and hockey artificial turfs in time for the winter sports season. The \$4.3 million turfs project was approved after support was received for it during consultation on the 2021-2031 Long-Term Plan.

Selwyn's library network continued to provide an expanding range of lifelong learning opportunities for residents. The number of digital 'visits' to Selwyn libraries has continued to increase, while loans and issues from libraries exceeded targets. During COVID-19 restrictions the libraries were able to maintain services and programmes, and launched a free online click-and-collect service.

Darfield residents welcomed the refurbishment of their local library and service centre, which created a lighter space with improved visual connection, along with a new programming space, a refurbished children's area, and digital wall.

Following the opening of the Selwyn Aquatic Centre extension in the last financial year, the district pool facility exceeded its target for total visits. Learn to Swim classes for the last term of 2021/22 attracted 3,078 participants, making it one of the largest swim schools in the country. The Council also achieved 100 per cent accreditation with Recreation Aotearoa Pool Safe across the Selwyn Aquatic Centre, Darfield and Southbridge pool facilities.

The Council's programme to support the district's economic development won national recognition in July 2022, with its career guidance and work experience initiatives receiving a Highly Commended Award in Excellence for Economic Wellbeing at the 2022 Local Government New Zealand (LGNZ) Awards. These included Trailblazers, a new internship programme to support young people in Selwyn into work, LG Careers online, Employment Expo, and the Mayors' Taskforce industry experience opportunities for local secondary schools.

A significant environmental project this year was the start of a four-project to restore the 81-hectare Tārekautuku/Yarrs Lagoon, which received \$796,980 in funding from the Ministry for the Environment's Freshwater Improvement Fund. Tārekautuku is one of the largest freshwater wetlands in lowland Canterbury, and is a significant part of the ecology of Te Waihora/Lake Ellesmere and its catchment.

In early 2022, a new representation structure was confirmed for Council elections, following a representation review. The review, which featured several stages of public consultation, resulted in a reduction in the number of councillors from 11 to 10, and changes in some ward boundaries. These changes included the former Selwyn Central ward being replaced by a smaller Rolleston ward, and West Melton moving from Selwyn Central to the Malvern Ward.





Providing essential infrastructure

As the district's population has continued to grow, so too has the Council's investment in infrastructure to support current and future communities.

Developments on Selwyn's transportation network continue to be driven by district development and changing travel patterns resulting from the Christchurch Southern Motorway. Major projects completed in 2021/22 included the upgrade of Rolleston Drive and the Rolleston Drive-Tennyson Street intersection, incorporating new lane layouts, traffic lights, and improved access for pedestrians and cyclists, along with new footpaths, cycleways, and lighting along both roads. A new slow speed zone was also introduced on Rolleston Drive around the entrance to the Rolleston town centre. Road widening was completed on Blakes road and Weedons Ross Road.

In late 2021, new roundabouts at the Shands Road-Blakes Road and Springs Road-Marshs Road intersections near Prebbleton were completed. These projects featured new road and lane layouts, cycle lanes, landscaping, and street lighting improvements, contributing to improved road safety and connections to the motorway system.

More than 500 kilometres of Selwyn roads and 14 bridges were repaired following severe damage from flooding in late May 2021. This was at a total cost of around \$6 million. Across the year, just over 50 kilometres of resealing was completed, which was less than planned due to rising costs and COVID-19 restrictions.

The Council continued to work with Waka Kotahi NZ Transport Agency on transport improvements, including projects in Rolleston and West Melton as part of the New Zealand Upgrade programme. Among this year's work was consultation on amended proposals for a flyover between Rolleston township and its industrial hub, and the start of construction on traffic signals at SH1 West Melton.

The provision of water services to Selwyn residents has continued this year, amidst ongoing uncertainty about future services, arising from the Government's Three Waters Reform programme (see page 19).

Upgrades to rural water supplies were completed on the Darfield, Sheffield, Malvern and Hororata schemes to provide additional water supply. Construction has started on new pipework between Darfield and the Malvern Hills Hartleys water supply scheme. Additional water storage has been planned for the Hororātā, water supply.

In April 2022, a new Springfield water pipeline was confirmed to provide additional drinking water and help address the township's ongoing water issues. The new \$1.2 million pipeline from Sheffield to Springfield will supplement the existing Springfield supply, and the additional capacity will also improve water quality.

Work began during the financial year to upgrade water supplies to meet new national rules for keeping drinking water safe. The Water Services Act 2021 requires councils to be able to provide residual disinfection (chlorination) for all public drinking water supplies and to be chlorinated by mid-November 2022, unless they have an exemption from the drinking water authority Taumata Arowai. Nine of Selwyn District's 27 supplies are already permanently chlorinated and the Council has begun work to ensure all remaining supplies have the infrastructure in place to provide chlorination. The Council has also begun the process to apply for exemptions.

Overall, Selwyn continues to maintain one of the least expensive and most reliable water networks in New Zealand. The independent Water New Zealand National Performance Report shows that for the second consecutive year, Selwyn had one of the lowest volumetric water charge in 2020/21, and the newest water and wastewater pipes.

In August 2021, construction began on the 26.5 km wastewater pipeline connecting Darfield and Kirwee to the Pines Wastewater Treatment Plant. The pipeline is the first step in a new wastewater system for Darfield and Kirwee, which the Council approved following agreement on the 2021-2031 Long-Term Plan. The \$10.66 million project is funded from Government post-COVID stimulus funding.

A project to connect the New Zealand Defence Force base at Burnham to the Pines Wastewater Treatment Plant was also completed this year. The connection was agreed between the Council and the Defence Force in 2020 to benefit the camp, wider community and the environment. It replaces an on-site oxidation pond and border dyke irrigation system.

Expansion of the Pines Wastewater Treatment Plant near Rolleston to meet future growth has continued in 2021/22. A second solar drying hall was completed, doubling the plant's ability to process solid waste. The new \$6.9 million hall has been designed with the ability to add a heating system in the future to supplement drying in the cooler months.

Supporting and developing our people

The Council, as an organisation, mirrors the community it serves - and our people and processes are evolving to meet changing community needs. The district's growth is set to continue, as is the expected external disruption from local government reforms. Our kaimahi (staff) have proven highly resilient through the COVID-19 upheavals of the 2021/22 year, maintaining essential services and adapting to the shifts in our communities' needs.

We focus on developing capacity and capability within our organisation, supporting our people through external changes, and embracing new ways of working. We follow a digital-first approach; put our customers at the centre; ensure we are agile and efficient; and embed our values in everything we do. We have continued with our te reo Māori learning programme and are developing a deeper understanding of Te Tiriti o Waitangi and how it applies to the Council's work.

In 2021/22 we have completed development of our health and safety strategy which supports our kaimahi to thrive and be safe. Key actions have included simplifying policies and procedures, providing opportunities for all staff to contribute, and working collaboratively to better understand and manage risks.

We continue to embed a health, safety, and wellbeing culture to create an environment where our kaimahi are kept safe, well and empowered. We are committed to working with our staff, contractors, and communities to manage our critical risks and enable people to work well and live better.

A range of initiatives have been undertaken in 2021/22 to support the development of our kaimahi, such as te reo Māori lessons, NZ Sign Language workshops, a personal efficiency programme for staff across the organisation; introducing a leadership development framework, and providing a simple process for effective performance conversations.

We have supported an executive level restructure from April to June 2022, and are now undertaking a whole of organisation review and reorganisation to better prepare the Council for future growth and increasing demands. We are currently in consultation and expect to have all feedback considered, any changes made, a final structure confirmed, and organisational changes implemented by the end of 2022.

Climate change and sustainability

Selwyn District Council was an early signatory to the New Zealand Local Government Leaders' Climate Change Declaration 2017. We have adopted a formal climate change policy that directs our mitigation and adaptation work and guides the organisation's planning and decision-making.

We are committed to action on climate change through working to better understand and manage our exposure to climate impacts and risks, reducing our organisational greenhouse gas emissions, and encouraging others to do the same.

The risks and opportunities associated with climate-related hazards have been identified in the Canterbury Climate Change Risk Assessment. This assessment considered risks and opportunities arising from the 'business as usual' scenario through to 2050 and 2100.

As a result of the district's significant growth over the last decade, much of our infrastructure is new and this has enabled us to build in a level of climate resilience to ensure our urban areas are relatively well-positioned to respond to a changing climate.

Key risks identified for people, communities and businesses in Selwyn, largely resulting from flooding, drought, storm and fire events, include:

- Damage to buildings and property
- Disruption to lifeline utilities, transport routes and supply chains
- Direct and indirect physical and mental health impacts
- Degradation of natural habitats, biodiversity stresses, and reduced opportunities for mahinga kai
- Increased pressures on economic sectors, particularly agriculture and skiing/alpine tourism.

The Council adopted a Climate Change Policy in 2020 which provides the framework for detailed action and commits the Council to making climate change mitigation and adaptation central to its planning and decision making. We now also measure our carbon footprint annually.

With a comprehensive risk assessment completed and an emissions baseline established, the Council is now considering how best to mainstream climate action within its operations and those of its contractors. It undertook an initial implementation exercise as part of the development process for the Long-Term Plan 2021-2031 and will perform a similar but more comprehensive exercise for the 2024-2034 LTP. This will take into account existing good practice from councils elsewhere across New Zealand.

Some mitigation and adaptation measures have already been incorporated in the Council's operations, including:

- Energy efficiency and energy generation actions within new facilities, such as Te Ara Atea and the Selwyn Sports Centre, and other infrastructure, eg the LED streetlight replacement programme.
- Enhanced waste diversion facilities through the Pines Resource Recovery Centre Reconnect project.
- Transitioning the Council's vehicle fleet to greater adoption of hybrid and electric vehicles (EV), and facilitating the installation of EV charging stations across the district.
- Flood protection projects, such as those for Leeston and Hororātā, linked to updated flood modelling.
- Design work underway for the Pines Wastewater Treatment Plant expansion is taking into account actions required for the plant's long-term sustainability, and reduction of carbon emissions (methane and Nitrous oxide).

The Council measures its greenhouse gas emissions each financial year. This began in the 2018/19 year and formed the baseline measurement against which future year inventories are compared. Inventories for 2019/20 and 2020/21 have been completed this year.

The Council's total emissions for the 2020/21 year were 7,421 tCO₂e (tonnes of carbon dioxide equivalent). This is equivalent to 105.7kg per person, based on the June 2020 district population of 70,200. Diesel is the most significant contributor by energy source (3,368 tCO₂e or 45 per cent), followed by electricity (1,986 tCO₂e or 27 per cent), and then methane and nitrous oxide emissions from wastewater (1,610 tCO₂e or 22 per cent).

The majority of Council emissions (71 per cent) came from activities such as diesel use by contractors and wastewater (methane and nitrous oxide) at the Pines Wastewater Treatment Plant. Emissions sources and the relative proportions by council service area remained stable between 2018/19 and 2020/21. Emissions per capita have increased marginally, however, the 2020/21 figure dropped from the 2019/20 level.

For more information on the Council's ongoing response to climate change visit www.selwyn.govt.nz/climatechange.

Three waters reforms

In 2020, the Government announced a programme to reform local government's delivery of three water services – drinking water, wastewater, and stormwater. It proposed that instead of being delivered by local councils, these services would instead be provided by new publicly owned water entities. Government engagement with councils continued through the 2021/22 year.

In October 2021, the Government announced it would introduce legislation in December 2021 that would see the reforms put in place by July 2024. It also removed the option for Councils to opt out of the reforms. The Government introduced the Water Services Entities Bill on 2 June 2022. The Bill establishes four publicly owned water services entities that will provide safe, reliable, and efficient water services in place of local authorities.

Selwyn District Council has consistently raised concerns over the direction of the proposed Three Waters Reforms and raised concerns over key aspects of the proposals. It reiterated these concerns in its submission to the Select Committee in July 2022. Key issues raised in the Council submission included:

- The need for better local consultation and democratic input to ensure localised decision-making, supporting local well-being outcomes.
- The risk of the reforms compromising our ability to plan for the district's growth in an integrated way.
- Concern that the entity model should be better aligned to regional boundaries and engagement with local communities and stakeholders.
- Support for the use of local providers and contractors in service delivery.
- Lack of clarity around arrangements for stormwater under the proposed reforms.

The Council has continued to engage with the Government to seek more information on behalf of Selwyn residents. Planning is now in progress for the transition of the Council's existing three waters staff into the new Water Services Entities. Staff are also liaising with the new water services regulator, Taumata Arowai, over regulatory requirements and environmental performance for drinking water, wastewater, and stormwater networks.

Alongside the Three Waters Reforms, the Council also committed in early 2022 to a review of its 2009 5 Waters Strategy to set the strategic direction for water management in the district. The review will be a co-review process in partnership with mana whenua to design a One Water Strategy. It will take into account changes to water legislation and provide for public consultation.



How your rates were spent 2021/22

Area of spend	Capital spend	Operating spend	How costs are funded	Rates spend per \$100
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Community Services and Facilities



\$30m
(including renewal)

\$31m
(excluding depreciation)

RATES 55%

OTHER 45%

\$40

Democracy



\$0m
(including renewal)

\$3.6m
(excluding depreciation)

RATES 82%

OTHER 18%

\$4

Environmental Services



\$0.002m
(including renewal)

\$19.4m
(excluding depreciation)

RATES 41%

OTHER 59%

\$12

Area of spend	Capital spend	Operating spend	How costs are funded	Rates spend per \$100
---------------	---------------	-----------------	----------------------	-----------------------

Transportation



\$29m
(including renewal)

\$13.6m
(excluding depreciation)

RATES 0%

OTHER 100%

\$0

Solid Waste Management



\$1m
(including renewal)

\$12.2m
(excluding depreciation)

RATES 72%

OTHER 28%

\$13

5 Waters Services



\$44m
(including renewal)

\$21.8m
(excluding depreciation)

RATES 44%

OTHER 56%

\$31





Significant activities

Introduction

The Council provides a wide range of services for and on behalf of the residents of the Selwyn district. For planning and reporting purposes, these services are grouped together as significant activities. The Council's plans for each significant activity for the 2021/22 financial year were set out in the Selwyn District Council Long-Term Plan 2021-2031 (LTP).

The purpose of this section of the Annual Report is to report on the degree to which the Council achieved what it set out to do for each significant activity in both financial and non-financial terms, and its actual performance for the year.

This section of the Annual Report provides the following information for each activity:

- An overview of the group of activities that summarises services included in the group and what the Council has achieved during the financial year.
- Performance measures that illustrate the level of service the Council has provided against levels set out in the Council's LTP.
- A funding impact statement that shows how the group of activities has been paid for.

More information on the funding impact statement is provided below.

Refer to the relevant Significant Activity section in the Long-Term Plan 2021-2031 for additional details on each activity, including:

- An explanation of why the Council is involved in providing the group of activities.
- A summary of how the activity helps achieve the Council's community outcomes.
- Details of how the Council manages changing demand for any service, including the impact of population changes.

Note: negative numbers are shown in brackets ().

Community services and facilities

This year the Council provided...

619,196 'digital visits' to libraries


10,081 people attended Council events

62 initiatives funded through the Selwyn Community Fund

706 hectares of recreation reserves

545 reserves and playgrounds


Key results

 **93%**
of residents are satisfied with libraries

 **72,189**
attendees at fitness programmes

 **100%**
satisfaction with cemeteries from funeral directors

 **851**
residents attended community capacity-building initiatives

 **346,276**
visits to Selwyn Aquatic Centre





Performance highlights 2021/22

Recreation reserves

The service target of providing three hectares of reserve per 1,000 people was achieved despite continued population growth. This achievement was largely due to the development of the first stage (10 hectares) of the new sports and recreation park in Prebbleton, Kakaha Park, which will provide additional sports space to meet district needs. Other notable results included:

- Completion of full-size, artificial hockey and football turfs at Foster Park
- A survey of sports clubs indicated satisfaction with sports grounds at 69 percent compared with the target of 80 per cent.
- A survey of campers using Council-managed campgrounds was not carried out due to COVID-19 restrictions and flood events.
- Creation of a Sensory Space, designed for residents of all physical abilities and neurodiversity, as part of the Rolleston town centre development.

Township reserves and streetscapes

- New neighbourhood reserves and playgrounds continue to be developed in line with residential development in townships across the district.
- Other new play facilities include a bike pump track at Prebbleton and mini-football pitch at a new local park in West Village, Rolleston.
- An audit of the Council's playgrounds was undertaken in May 2022 by an independent accredited playground inspector, showing a 95% compliance level compared with previous audit results of 93% in 2021, 90% in 2019, and 80% in 2018. This demonstrates the Council's commitment to providing safe play environments for residents.

Public toilets

- One new public toilet at Hororata Reserve was completed and commissioned during the financial year. Overall, the Council's provision level is above the national median at 0.88 public toilets per 1,000 population.

Cemeteries

- A survey of Funeral Directors indicated 100% satisfaction with Council services and facilities.
- The target of 85% of townships being within 10km of a cemetery was achieved, although there are gaps in more remote locations such as Arthur's Pass, Castle Hill, and Rakaia Huts.
- The target of recovering 45% of cemetery operating costs from revenue was achieved (nearly 50%). This resulted from additional revenue from plot sales, while operating expenditure was very close to budget.
- More complaints (14) were received from visitors to cemeteries compared with the target of 10 or less. The main issue of complaint was around sunken graves which was made worse by extremely wet weather conditions.

Community centres and halls

- Despite community centres and halls being significantly affected by COVID-19 restrictions, the annual Customer Experience Survey recorded a 100% satisfaction rate with customers and users.
- COVID-19 restrictions on gatherings also affected financial results, with the proportion of Council owned community centres/halls meeting revenue targets falling below target.

Aquatics and fitness

- Selwyn Aquatic Centre, Darfield and Southbridge pools achieved 100% Recreation Aotearoa Pool Safe accreditation.
- The number of visits to the pools was 346,276, which is 46,276 above the 300,000 target for the year.
- Aqua Fitness and Learn to Swim classes achieved high levels of participation, although overall enrolments across the year were below target due to COVID-19 restrictions.
- Selwyn Sports Centre won the Merit Award in the 2021 Recreation Aotearoa's Project of the Year.

Libraries and service centres (including arts, culture and heritage)

- A total of 5,846 new library memberships were issued this year.
- The number of 'digital visits' to Selwyn libraries (either logged into library website, using library computers, or accessing Wi-Fi) reached 619,196 – more than double the target level.
- The number of physical and digital loans/items (562,340) exceeded target levels.
- Te Ara Ātea won the 2022 Local Government New Zealand Excellence Award for Cultural Wellbeing, reflecting the collaboration between the Council and Te Taumutu Rūnanga in the design and operation of the facility.
- Darfield Library and Service Centre re-opened on 4 July 2022 after a two-week closure for refurbishment. Visitor numbers were immediately strong, with 900 visits in the first week.
- Continuity of service was maintained throughout the COVID-19 restrictions this financial year.
- The Council delivered 1,921 arts, culture, heritage, and lifelong learning programmes across library/service centre sites and the ECV vehicle.





Community and economic development (including event delivery)

- A total of 851 residents or members of the public participated in community capacity-building initiatives, with 98% indicating they were satisfied or very satisfied with them.
- Sixty-two initiatives were funded by the Selwyn Community Fund, well ahead of the target of 40 per annum.
- Three major visitor promotion campaigns were run in conjunction with business and community partners, including Ski Selwyn, Meet us in the Country, and Taste Selwyn, with one further campaign continuing with ChristchurchNZ.
- The Council continued to support newcomers to the district, delivering 21 initiatives designed for new arrivals.
- At the 2022 Local Government New Zealand Awards, the Council won a highly commended award in Excellence For Economic Wellbeing, for career guidance and work experience initiatives targeted at Selwyn young people.
- Online engagement through www.selwyn.nz and other platforms continues to grow, with 285,649 website page views in the last year, and the Selwyn NZ Facebook page reaching 441,529 accounts.
- The Council's response to COVID-19 restrictions this year included 47 capacity building events for community groups and businesses. Workshops and seminars (including online) provided assistance in areas such as business growth, agritourism, and beginning a start-up. Advice was also made available to community groups on fundraising, funding applications, and building community connections.
- More than 100 businesses responded to the Selwyn Business Opinion Survey held in August 2021 and February 2022. Growing numbers of businesses are attending the Council's quarterly Business Breakfast and Business After 5 events.

Service targets for community services and facilities

Objective	Performance Measure	Service Target	Achievement
RECREATION RESERVES			
To provide recreational open space to give opportunities for residents to enjoy healthy, active lifestyles as well as enhancing the district's landscape, environmental and ecological values	Hectares of sports park per 1000 population is above the average for similar sized district authorities	≥3 ha	3.11 ha Achieved (2020/21: 3.28ha)
	Customer satisfaction with sports grounds as measured by an annual survey of users	≥80%	69% Not Achieved (2020/21: New Measure)
	Visitor satisfaction with the standard of campgrounds provided as measured by intercept surveys conducted over the camping season	≥80%	Not measured as campgrounds closed due to COVID (2020/21: New Measure)
TOWNSHIP RESERVES & STREETSCAPES			
To provide township reserves & streetscapes to enhance the landscape character of the District & unique identity of township environments, and provide places for recreation activities and social contact	% of townships where all residents are serviced by a reserve within 500 m	≥70%	88% Achieved (2020/21: 84%)
	The number of playgrounds per 1,000 children is above the national median for playground provision as measured through the Yardstick benchmark survey	>4	6.4 Achieved (2020/21: New Measure)
	Proportion of playgrounds that comply with the NZ safety standard (NZS 5828:2015) as measured by annual ROSPA 3 inspection	≥90%	95% Achieved (2020/21: New Measure)
COMMUNITY CENTRES AND HALLS			
To support social connections and active lifestyles by providing venues for social, cultural, creative, recreational and education purposes as well as encouraging corporate and private use	The total bookings (community, corporate and private) of Council community centres and halls, by Ward, increase per annum	≥5%	5% Decrease Achieved (2020/21: New Measure)
	The percentage of Council owned community centres / halls, by Ward, continue to generate revenue meeting or exceeding 20% of operating costs (excluding capital project costs) per annum	75%	39.95% Not Achieved (2020/21: New Measure)
	The % satisfaction from annual user surveys for: a) Lincoln Event Centre (LEC)	a) ≥90%	100% Achieved (2020/21: 100%)
	b) Rolleston Community Centre (RCC)	b) ≥90%	100% Achieved (2020/21: 97.30%)
	c) West Melton Community Centre (WMCC)	c) ≥90%	100% Achieved (2020/21: 100%)
	d) Selwyn Sports Centre (SSC)	d) ≥90%	100% Achieved (2020/21: New Measure)
	Total number of visits at LEC, RCC, WMCC, and SSC a) Lincoln Event Centre (LEC) = 60,000 pa b) Rolleston Community Centre (RCC) = 30,000 pa c) West Melton Community Centre (WMCC) = 30,000 pa d) Selwyn Sports Centre (SSC) = 250,000 pa	≥350,000	359,193 Achieved (2020/21: 188,576)

Objective	Performance Measure	Service Target	Achievement
AQUATICS AND FITNESS			
To provide opportunities for residents to enjoy healthy and active lifestyles as well as to learn skills to stay safe in the water	The % satisfaction with SAC from User Survey	≥90%	100% Achieved (2020/21: 88.90%)
	Selwyn Aquatic Centre and Council operated pools in Ellesmere and Malvern achieve 100% compliance with New Zealand Recreation Association Pool safe accreditation	100%	100% Achieved (2020/21: 100%)
	Number of swims per capita of district population per year recorded at Selwyn Aquatic Centre, Darfield and Southbridge pools	>4.5	5.15 Achieved (2020/21: 6.06)
	Number visits per annum at the Selwyn Aquatic Centre	≥300,000	346,276 Achieved (2020/21: 437,835)
	Number of Learn to Swim participants per annum	≥ 8,000	33,655 Achieved (2020/21: New Measure)
	Number of fitness programmes participants delivered by Council across Selwyn delivered across Selwyn (per annum)	60,000	72,189 Achieved (2020/21: New Measure)
	The percentage of Council owned swimming pools generating revenue meeting or exceeding 20% of operating costs (excluding capital projects)	≥75%	60% Not Achieved (2020/21: New Measure)
PUBLIC TOILETS			
To provide public toilets to promote a healthy living environment for district residents and provide economic benefits in supporting local businesses & visitor destinations	The provision level for the number of public toilets per 1,000 residents is above the national median measured through the Yardstick benchmark survey	≥0.8	0.88 Achieved (2020/21: New Measure)
	Number of "facility compliance failures" per annum identified by independent audit	≤6	6 Achieved (2020/21: 4 Compliance Failures)
CEMETERIES			
To provide a network of cemeteries to meet the district's burial & remembrance needs	The level of satisfaction with cemetery maintenance and services as recorded in an annual survey of funeral directors	≥70%	100% Achieved (2020/21: New Measure)
	A cemetery is located within easy driving distance (10 km) of district townships	≥85%	88% Achieved (2020/21: New Measure)
	The proportion of cemetery operating costs that is recovered from revenue received from fees and charges	≥45%	49.70% Achieved (2020/21: New Measure)
	Number of complaints received per annum related to cemetery service	≤10	14 complaints were received during the year. Achieved (2020/21: 9 complaints were received during this year)

Objective	Performance Measure	Service Target	Achievement
LIBRARIES / SERVICE CENTRES (INCLUDING ARTS, CULTURE AND HERITAGE)			
To respect residents' diversity and encourage residents to learn throughout their life, and to celebrate Selwyn's identity through participation in arts, culture and heritage	The % satisfaction from annual user surveys for: Libraries / Service Centres	≥90%	93% Achieved (2020/21: 88%)
	Active Library membership increases annually	≥5% p.a.	14% increase Achieved (2020/21: New Measure)
	Total number of "walk in" visits per annum to the four libraries / service centres: 1. Darfield 2. Leeston 3. Lincoln 4. Rolleston / Te Ara Ātea	≥280,000	289,781 Achieved (2020/21: New Measure)
	The number of "digital" sessions (either logged in to library website, using a library computer or using Wi-Fi and own device) per annum	≥300,000	619,196 Achieved (2020/21: Website sessions alone = 283,027 (in addition, Wi-Fi sessions = 76,724 and Database accesses = 193,554)
	The number of programme / session participants per annum, delivered in Libraries and / or by Library staff (including Edge Connector) and number of programme / sessions	≥15,000 participants	23,434 Achieved (2020/21: New Measure)
	The number of community-based / led arts, culture and heritage initiatives facilitated / coordinated annually	≥20 initiatives	28 Achieved (2020/21: New Measure)
	The % satisfaction from user surveys for arts, culture and heritage initiative participants	≥90%	93% Achieved (2020/21: New Measure)
	The % of overall rates / water and dog registration payments made at Library / Council Service Centres annually	≥20%	51% Achieved (2020/21: New Measure)
	Total combined physical and digital items issued per annum is equal to or greater than 350,000	≥350,000	562,340 Achieved (2020/21: New Measure)

Objective	Performance Measure	Service Target	Achievement
COMMUNITY AND ECONOMIC DEVELOPMENT INCLUDING EVENT DELIVERY			
To build community connectedness, inclusivity & safety by providing opportunities , events & resources for volunteers & communities	More than 500 residents annually participate in Community capacity building initiatives targeted at Volunteers, clubs, groups & organisations delivered/resourced and/or facilitated by Council	≥ 500 participants	851 Achieved (2020/21: 1058)
To promote economic development by collaboration, networking, information sharing & encouraging visitors	Community capacity building participants are satisfied/very satisfied	≥ 90%	98% Achieved (2020/21: New Measure)
	Initiatives targeted at newcomers are delivered/ resourced and/or facilitated by Council annually	≥ 12	21 Achieved (2020/21: 6)
	Selwyn Youth Consultation/engagement activities are delivered/resourced and/or facilitated by Council (generally via Selwyn Youth Council)	≥ 6	6 Achieved (2020/21: New Measure)
	Community Events are delivered/resourced and/or coordinated by Council annually, targeting young people, families with children, older people & those facing additional barriers & participation numbers captured	≥ 100	110 Achieved (2020/21: 111)
	Participants in not less than 25 events are satisfied/very satisfied	≥ 90%	98% Achieved (2020/21: 93%)
	Community Grants Funding is delivered that enables community-led initiatives annually	≥ 35	65 Achieved (2020/21: 84)
	Initiatives to promote economic development/ local business and/or celebrate business excellence are delivered, resourced or facilitated annually	≥ 6	5 Not Achieved (2020/21: New Measure)
	Visitor Promotion campaigns are delivered resourced or facilitated annually	≥ 12	3 Not Achieved (2020/21: 17)
	"From the Land" visitor promotion website usage increases annually	≥ 10%	17% Achieved (2020/21: 76%)

Community services and facilities funding impact statement

	2020/21	2021/22	2021/22	
	LTP	LTP	Actual	
	\$'000	\$'000	\$'000	
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties	10,045	14,935	14,982	
Targeted rates	14,012	14,955	15,176	
Subsidies and grants for operating purposes	73	219	543	
Fees and charges	6,816	7,268	7,115	Note 1
Internal charges and overheads recovered	3,722	3,298	3,896	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	84	104	
Total operating funding (A)	34,668	40,759	41,816	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	19,945	23,001	23,337	
Finance costs	4,173	965	86	Note 1
Internal charges and overheads applied	4,989	7,508	7,508	
Other operating funding applications	257	69	102	
Total application of operating funding (B)	29,364	31,543	31,033	
Surplus / (deficit) of operating funding (A-B)	5,304	9,216	10,783	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	6,808	2,109	13,017	Note 2
Increase / (decrease) in debt	530	44,763	(2,518)	Note 3
Gross sales proceeds from sale of assets	3,120	6,383	6,597	
Total sources of capital funding (C)	10,458	53,255	17,096	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	5,276	29,973	25,535	Note 4
Capital expenditure to improve the level of service	11,681	4,874	2,177	Note 5
Capital expenditure to replace existing assets	1,109	5,560	2,636	Note 6
Increase / (decrease) in reserves	(5,187)	(6,647)	(14,675)	
Increase / (decrease) of investments	2,883	28,711	12,206	
Total applications of capital funding (D)	15,762	62,471	27,879	
Surplus / (deficit) of capital funding (C-D)	(5,304)	(9,216)	(10,783)	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long-Term Plan 2021/22:

Note 1 Finance costs are lower than the LTP due to lower borrowings than originally budgeted. The lower borrowing is due to the reduction in the requirement to borrow due to the timing of major capital projects and the Council's strong cash position.

Note 2 Development contributions revenue is higher than the LTP due to substantial growth in the District being higher than forecast.

Note 3 Debt has not increased as planned due to the timing of completion of major capital projects, including the development of the Rolleston Town Centre and the use of the council's cash investments to fund some capital projects through internal borrowing.

Note 4 Capital expenditure to meet additional demand is lower than the LTP largely due to the timing of completion of some major capital projects including the Lincoln Reserve Development and Rolleston Town Centre development.

Note 5 Capital expenditure to improve the level of service is lower than the LTP due to changes in the timing of completion of some major capital projects including the Darfield swimming pool upgrade and refurbishment of the Rolleston Community Centre.

Note 6 Capital expenditure to replace existing assets is lower than the LTP due to changes in the timing of completion of some major capital projects including the Leeston Medical Centre.

Democracy

This year the Council...

Administered **\$563,839** in total grant funding

Received **140** submissions on the Draft Annual Plan

Received **120** submissions and one appeal on its Representation Review

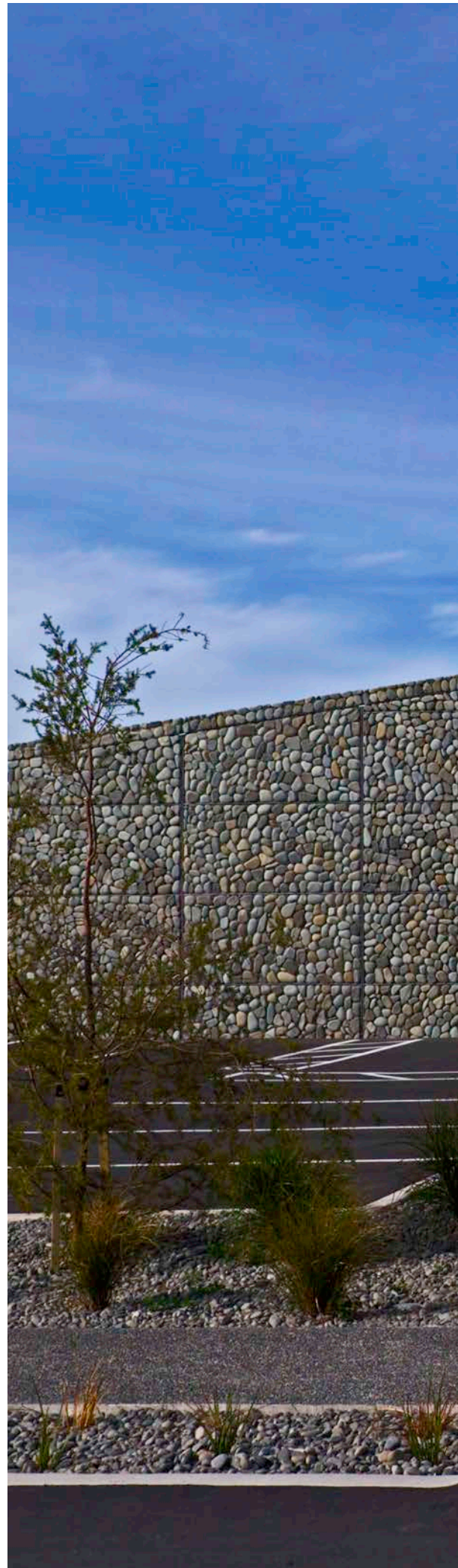
Key results



Eight engagement events were held as part of the Annual Plan process



The Council's Representation Review was upheld by the Local Government Commission





Performance highlights 2021/22

The 2021/22 year was the second of the Council's Long-Term Plan 2021-2031 years. During the last 12 months, the Council engaged with residents through a wide range of formal and informal consultation processes. These included consultation on the Annual Plan 2022/23, the Draft Gambling Venue Policy, a new Parks Management Plan for Selwyn, changes to speed limits on local roads, the Trade Waste and Wastewater Drainage bylaws, and many other local and district-wide projects and proposals. Some consultations were affected by COVID-19 restrictions, and online engagement continued to be a focus for connecting with the community.

In April 2022, the Council completed its Representation Review, a statutory review of election arrangements and representation, carried out every six years. The process was challenging due to the district's rapid growth, concentrated in eastern urban areas. Following widespread consultation, the Council proposed reducing the number of councillors from 11 to 10 and made adjustments to some ward boundaries. One appeal was received to the final proposal, but the Local Government Commission upheld the proposal in full.

Service targets for democracy

Objective	Performance Measure	Service Target	Achievement
To provide confidence in the Council and residents' opportunity to participate in decision making	CouncilMARK overall grading	Not measured	Not measured (2020/21: New Measure)
	The numbers of events at which residents have the opportunity to engage with the Council as part of the Annual Plan/Long Term Plan process	4	Achieved (2020/21: New Measure)

Democracy funding impact statement

	2020/21	2021/22	2021/22	
	LTP	LTP	Actual	
	\$'000	\$'000	\$'000	
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties	4,532	2,162	2,169	
Targeted rates	893	988	999	
Subsidies and grants for operating purposes	52	40	140	
Fees and charges	4	15	31	
Internal charges and overheads recovered	-	491	491	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	17	
Total operating funding (A)	5,481	3,696	3,847	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	2,625	3,480	2,329	Note 1
Finance costs	-	-	-	
Internal charges and overheads applied	3,063	1,145	1,145	
Other operating funding applications	155	249	157	
Total application of operating funding (B)	5,843	4,874	3,631	
Surplus / (deficit) of operating funding (A-B)	(362)	(1,178)	216	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	-	-	-	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	-	-	-	
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	-	-	-	
Increase / (decrease) of investments	(362)	(1,178)	216	
Total applications of capital funding (D)	(362)	(1,178)	216	
Surplus / (deficit) of capital funding (C-D)	362	1,178	(216)	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long-Term Plan 2021/22:

Note 1 Payments to staff and suppliers are lower than the Long-Term Plan due to the timing of the planned Canterbury Museum upgrade. The Museum is planning a major upgrade to its buildings in the coming years to improve the visitor experience and to make better provision for the preservation of its extensive collection. The upgrade will be funded by a number of organisations, and will include a contribution from Selwyn ratepayers.

Environmental services

This year the Council...

Processed **803** resource consent applications

Issued **3,208** building consents

Issued **2,252** code compliance certificates

Registered **15,413** of the district's dogs

Key results



98%

of resource consents issued on time



42%

of building consents issued on time



100%

of registered food premises assessed per schedule



100%

of known dogs registered







Performance highlights 2021/22

Building

Continued strong growth in the district has been challenging to manage, particularly in meeting statutory timeframes for building consents. We have actively engaged with the sector to ensure they are aware of the timeframes and how they can help expedite their applications.

Our customer satisfaction measures are being redeveloped to better reflect the needs of our customers, and to incorporate our complaint and compliment data in measuring the effectiveness of services. This is the first year we have measured the Building Warrant of Fitness audits and results are reflective of getting a new process up and running.

Regulatory

The introduction of 'one tag' lifetime dog tags, along with online registration, has helped to manage the increasing demand that has arisen from continued growth in the number of dog registrations and complaints.

COVID-19 restrictions presented challenges to both the hospitality sector and to the Council's Environmental Health function. Despite these challenges, all targets for minimising adverse effects on the public were achieved 100%. Similarly, alcohol license applications were processed in accordance with legislative requirements and timeframes.

The Compliance and Monitoring function also saw growth in the volume and complexity of cases, but successfully resolved and responded to all complaints, investigating them through to conclusion. New processes were introduced to streamline some monitoring, with 90 per cent of all conditions monitored within one month of the call-up report being issued, and the remaining eight per cent monitored within the next calendar month, exceeding the KPI of 85 per cent.

Resource consents

Selwyn district continued to experience high rates of growth throughout the year, which was seen in the large number of resource consent applications received and processed. This growth, combined with complex planning processes and national legislative changes in play presented a challenging workload. It required the Council to access timeframe extensions that are permitted under the Resource Management Act to continue achieving a high level of timeframe compliance.

Service targets for environmental services

Objective	Performance Measure	Service Target	Achievement
STRATEGY AND POLICY			
To plan and provide for the sustainable management, development and protection of natural and physical resources of the District	The District Plan is up to date and in line with legislative requirements, including a reviewing provisions every 10 years	100%	100% (2020/21: 100%)
	Plan Changes are completed and made operative within 2 years of notification. NCS database updated and closed out	100%	100% (2020/21: 100%)
	Private plan changes have a decision made on them within 2 years of notification. NCS database updated and closed out	100%	100% (2020/21: 100%)
To engage with local communities, developers and other interested parties to develop a strategic direction	A suggested work programme is included on the Council agenda once a year (Annual Plan process). The Council decides which projects are advanced from the work programme per year	Achieved	Achieved (2020/21: Achieved)
To protect areas of significant indigenous vegetation and significant habitats of indigenous fauna to ensure no net loss of indigenous biodiversity, and other indigenous biodiversity values are maintained and enhanced	Identify and protect 15 Significant Natural Areas in the district per year	100%	100% (2020/21: New Measure)
To encourage and support the restoration and enhancement of areas of indigenous biodiversity	Carry out or facilitate 2km of riparian margin planting in the district year	100%	100% (2020/21: New Measure)
	Carry out or facilitate 5ha of indigenous vegetation planting in the district per year	100%	100% (2020/21: New Measure)
To protect areas of significant indigenous vegetation and significant habitats of indigenous fauna to ensure no net loss of indigenous biodiversity, and other indigenous biodiversity values are maintained and enhanced	Identify and protect 15 Significant Natural Areas in the district per year	100%	100% (2020/21: New Measure)
To encourage and support the restoration and enhancement of areas of indigenous biodiversity	Carry out or facilitate 2km of riparian margin planting in the district year	100%	80% (2020/21: New Measure)
	Carry out or facilitate 5ha of indigenous vegetation planting in the district per year	100%	100% (2020/21: New Measure)

Objective	Performance Measure	Service Target	Achievement
RESOURCE CONSENTS AND COMPLIANCE			
To administer the District Plan effectively and efficiently by making timely and quality decisions on Resource Consents	Proportion of Resource consents issued within Statutory Requirements	98%	98% (2020/21: New Measure)
To interact with Resource Consent Applicants in a manner which results in a high level of customer satisfaction	Preparation of Environment Court Appeals Settled or found in Council's Favour	70%	100% (2020/21: 100% There was one appeal resolved)
	Proportion of Resource Consent Applicants very satisfied or satisfied	85%	Not measured (2020/21: Not Achieved)
BUILDING CONTROL			
To support compliant building work through the efficient and effective administration of the Building Act 2004	Proportion of building consents issued within statutory time frames	95%	41.6 (2020/21: 56%)
	Carry out audit inspections of all known residential pools in the district within a 3 year cycle	33% of pools	32.80% (2020/21: New Measure)
	Audit a representative sample of commercial building warrant of fitness's in the district	10% of all current BWOFs audited annually	6% (2020/21: New Measure)
	Proportion of Code Compliance Certificates issued within statutory time frames	95%	93.8 (2020/21: 95%)
	Proportion of Building Consent Applicants satisfied or very satisfied	90%	Not measured (2020/21: Achieved)
ANIMAL CONTROL			
To register all known dogs	Registration of all known dogs by 30 June each year	100%	100% (2020/21: 99.90%)
To investigate all complaints in regard to dog control in a timely manner	Percentage of urgent callouts attended to within 2 hours	100%	100% (2020/21: 100%)
	Percentage of non-urgent callouts attended to within 72 hours	100%	100% (2020/21: 100%)

Objective	Performance Measure	Service Target	Achievement
ENVIRONMENTAL HEALTH			
To ensure all registered premises are operated in a manner that minimises any adverse effects on public health	Verbal and written food complaints, enquiries and suspected and confirmed food poisoning incidents will be responded to promptly and within the same day including contacting the complainant or enquirer	100%	100% (2020/21: 100%)
	Complaints only in writing with be actioned within 3 working days (subject to human risk level)	100%	100% (2020/21: 100%)
	All registered premises to be inspected and assessed at least once annually between the months of 1 July and 31 December	100%	100% (2020/21: 100%)
To ensure all registered premises are operated in a manner that minimises any adverse effects on public health	All enquiries and complaints are prioritised and responded to within 24 hours	100%	100% (2020/21: New Measure)
	Each notified disease is actioned on the day of receipt from Canterbury District Health Board (Community & Public Health).The initial procedure involves telephone contact with each individual case and if he or she is not available a standard notification letter is sent on the same day	100%	100% (2020/21: 100% 116 Notified Deaths)
	All public swimming pools in the District will be inspected and assessed on an annual basis. These assessments will take place during the months of October – December or prior to use	100%	100% (2020/21: 100%)
	All public events (open to the general public) which have associated licences (Food, Alcohol, Amusement Devices) shall be visited on the day(s) of the event for the purposes of food safety, public health and sanitation	100%	100% (2020/21: 100%)
ALCOHOL LICENCING			
To ensure all licence applications are processed efficiently in accordance with legislative requirements	Proportion of Special Licenses issued within 15 working days of receipt of reports filed by the Police and the Medical Officer of Health	100%	100% (2020/21: 100%)
	Proportion of all other uncontested licenses issued within 20 working days of the closing day of submissions	100%	100% (2020/21: 100%)
MONITORING, COMPLIANCE AND ENFORCEMENT			
To monitor activities granted a resource Consent to maintain compliance	Monitoring of Resource Consents conditions are completed within 1 calendar month of the monitoring report being issued	85%	90% (2020/21: 98%)
	All complaints are recorded and investigated to conclusion	100%	100% (2020/21: 100%)

Statistics for resource and building consents

for year ended 30 June 2022

Indicator	Number processed	Working days target	Target % within working days	% achieved within working days target	Average processing days
Subdivision consents – notified (with hearing)	-	130	100%	100%	-
Subdivision consents – notified (no hearing)	-	50	100%	100%	-
Subdivision consents – limited notification (with hearing)	-	100	100%	80%	-
Subdivision consents – limited notification (no hearing)	2	65	100%	100%	64
Subdivision consents – non-notified (no hearing)	184	20	100%	95%	26
Land use consents – notified (with hearing)	1	130	100%	100%	156
Land use consent – notified (no hearing)	-	50	100%	100%	-
Land use consent – limited notification (with hearing)	2	100	100%	100%	99
Land use consent – limited notification (no hearing)	10	65	100%	100%	62
Land use consent – non-notified (no hearing)	604	20	100%	98.68%	18
Building consents	3,208	20	100%	42%	27
Full code of compliance certificates	2,252	20	100%	92%	5

for year ended 30 June 2021

Indicator	Number processed	Working days target	Target % within working days	% achieved within working days target	Average processing days
Subdivision consents – notified (with hearing)	2	130	100%	100%	103
Subdivision consents – notified (no hearing)	1	50	100%	100%	50
Subdivision consents – limited notification (with hearing)	-	100	100%	80%	-
Subdivision consents – limited notification (no hearing)	5	65	100%	100%	62
Subdivision consents – non-notified (no hearing)	142	20	100%	96%	23
Land use consents – notified (with hearing)	1	130	100%	100%	130
Land use consent – notified (no hearing)	2	50	100%	100%	50
Land use consent – limited notification (with hearing)	6	100	100%	83%	101
Land use consent – limited notification (no hearing)	7	65	100%	71%	62
Land use consent – non-notified (no hearing)	618	20	100%	97%	15
Building consents	2,916	20	100%	95%	15
Full code of compliance certificates	2,593	20	100%	95%	4

Environmental services funding impact statement

	2020/21	2021/22	2021/22	
	LTP	LTP	Actual	
	\$'000	\$'000	\$'000	
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties	9,618	9,387	9,417	
Targeted rates	-	-	-	
Subsidies and grants for operating purposes	70	126	95	
Fees and charges	5,314	9,181	11,567	Note 1
Internal charges and overheads recovered	-	1,994	1,994	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	4	
Total operating funding (A)	15,002	20,688	23,077	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	13,083	16,576	15,209	Note 2
Finance costs	-	-	-	
Internal charges and overheads applied	1,827	4,154	4,154	
Other operating funding applications	5	5	7	
Total application of operating funding (B)	14,915	20,735	19,370	
Surplus / (deficit) of operating funding (A-B)	87	(47)	3,707	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	4	
Total sources of capital funding (C)	-	-	4	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	42	38	-	
Capital expenditure to improve the level of service	-	-	2	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	34	34	19	
Increase / (decrease) of investments	11	(119)	3,690	
Total applications of capital funding (D)	87	(47)	3,711	
Surplus / (deficit) of capital funding (C-D)	(87)	47	(3,707)	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long-Term Plan 2021/22:

Note 1 Fees and charges revenue is higher than the LTP largely due to the level of building activity in the District.

Note 2 Payments to staff and suppliers is lower than the LTP largely due to projects related to be the District Plan review brought forward and completed in 2020/21 financial year offset by the level of building activity in the District.

Transportation

This year the Council...

Repaired **6,037** potholes

Completed **11,561 km** of grading on unsealed roads

Resealed **50 km** of road

Constructed **2,258 m** of footpath extensions

Key results



88%

of urban road network met quality target



98%

of rural sealed road network met quality target



91%

of footpaths met service standards







Performance highlights 2021/22

Our transportation network continues to undergo change as travel patterns adapt to the Christchurch Southern Motorway and new urban and commercial developments, particularly in the Greater Christchurch area of the district.

Major projects completed include Blakes Road widening; Rolleston Drive access upgrades; traffic signals at Rolleston Drive/Tennyson Street; Weedons Ross Road widening; and other projects associated with the Rolleston Town Centre.

The 2021/22 financial year was the first year of the new funding cycle of the National Land Transport Programme. The Council received some funding increases, but cost increases were significant due to inflation and other related factors.

Other notable outcomes

Waka Kotahi NZ Transport Agency began constructing the West Melton traffic signals, while public engagement and refinement of upgrade options continued for the Rolleston State Highway 1 (flyover) project.

Council continued to focus on the planning and implementing of walking and cycling opportunities alongside public transport in line with national and regional objectives.

Safety remained a key issue, with crashes at intersections being a concern. There was one fatality in 2021/22 (two less than the previous year), but there were two more serious crash injuries. Waka Kotahi approved funding for the next stage of arterial intersection safety upgrades at Prebbleton under the Road to Zero national road safety programme.

Despite rapid changes in bitumen costs and the impact of COVID-19, Council completed 50.23 km of resealing. However, this was down on our target of 75km.

While overall roughness of the network met the target, the urban portion of the network is below target. This was impacted by the extensive urban development occurring and capital works involving road excavation as well as some roads deteriorating under heavy traffic.

A new measure was introduced to monitor the condition of gravel roads. Contractor inspections include a range of factors, with the proportion of road rated as good or very good reported. In December 2021 the proportion rated as good or very good was 63 per cent. In June 2022, it was 54 per cent. Council's target was 70 per cent, but further surveys are required to determine if this target is realistic year-round, especially considering the impacts of more severe weather events resulting from climate change.

Some capital projects were delayed due to pressures in the sector and COVID-19.

The Greater Christchurch Partnership continued responding to increased travel demands anticipated from future growth, by working on Mass Rapid Transit systems and transport plans.

Service targets for transportation

Objective	Performance Measure	Service Area	Service Target	Achievement
To provide a well maintained, operated and affordable land transport system	Response to service requests: The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan. (Mandatory Performance Measure)	All	>75% resolution within the timeframe specified	Achieved 76% (2020/21: 77% of service requests were responded to within the timeframe specified in the long term plan.)
	Condition of the sealed road network: The average quality of ride on a sealed local road network, measured by smooth travel exposure. (This Mandatory Performance Measure indicates the percentage of the network that complies with a maximum roughness target for a particular level of road)	Urban	≥90%	Not achieved 88% (2020/21: 89%)
		Rural	≥95%	Achieved 98% (2020/21: 98%)
		All roads	≥95%	Achieved 96% (2020/21: 96%)
	Maintenance of a sealed local road network: The distance of the sealed local road network that is resurfaced. (Mandatory Performance Measure)	Sealed roads	≥75km	Not achieved 50.23 km (2020/21: 44.3 km)
	Maintenance of the Unsealed Road network: The percentage of roads to achieve “good” or “very good” grades in both of the previous biannual visual condition surveys	Unsealed Roads	70%	Not achieved Dec 2021 63% June 2022 54% (2020/21: New Measure)
	Condition of footpaths within the local road network: The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority’s relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan). (Mandatory Performance Measure)	Footpaths	≥80%	Achieved 91% (2020/21: 85%)
To cater for any significant projected traffic increases in a sustainable manner	The percentage of individual large capital projects generally completed in the year that they were programmed to occur	Roading Improvements	≥75%	Not achieved 50% (10 of 20 large capital projects scheduled in 2021/22) (2020/21: 4 of 7 (57%))

Objective	Performance Measure	Service Area	Service Target	Achievement
To allow pedestrians, cyclists and motor vehicle users move safely around the Selwyn District	Road Safety: The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number (Mandatory Performance Measure)	Road Safety	Progressively reducing number of fatal and serious crashes.	Not achieved 1 fatality and 18 serious injury crashes -02 fatal +2 serious (2020/21: 3 fatality and 21 serious injury crashes)
	Public Transport: The change from the previous financial year in the number of passenger utilising public transport to, from, or within the district	Public Transport Utilisation	Progressive increase in patronage numbers	250,547 (no previous comparison) (2020/21: New Measure)
	Active Transport (Walking): The length of new footpaths constructed	Active Transport	2,800m	Not achieved 2,258m constructed (2020/21: New Measure)
	Active Transport (Cycling): The number of schools participating in the School Cycle Skills Education Programme	Active Transport	3 schools	Not achieved Programme due to start in 2022/23 (2020/21: New Measure)
To contribute to an integrated and responsive local and regional transportation system	Allocate the appropriate staff and resources to represent the interests of the Council and the community in Greater Christchurch and regional transportation planning, earthquake recovery, funding and implementation initiatives	Attendance at relevant Regional Transport Committee (RTC) and Regional Transport Officers Group (TOG) meetings and forums.	≥80%	Achieved 7 out of 8 (88%) (2020/21: 6 out of 7 (86%))

Transportation funding impact statement

	2020/21	2021/22	2021/22	
	LTP	LTP	Actual	
	\$'000	\$'000	\$'000	
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties	4,843	-	-	
Targeted rates	-	-	-	
Subsidies and grants for operating purposes	7,048	2,616	8,803	Note 1
Fees and charges	-	-	-	
Internal charges and overheads recovered	-	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	282	290	814	Note 2
Total operating funding (A)	12,173	2,906	9,617	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	7,972	6,177	10,413	Note 3
Finance costs	896	815	726	
Internal charges and overheads applied	1,880	2,431	2,431	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	10,748	9,423	13,570	
Surplus / (deficit) of operating funding (A-B)	1,425	(6,517)	(3,953)	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	3,363	8,794	6,937	Note 1
Development and financial contributions	1,808	1,542	3,229	Note 4
Increase / (decrease) in debt	11,428	20,890	14,009	Note 5
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	16,599	31,226	24,175	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	10,192	18,149	16,868	Note 6
Capital expenditure to improve the level of service	1,181	6,068	6,817	
Capital expenditure to replace existing assets	6,632	8,421	5,334	Note 7
Increase / (decrease) in reserves	(459)	(1,496)	(144)	
Increase / (decrease) of investments	478	(6,433)	(8,653)	
Total applications of capital funding (D)	18,024	24,709	20,222	
Surplus / (deficit) of capital funding (C-D)	(1,425)	6,517	3,953	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long-Term Plan 2021/22:

- Note 1** Subsidies and grants for operating and capital expenditure is higher than the LTP due to higher levels of subsidies received from Waka Kotahi than originally budgeted, reflecting subsidised expenditure being slightly above budget.
- Note 2** Other receipts is higher than the LTP due to the receipt of a contribution from Christchurch City Council towards the Springs Marshs Road roundabout.
- Note 3** Payments to staff and suppliers is higher than the LTP due to subsidised maintenance and operational expenditure being higher than originally budgeted.
- Note 4** Development contributions revenue is higher than the LTP due to substantial growth in the District being higher than forecast.
- Note 5** Debt is lower than the LTP due to the timing of completion of major capital projects.
- Note 6** Capital expenditure to meet additional demand is lower than the LTP due to the timing of completing some capital projects related to the Rolleston Town Centre.
- Note 7** Capital expenditure to replace existing assets are lower than the LTP due to timing of undertaking sealed road resurfacing and traffic service renewals being lower than budget.

Solid waste management

This year the Council...

Collected waste and recycling from more than

25,500 households

Kerbside collections pick up:

12,000

tonnes of rubbish

5,100

tonnes of recycling

8,300

tonnes of organics

33,800

tonnes of material processed through the Pines Resource Recovery Park

Key results



1.8%

reduction in total waste to landfill per capita



15%

reduction in contamination of kerbside recycling





Performance highlights 2021/22

Solid waste management in Selwyn is much more than just collecting rubbish: we are committed to diverting waste from landfill, as this impacts our carbon footprint.

In 2021/22, Council worked to transform of the Pines Resource Recovery Park as part of our ReConnect project. This project is designed to inspire our communities to think differently about waste. The transformation has been using reclaimed buildings as well as sustainable material choices in the construction of new buildings on-site.

the new education centre, a key component of the project, almost finished construction and will be ready to open in 2023. We also brought a Waste and Sustainability Educator on board who will work with schools and the public to encourage more sustainable waste practices by challenging the way we view resources.

The solid waste collection service collected bins from more than 25,000 households. During the past year, we achieved a 1.8 per cent reduction in total waste to landfill per capita, and reduced contamination in kerbside recycling by 15 per cent. This ensured more items could have a second life and not end up in landfill.

Service targets for solid waste management

Objective	Performance Measure	Service Target	2021/22 Achievement
To provide a quality solid waste service for the community	Number of substantiated formal complaints received per annum related to the solid waste service	≤15	Achieved: 1 substantiated formal complaint was received during the year. (2020/21: 1 substantiated formal complaints were received during the year.)
To protect the environment by minimising waste to landfill	The total amount of landfill waste per capita measured against the previous year	No increase in kg per capita compared with the previous year	Achieved: 1.8% decrease in kg per capita on previous year. (2020/21: 7% increase in kg per capita)
	The total amount of household kerbside landfill waste per capita measured against the previous year	Reduction in kg per capita compared with the previous year	Not achieved: 6% increase in kg per capita on previous year. (2020/21: 6% decrease in kg per capita)
	Percentage of contamination in the kerbside recycling measured against the previous year	Reduction in percentage contamination compared with the previous year until ≤2%	Achieved: 15% reduction in contamination levels on previous year. (2020/21: New Measure)

Solid waste management funding impact statement

	2020/21	2021/22	2021/22	
	LTP	LTP	Actual	
	\$'000	\$'000	\$'000	
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties	-	-	-	
Targeted rates	8,791	9,101	9,683	
Subsidies and grants for operating purposes	71	68	11	
Fees and charges	3,805	2,971	3,713	Note 1
Internal charges and overheads recovered	-	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	
Total operating funding (A)	12,667	12,140	13,407	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	11,018	10,965	11,564	
Finance costs	148	137	-	
Internal charges and overheads applied	565	613	613	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	11,731	11,715	12,177	
Surplus / (deficit) of operating funding (A-B)	936	425	1,230	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	3,204	10,971	-	Note 2
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	3,204	10,971	-	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	3,371	3,955	939	Note 3
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	50	18	
Increase / (decrease) in reserves	-	-	(687)	
Increase / (decrease) of investments	769	7,391	960	
Total applications of capital funding (D)	4,140	11,396	1,230	
Surplus / (deficit) of capital funding (C-D)	(936)	(425)	(1,230)	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long-Term Plan 2021/22:

Note 1 Fees and charges revenue is higher than the LTP due predominantly to higher than forecast organic tonnes received at the Pines Resource Recovery Park. Revenue from the Reuse shop allowed for in the LTP was also not realised during the year due to project delays.

Note 2 Movement in debt - the amount of borrowing required to fund this activity is lower than the LTP due to timing of completion of enhancements at the Pines Resource Recovery Park.

Note 3 Capital expenditure to meet additional demand is lower than the LTP due to the timing of completion of enhancements at the Pines Resource Recovery Park.

5 waters services

This year the Council...

Provided drinking water to **79%** of the population

Provided wastewater to **67%** of the population

Supplied **8.8** million cubic metres of water to households

Treated **3.6** million cubic metres of wastewater

Maintained:

1,477 km
of water mains

661 km
of wastewater mains

Key results



99.98%

compliance with drinking water standards for treatment



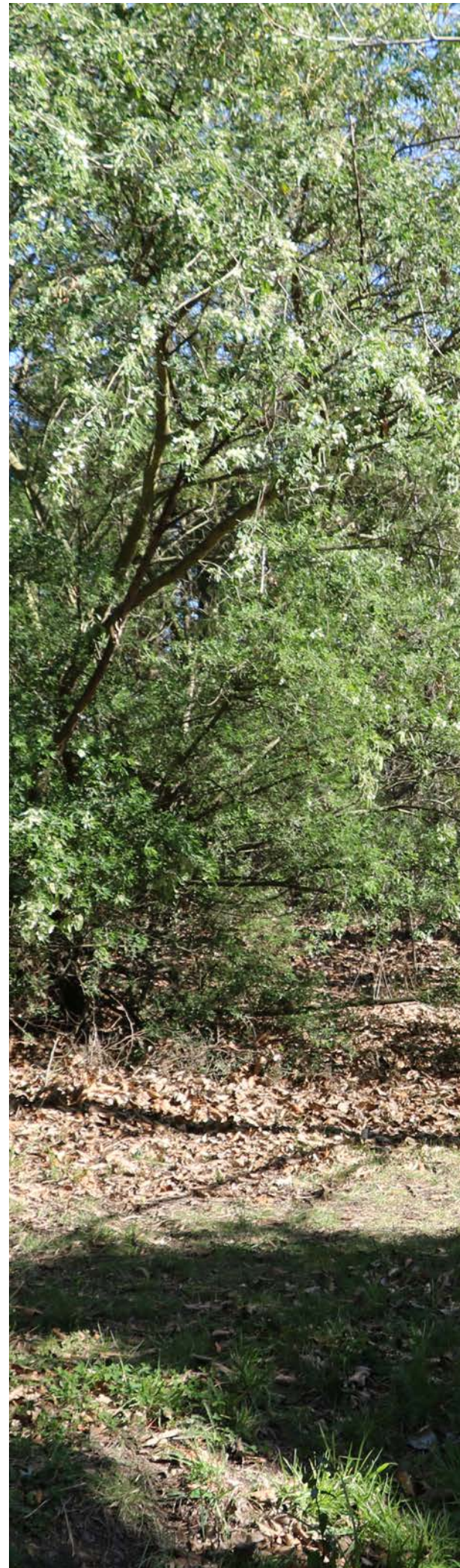
99.95%

compliance with drinking water standards for reticulation



0.358 m³

average consumption of drinking water per day per resident







Performance highlights 2021/22

Safe drinking water

The Council achieved 99.98% and 99.95% compliance respectively for E-Coli in water leaving the treatment plant, and water in the distribution systems. This positive result is an outcome of the water treatment plant upgrades.

Water quantity

Selwyn residents tend to be high users of water, using an average of 0.358m³ of water per person a day in the 2021/22 year. This can be attributed to mostly outdoor use – residents tend to have larger sections and therefore wish to maintain these sections, with comparatively low rainfall and free draining soils water use has historically been high. The Council has a role to play in continuing to educate the community on water conservation, with a long-term view to changing behaviour on water consumption.

Serviced area

79% of residential properties in Selwyn are serviced with water and 67% of residential properties are serviced by the Council's waste water systems.

Compliance with resource consents

During the 2020/21 year there were no abatement notices, infringement notices, enforcement orders or convictions received for any of the Council's water services.

Dry weather sewer overflows

The Council attended to six dry weather sewage and 2 wet weather overflows in 2021/22. The target was less than 1.4 overflows per 1,000 rated properties, which was met. The final result was 0.39 overflows per 1000 rated properties.

Water sustainability and availability

Sustainable water management continues to be a focus for Selwyn District Council. We are actively implementing a Water Demand Management Strategy which includes the installation of water meters and implementation of volumetric water charging. The Council is aware of the potential impact that climatic cycles and trends have on its five waters and is actively monitoring and planning for this.

Service targets for solid waste management

Objective	Performance Measure	Service Target	2021/22 Achievement
LAND DRAINAGE			
To minimise nuisance effects from water services	The number of complaints received about the performance of the Land Drainage system, expressed per 1000 rated properties	Less than 10	Achieved 3.00 (2020/21: New 2.27)
To provide water services in a cost effective manner	Total average operating cost per serviced property for Land Drainage	≤\$150	Not Achieved \$181.72 (2020/21: \$131.57)
STORMWATER			
To minimise adverse effects of water services on the environment	Compliance with resource consents for discharge from the stormwater system measured by the number of: a) abatement notices; b) infringement notices c) enforcement orders; and d) convictions Received from Environment Canterbury. (Mandatory Performance Measure)	a) Nil b) Nil c) Nil d) Nil	Achieved Nil Achieved Nil Achieved Nil Achieved Nil (2020/21: Achieved Nil for all)
To minimise nuisance effects from water services	The number of complaints received about the performance of the stormwater system, expressed per 1000 rated properties. (Mandatory Performance Measure)	Less than 20	Achieved 8.72 (2020/21: 5.75)
	The median response time to attend a flooding event measured from the time that personnel receives notification to the time that service personnel reach the site. (Mandatory Performance Measure)	Less than 1 hour for urgent flooding events	Achieved Nil (2020/21: Nil Note that, while not directly relevant to this KPI, in May 2021 Selwyn District experienced a significant rainfall event. A team of council staff and volunteers conducted 588 needs assessments and evacuated 200 households. 32 houses were damaged by water inundation.)
	The number of flooding events that occur as a result of overflow from the stormwater system that enters a habitable floor (Mandatory Performance Measure)	Nil in less than 50 year storm events	Achieved Nil (2020/21: Nil Note: in the May 2021 storm event (estimated to be more than a 1 in 100 year recurrence interval storm), 32 houses were damaged by flooding.)
	For each flooding event, the number of habitable floors affected, expressed per 1,000 properties connected to the stormwater system (Mandatory Performance Measure)	Nil per 1,000 connected properties in less than 50 year storm events	Achieved Nil (2020/21: Nil refer note Above)
	Total average rate per serviced property for Stormwater	≤\$100	Not Achieved \$113 (2020/21: \$81.56)

Objective	Performance Measure	Service Target	2021/22 Achievement
WASTEWATER			
To minimise nuisance effects from water services	Compliance with resource consents for discharge from the wastewater system measured by the number of: a) abatement notices; b) infringement notices c) enforcement orders; and d) convictions. Received from Environment Canterbury. (Mandatory Performance Measure)	a) Nil b) Nil c) Nil d) Nil	Achieved Nil Achieved Nil Achieved Nil Achieved Nil (2020/21: Achieved Nil for all)
	The total number of complaints received about sewage odour, blockages system faults and response to issues with its sewerage expressed per 1000 rated properties (Mandatory Performance Measure)	Less than 8	Achieved 1.72 (2020/21: 1.55)
To address problems with water services in a timely manner and prioritised according to risk and need	Where personnel attend wastewater overflows resulting from a blockage or other fault in the wastewater system. The median response time measures the: a) attendance time: from the time that the personnel receives notification to the time that service personnel reach the site; b) resolution time: from the time that the personnel receives notification to the time that service personnel confirm resolution of the blockage or other fault. (Mandatory Performance Measure)	a) Less than 1 hour b) Less than 24 hours	a) Achieved 47 minutes (2020/21: 43 Minutes) b) Achieved 2 hours 29 minutes (2020/21: 2 Hours 10 Minutes)
To provide service capacity is provided to accommodate growing communities, where this growth is sustainable	The proportion of residential properties serviced by wastewater services within the district expressed as a percentage of total residential properties	≥60%	Achieved 67% (2020/21: 66%)
To provide the community with water services to a standard that protects their health and property	The number of wet and dry weather wastewater overflows from the wastewater system, expressed per 1000 rated properties (Mandatory Performance Measure)	Less than 1.4 overflow	Achieved 0.44 (2020/21: 0.32)
To provide water services in a cost effective manner	Total average rate per serviced property for wastewater	≤\$550	Not Achieved \$564 (2020/21: \$424.19)

Objective	Performance Measure	Service Target	2021/22 Achievement
WATER SUPPLY			
To minimise nuisance effects from water services	<p>Compliance with resource consents for surface water takes for water supplies measured by the number of:</p> <p>a) abatement notices;</p> <p>b) infringement notices</p> <p>c) enforcement orders; and</p> <p>d) convictions.</p> <p>Received from Environment Canterbury</p>	<p>a) Nil</p> <p>b) Nil</p> <p>c) Nil</p> <p>d) Nil</p>	<p>Achieved Nil</p> <p>Achieved Nil</p> <p>Achieved Nil</p> <p>Achieved Nil</p> <p>(2020/21: Achieved Nil for all)</p>
To minimise nuisance effects from water services	The total number of complaints received about drinking water clarity, continuity of supply, odour, taste, pressure flow and response to these issues, expressed per 1000 rated properties (Mandatory Performance Measure)	Less than 20	Achieved 10.2 (2020/21: 9.68)
To address problems with water services in a timely manner and prioritised according to risk and need	<p>Where personnel attend a non-urgent call-out in response to a fault or unplanned interruption in the reticulation system. The median response times measures the:</p> <p>a) attendance time: from the time that personnel receive notification to the time that service personnel reach the site;</p> <p>b) resolution time: from the time that personnel receive notification to the time that service personnel confirm resolution of the fault or interruption (Mandatory Performance Measure)</p>	<p>a) Less than 24 hours</p> <p>b) Less than 120 hours</p>	<p>a) Achieved 57 minutes (2020/21: 1 Hour 52 Minutes)</p> <p>b) Achieved 17 hours 51 minutes (2020/21: 24 Hours 13 Minutes)</p>
	<p>Where personnel attend an urgent call-out in response to a fault or unplanned interruption in the reticulation system. The median response times measures the:</p> <p>a) attendance time: from the time that personnel receive notification to the time that service personnel reach the site;</p> <p>b) resolution time: from the time that personnel receive notification to the time that service personnel confirm resolution of the fault or interruption (Mandatory Performance Measure)</p>	<p>a) Less than 4 hours</p> <p>b) Less than 48 hours</p>	<p>a) Achieved 28 minutes (2020/21: 36 Minutes)</p> <p>b) Achieved 4 hours 26 minutes (2020/21: 5 Hours 10 Minutes)</p>

Objective	Performance Measure	Service Target	2021/22 Achievement
To provide service capacity is provided to accommodate growing communities, where this growth is sustainable	The proportion of residential properties serviced by water supplies within the district expressed as a percentage of total residential properties	≥80%	Not achieved 79% (2020/21: 77%)
	The percentage of real water loss from the water reticulation system in urban schemes. Determined through a water balance calculations for each supply, using a nationally agreed methodology (BenchlossNZ) (Mandatory Performance Measure)	20%	Achieved 14% (2020/21: 17.20%)
	The average consumption of drinking water per day per resident (Mandatory Performance Measure)	Less than 0.5m ³ per person per day within urban schemes	Achieved 0.358 (2020/21: 0.425m ³)
	The extent to which the drinking water supplies comply with the drinking water standards for bacteria compliance (Mandatory Performance Measure)	≥99.9% of monitoring samples comply, at both the treatment plant and within the reticulation, across the district	Achieved Treatment 99.98% Reticulation 99.95% (2020/21: Treatment 99.93% Reticulation 99.85%)
	The extent to which the drinking water supplies comply with the drinking water standards for protozoal compliance.	≥80% of the treatment plant sites (include bores where secure) are compliant across the district	Not Achieved 79% (2020/21: 73%)
To provide water services in a cost effective manner	Total cost to provide 200m ³ of water to a 'on demand' serviced property	≤\$400	Achieved \$387 (2020/21: \$344.65)

Objective	Performance Measure	Service Target	2021/22 Achievement
WATER RACES			
To minimise nuisance effects from water services	The total number of complaints received about continuity of supply, expressed per 1000 rated properties	Less than 50	Achieved 11.83 (2020/21: 12.52)
To address problems with water services in a timely manner and prioritised according to risk and need	Where personnel attends an urgent blockage or other fault in the water race system. The median response times measures the: a) Attendance time: from the time that personnel receives notification to the time that service personnel reach the site; b) Resolution time: the time that personnel receives notification to the time that service personnel confirm the resolution of the blockage or other fault	a) Less than 4 hours b) Less than 48 hours	a) Achieved 27 minutes (2020/21: 1 Hour 1 Minute) b) Achieved 2 hours 41 minutes (2020/21: 2 Hours 43 Minutes)
To provide water services in a cost effective manner	Total average operating cost per serviced property for water races	≤\$200	Achieved \$99.85 (2020/21: 103.7)
To minimise adverse effects of water services on the environment	Compliance with resource consents for surface water takes for water supplies measured by the number of: a) abatement notices; b) infringement notices c) enforcement orders; and d) convictions. Received from Environment Canterbury	a) Nil b) Nil c) Nil d) Nil	Achieved Nil Achieved Nil Achieved Nil Achieved Nil (2020/21: Achieved Nil for all)

Community water supplies funding impact statement

	2020/21	2021/22	2021/22	
	LTP	LTP	Actual	
	\$'000	\$'000	\$'000	
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties	-	-	-	
Targeted rates	7,097	9,066	9,102	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	129	208	95	
Internal charges and overheads recovered	1,379	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	
Total operating funding (A)	8,605	9,274	9,197	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	3,749	5,275	7,255	Note 1
Finance costs	-	174	340	
Internal charges and overheads applied	2,758	1,955	1,955	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	6,507	7,404	9,550	
Surplus / (deficit) of operating funding (A-B)	2,098	1,870	(353)	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	2,197	2,285	4,478	Note 2
Increase / (decrease) in debt	-	13,887	6,272	Note 3
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	2,197	16,172	10,750	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	920	9,526	2,873	Note 4
Capital expenditure to improve the level of service	1,614	7,833	6,243	Note 5
Capital expenditure to replace existing assets	2,024	6,419	6,015	
Increase / (decrease) in reserves	843	(7,556)	(3,957)	
Increase / (decrease) of investments	(1,106)	1,820	(777)	
Total applications of capital funding (D)	4,295	18,042	10,397	
Surplus / (deficit) of capital funding (C-D)	(2,098)	(1,870)	353	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long-Term Plan 2021/22:

Note 1 Payments to staff and suppliers is higher than the LTP largely due to the timing of completion of some operational projects carried forward from the 2020/21 year for completion in the current financial year.

Note 2 Development and financial contributions is higher than the LTP due to the higher than forecast substantial growth in the district.

Note 3 Movement in debt - the amount of borrowing required to fund this activity is lower than the LTP due to timing of completion of some capital projects.

Note 4 Capital expenditure to meet additional demand is lower than the LTP due to the timing of completion of water supply upgrades in Prebbleton and Darfield.

Note 5 Capital expenditure to improve the level of service is lower than the LTP due to projects being carried forward for completion during the 2022/23 financial year.

Community wastewater funding impact statement

	2020/21	2021/22	2021/22	
	LTP	LTP	Actual	
	\$'000	\$'000	\$'000	
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties	-	-	-	
Targeted rates	6,868	8,343	8,609	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	669	1,077	992	
Internal charges and overheads recovered	856	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	
Total operating funding (A)	8,393	9,420	9,601	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	3,696	5,148	5,411	
Finance costs	117	657	212	
Internal charges and overheads applied	1,712	1,285	1,285	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	5,525	7,090	6,908	
Surplus / (deficit) of operating funding (A-B)	2,868	2,330	2,693	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	10,660	9,528	Note 1
Development and financial contributions	5,064	3,648	12,830	Note 2
Increase / (decrease) in debt	2,349	14,520	8,493	Note 3
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	7,413	28,828	30,851	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	6,162	24,403	24,535	
Capital expenditure to improve the level of service	85	4,558	1,340	Note 4
Capital expenditure to replace existing assets	1,157	3,694	1,805	Note 5
Increase / (decrease) in reserves	287	(1,153)	(6,589)	
Increase / (decrease) of investments	2,590	(344)	12,453	
Total applications of capital funding (D)	10,281	31,158	33,544	
Surplus / (deficit) of capital funding (C-D)	(2,868)	(2,330)	(2,693)	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long-Term Plan 2021/22:

Note 1 Subsidies and grants for capital expenditure is lower than the LTP due to the timing of receipt of funding received from DIA for three waters stimulus funding for infrastructural development.

Note 2 Development contributions revenue is higher than the LTP due to the higher than forecast substantial growth in the district.

Note 3 Debt is lower than the LTP as the requirement to borrow is lower due to higher Council revenue than originally budgeted.

Note 4 Capital expenditure to improve the level of service is lower than the LTP largely due to the timing of completion of district wide capital projects.

Note 5 Capital expenditure to replace existing assets is lower than the LTP due to the timing of completion on work on linear pipe renewals.

Community stormwater funding impact statement

	2020/21	2021/22	2021/22	
	LTP	LTP	Actual	
	\$'000	\$'000	\$'000	
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties	-	-	-	
Targeted rates	1,365	1,754	1,824	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	-	-	-	
Internal charges and overheads recovered	178	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	27	
Total operating funding (A)	1,543	1,754	1,851	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	814	1,305	1,304	
Finance costs	82	62	46	
Internal charges and overheads applied	357	198	198	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	1,253	1,565	1,548	
Surplus / (deficit) of operating funding (A-B)	290	189	303	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	364	244	948	
Increase / (decrease) in debt	(364)	-	(902)	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	-	244	46	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	-	10	-	
Capital expenditure to improve the level of service	734	2,043	527	Note 1
Capital expenditure to replace existing assets	79	216	72	
Increase / (decrease) in reserves	144	67	106	
Increase / (decrease) of investments	(667)	(1,903)	(356)	
Total applications of capital funding (D)	290	433	349	
Surplus / (deficit) of capital funding (C-D)	(290)	(189)	(303)	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long-Term Plan 2021/22:

Note 1 Capital expenditure to improve the level of service is lower than the LTP due to the timing of completion of work to upgrade the Leeston stormwater system.

Water races and land drainage funding impact statement

	2020/21	2021/22	2021/22	
	LTP	LTP	Actual	
	\$'000	\$'000	\$'000	
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties	42	34	34	
Targeted rates	2,878	3,475	3,516	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	427	474	502	
Internal charges and overheads recovered	408	185	178	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	
Total operating funding (A)	3,755	4,168	4,230	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	2,649	2,989	3,163	
Finance costs	-	-	-	
Internal charges and overheads applied	816	618	618	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	3,465	3,607	3,781	
Surplus / (deficit) of operating funding (A-B)	290	561	449	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	-	-	-	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	-	-	-	
Capital expenditure to improve the level of service	-	834	418	
Capital expenditure to replace existing assets	-	1,028	214	
Increase / (decrease) in reserves	366	7	71	
Increase / (decrease) of investments	(76)	(1,308)	(254)	
Total applications of capital funding (D)	290	561	449	
Surplus / (deficit) of capital funding (C-D)	(290)	(561)	(449)	
Funding balance (A-B) + (C-D)	-	-	-	

There are no significant variances to explain between the 2020/21 actual and the Long-Term Plan 2021/22.

Internal Council services

Support services

Internal support and administration functions assist Council to delivery its significant activities and services (with the exception of taxation expense). The cost of all support services (overheads) is allocated to each of the Council's significant activities on a cost basis.

Support services include; Chief Executive's department, finance, information services, records management, asset management and service delivery.

Internal Council services also cover the Council's corporate revenue, including dividends, interest and property leases. Because it includes corporate revenue, the Internal Council Services activity generates a surplus. This surplus is used to reduce the general rate requirement so that all ratepayers benefit from this revenue.

Working in collaboration with others

Council collects rates on behalf of the Canterbury Regional Council (Environment Canterbury) which in turn pays us a fee and a portion of the rating valuation cost. The revenue received is used to offset the cost of running our rates department.

Internal Council services funding impact statement

The general rate revenue line in this statement is a reduction in the general rate requirement, rather than an amount of revenue to be collected from ratepayers. In effect, the revenue offsets the amount of general rate expenditure that would need to be charged to ratepayers if the Council did not have dividend and interest revenue.

Internal Council services funding impact statement

The general rate revenue line in this statement is actually a reduction in the general rate requirement, rather than an amount of revenue to be collected from ratepayers. In effect, it offsets the amount of general rate expenditure that would need to be charged to ratepayers if the Council did not have dividend and interest revenue.

	2020/21	2021/22	2021/22	
	LTP	LTP	Actual	
	\$'000	\$'000	\$'000	
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties	676	673	675	
Targeted rates	330	314	2,316	Note 1
Subsidies and grants for operating purposes	83	149	116	
Fees and charges	2,140	1,208	1,196	
Internal charges and overheads recovered	17,168	24,897	24,894	
Local authorities fuel tax, fines, infringement fees, and other receipts	6,912	5,729	6,582	
Total operating funding (A)	27,309	32,970	35,779	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	15,721	20,365	19,846	
Finance costs	64	6	2	
Internal charges and overheads applied	10,889	10,956	11,546	
Other operating funding applications	147	123	91	
Total application of operating funding (B)	26,821	31,450	31,485	
Surplus / (deficit) of operating funding (A-B)	488	1,520	4,294	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	(289)	(313)	(10,354)	Note 2
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	(289)	(313)	(10,354)	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	522	850	849	
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	480	154	
Increase / (decrease) in reserves	56	28	(2,053)	
Increase / (decrease) of investments	(379)	(151)	(5,010)	
Total applications of capital funding (D)	199	1,207	(6,060)	
Surplus / (deficit) of capital funding (C-D)	(488)	(1,520)	(4,294)	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long-Term Plan 2021/22:

Note 1 Targeted rates – the increase is associated with the early repayment of a rating loan.

Note 2 The movement in debt represents the net transfer of loans between internal and external borrowing.



Financial reporting

Introduction – statement of compliance and responsibility

Compliance

The Council and management of Selwyn District Council confirm that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

Responsibility

The Council and management of Selwyn District Council accept responsibility for the preparation of the annual financial statements and the judgements used in them.

The Council and management of Selwyn District Council accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Selwyn District Council, the annual financial statements for the year ended 30 June 2022 fairly reflect the financial position and operations of the Selwyn District Council.



Sam Broughton
Mayor of Selwyn District



David Ward
Chief Executive



Kelvin Mason
Group Manager Enabling Services

19 April 2023

Financials – annual report disclosure statement for year ending 30 June 2022

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

For 2021/22 council is reporting against its limits as outlined in the 2021-31 LTP.

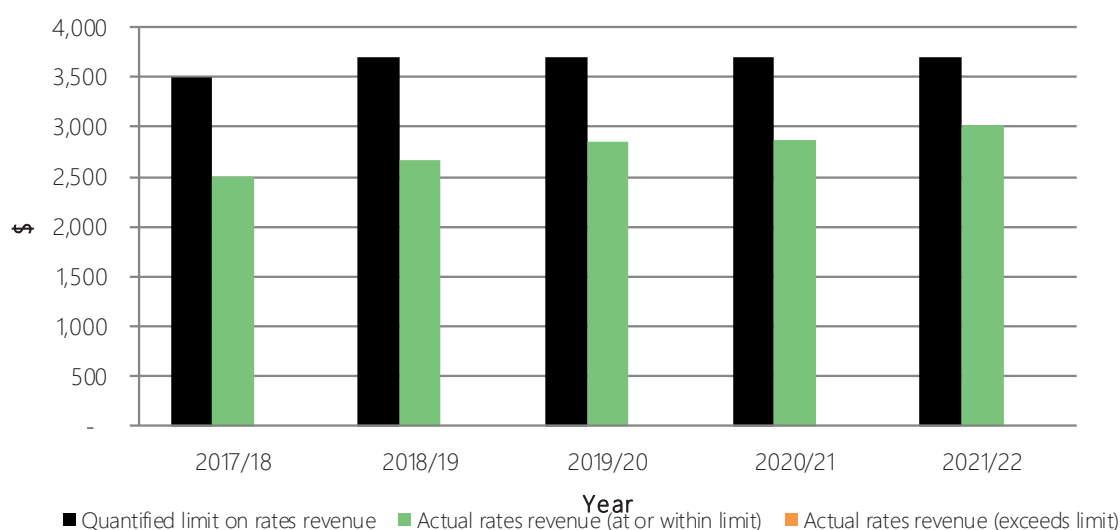
Rates affordability benchmark

The council meets the rates affordability benchmark if –

- Its actual rates revenue equals or is less than each quantified limit on rates; and
- Its actual rates increase equal or are less than each quantified limit on rates increases.

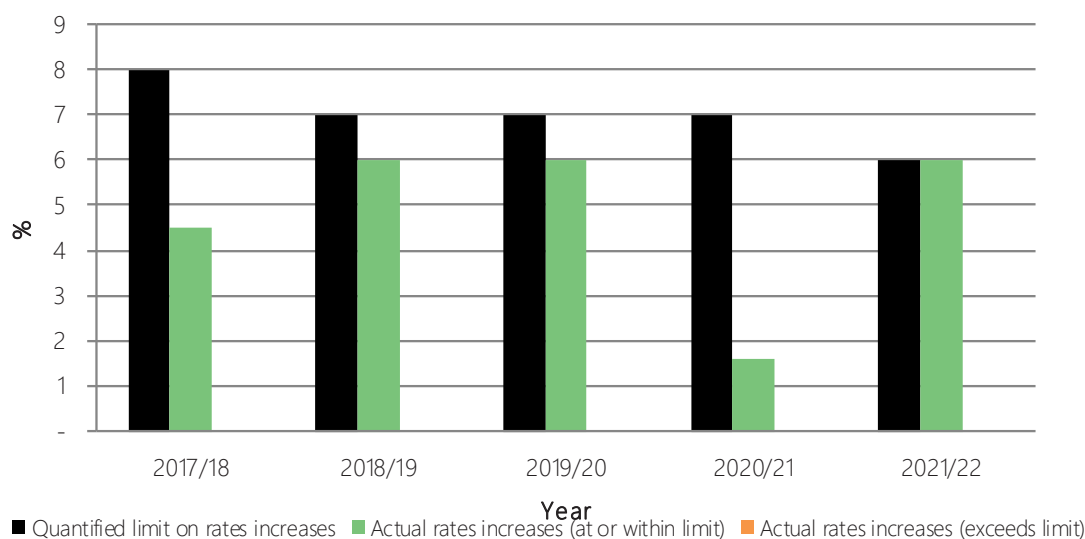
Rates (revenue) affordability

The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is actual rates revenue (including GST) will not exceed \$3,700 per ratepayer.



Rates (increases) affordability

The following graph compares the Council's actual average rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long-term plan. The quantified limit is 6% per annum for the period of the 2021-31 long term plan.

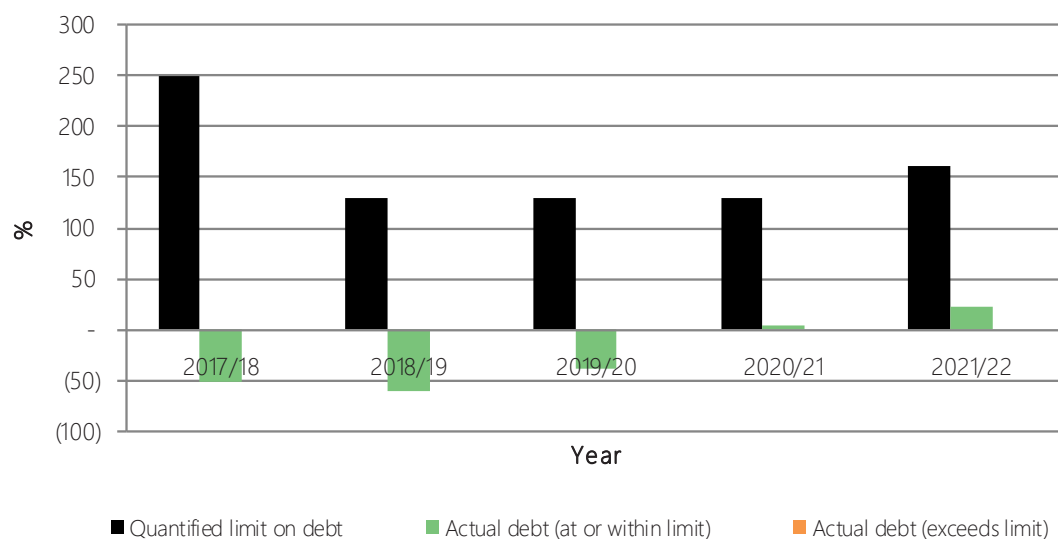


Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

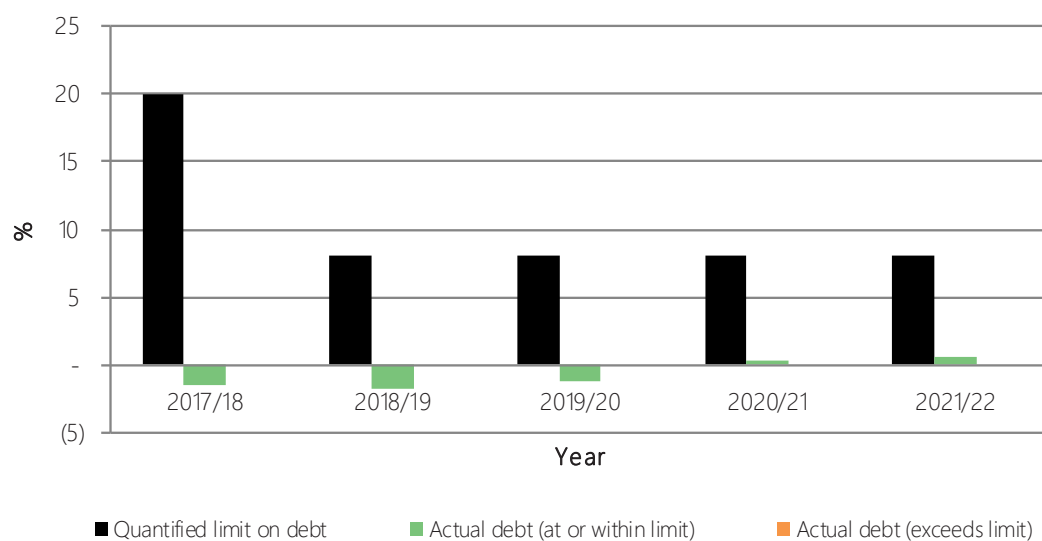
Net borrowing as percentage of revenue

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net borrowings as a percentage of revenue will be less than 160%.



Net interest as percentage of total revenue

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is net interest as a percentage of revenue will be less than 8%.



Net interest as percentage of rates revenue

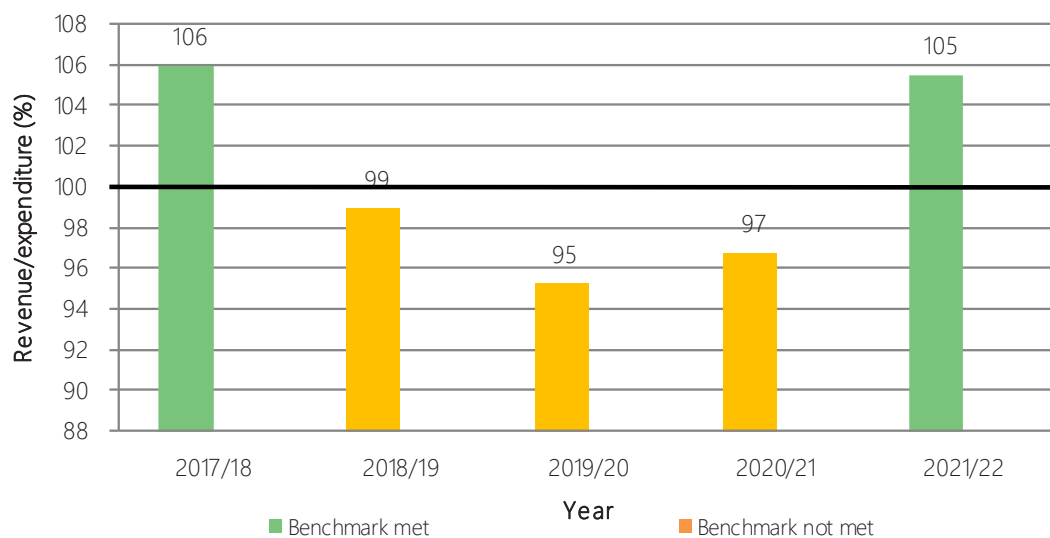
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net interest as a percentage of rates revenue will be less than 15%.



Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluation of property, plant or equipment).

The council meets this benchmark if its revenue equals or is greater than its operating expenses.

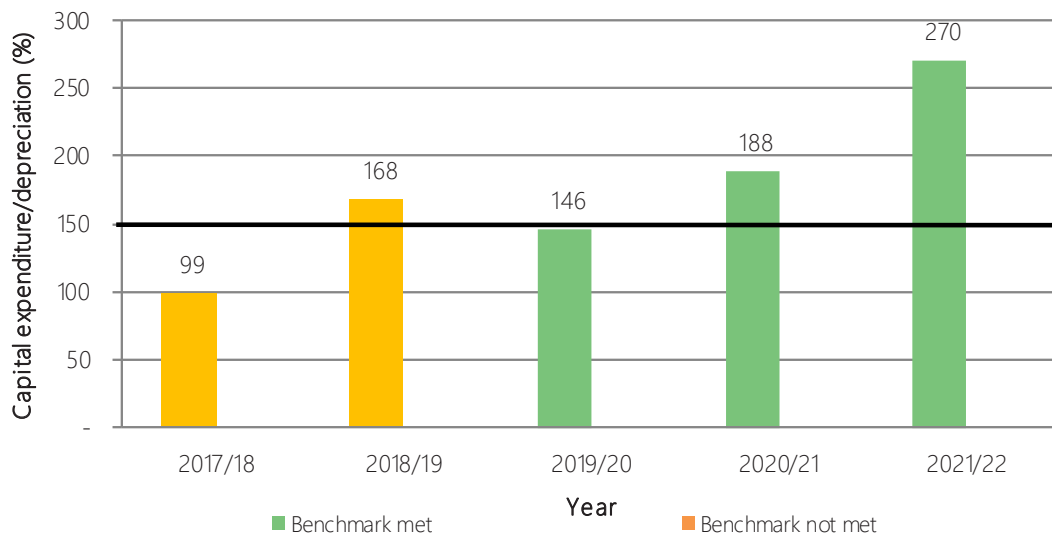


The Council did not meet the balanced budget benchmark during the 2018/19 to 2020/21 financial years' largely due to the Council's decision to not fully fund depreciation (the Council generally funds renewals rather than depreciation).

Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

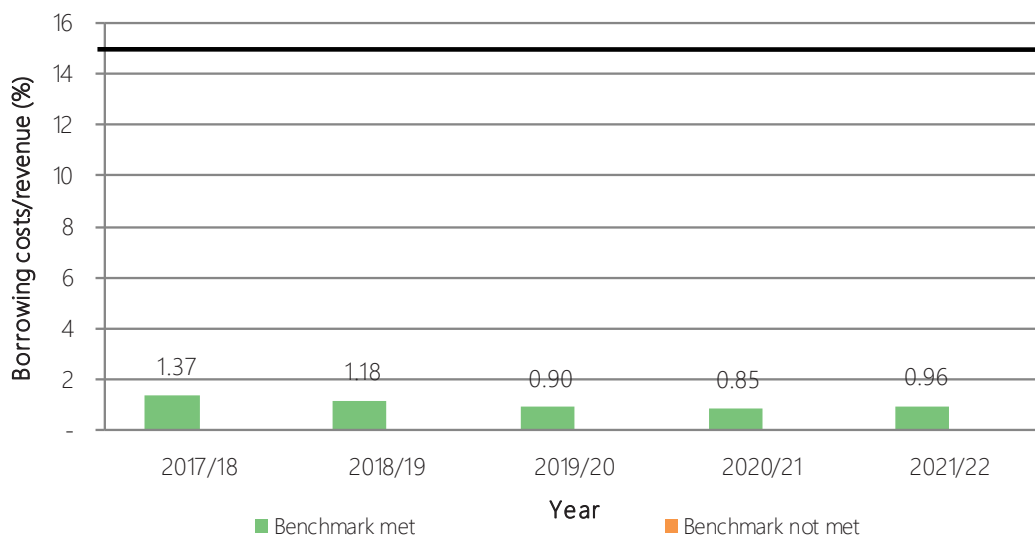
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

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

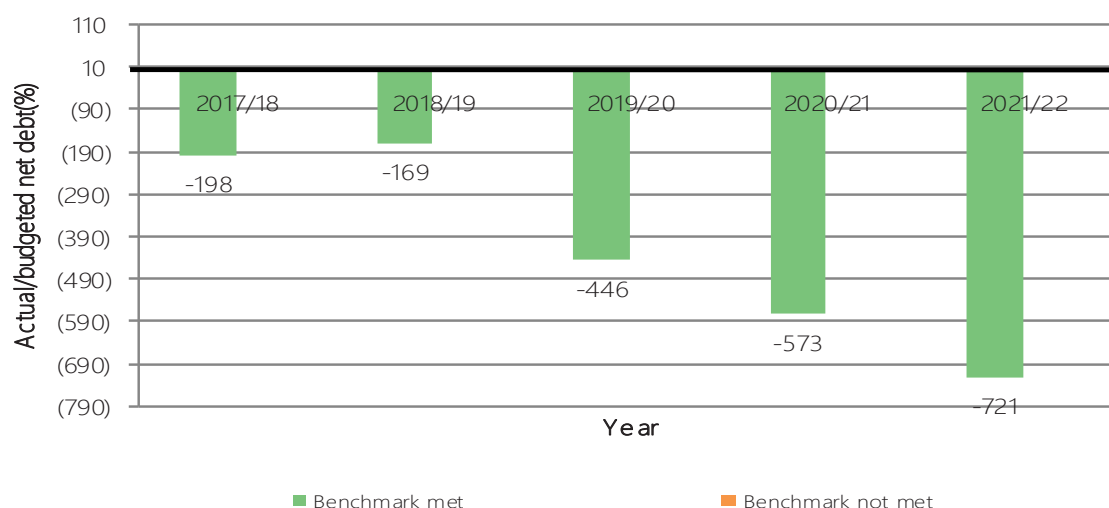
Because Statistics New Zealand projects the Council's population will grow faster than the national population growth rate, it means the debt servicing benchmark is met if it's borrowing costs equal or are less than 15% of its revenue.



Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, **net debt** means financial liabilities less financial assets (excluding trade and other receivables).

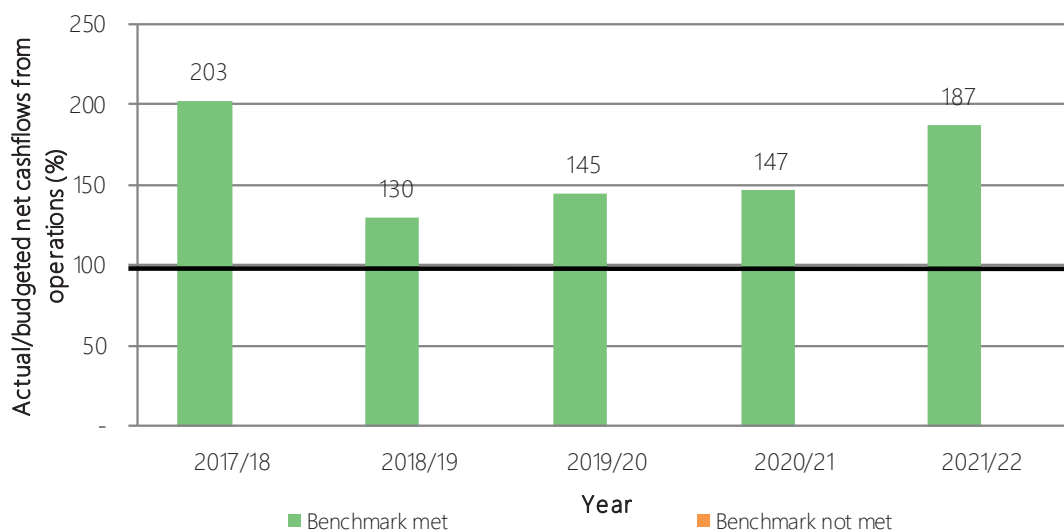
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flows from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Selwyn District Council
Statement of comprehensive revenue and expense
for the year ended 30 June 2022

		Council	Council	Council	Group	Group
		Actual	Budget	Actual	Actual	Actual
		2021/22	2021/22	2020/21	2021/22	2020/21
	Notes	\$000	\$000	\$000	\$000	\$000
Revenue						
Rates	3	78,502	74,846	68,738	78,495	68,731
Fees and charges	3	25,211	22,401	21,179	24,643	20,617
Development and financial contributions	3	34,502	9,828	24,739	34,502	24,739
Subsidies and grants	3	26,173	22,671	15,187	26,257	15,211
Interest revenue	3	560	620	682	592	686
Other revenue	3	57,697	44,458	37,118	91,082	69,071
Gains	3	14,839	249	4,219	15,003	3,565
Total revenue	2	237,484	175,073	171,862	270,574	202,620
Expenses						
Personnel costs	4	28,799	29,172	25,329	51,034	44,648
Depreciation and amortisation expense	16,17,18	36,031	35,454	32,893	39,412	35,336
Other expenses	5	73,299	66,555	62,073	77,545	67,346
Finance costs	6	1,413	2,815	997	1,416	1,000
Total expenses	2	139,542	133,996	121,292	169,407	148,330
Surplus / (deficit) before taxation		97,942	41,077	50,570	101,167	54,290
Income taxation expense / (benefit)	7	59	-	45	2,020	1,931
Surplus / (deficit) after taxation		97,883	41,077	50,525	99,147	52,359
Surplus / (deficit) attributable to:						
Selwyn District Council		97,883	41,077	50,525	99,147	52,359
Surplus / (deficit) after taxation		97,883	41,077	50,525	99,147	52,359
Other comprehensive revenue and expense						
<i>Items that will not be reclassified to surplus / (deficit)</i>						
Gain / (loss) on infrastructure assets revaluation	26	485,279	51,251	78,141	485,279	78,141
Gain / (loss) on land and building revaluation	26	71,352	-	-	72,506	765
Total other comprehensive revenue and expense		556,631	51,251	78,141	557,785	78,906
Total comprehensive revenue and expense		654,514	92,328	128,666	656,932	131,265
Total comprehensive revenue and expense attributable to:						
Selwyn District Council		654,514	92,328	128,666	656,932	131,265
Total comprehensive revenue and expense		654,514	92,328	128,666	656,932	131,265

Explanations of major variances against budget are provided in Note 30.
The accompanying notes form part of these financial statements.

Selwyn District Council
Statement of financial position as at 30 June 2022

		Council	Council	Council	Group	Group
		Actual	Budget	Actual	Actual	Actual
		2021/22	2021/22	2020/21	2021/22	2020/21
	Notes	\$000	\$000	\$000	\$000	\$000
Current assets						
Cash and cash equivalents	8	21,538	22,898	28,256	30,585	35,717
Receivables	9	14,835	15,000	13,068	16,921	14,915
Derivative financial instruments	10	1,511	-	105	1,511	105
Inventory and work in progress	11	1,827	20	1,460	4,516	5,651
Other financial assets	12	21,287	40,000	28,313	21,287	28,313
Income taxation receivable	7	3	-	8	-	-
Non - current assets held for sale	13	-	2,585	-	134	109
Total current assets		61,001	80,503	71,210	74,954	84,810
Non-current assets						
Derivative financial instruments	10	11,216	-	1,635	11,216	1,635
Inventory and work in progress	11	807	-	-	807	-
Other financial assets	12	1,422	645	548	1,422	548
Investment in CCOs and other similar entities	12	132,724	133,597	133,472	108,624	109,372
Investment property	15	58,218	42,935	41,460	50,288	33,610
Property, plant, and equipment	16	2,452,425	1,895,001	1,793,238	2,475,339	1,814,624
Intangible assets	17	290	346	195	1,193	1,555
Forestry assets	19	130	213	393	130	393
Deferred tax	7	-	-	-	706	438
Total non-current assets		2,657,232	2,072,737	1,970,941	2,649,725	1,962,175
Total assets		2,718,233	2,153,240	2,042,151	2,724,679	2,046,985
Current liabilities						
Payables and deferred revenue	20	28,564	30,000	27,545	29,132	29,312
Employee entitlements	21	3,540	-	3,098	5,638	4,794
Provisions	22	360	-	360	748	711
Income taxation payable	7	-	-	-	333	1,309
Derivative financial instruments	10	621	-	347	621	347
Borrowings	23	10,000	662	5,000	10,000	5,000
Total current liabilities		43,085	30,662	36,350	46,472	41,473
Non-current liabilities						
Employee benefit liabilities	21	135	-	112	142	126
Provisions	22	1,173	1,043	1,043	1,173	1,043
Deferred tax	7	21	-	10	2,350	1,402
Derivative financial instruments	10	6,097	113	1,428	6,097	1,428
Borrowings	23	65,200	164,256	55,200	65,200	55,200
Total non - current liabilities		72,626	165,412	57,793	74,962	59,199
Equity						
Accumulated funds	26	1,210,938	1,150,040	1,084,650	1,222,329	1,094,777
Fair value through other comprehensive revenue	26	86,398	86,398	86,398	71,297	71,297
Restricted reserves	26	44,529	39,780	72,438	44,529	72,438
Property revaluation reserve	26	1,260,657	680,949	704,522	1,265,090	707,801
Total equity		2,602,522	1,957,167	1,948,008	2,603,245	1,946,313
Total liabilities and equity		2,718,233	2,153,240	2,042,151	2,724,679	2,046,985

Explanations of major variances against budget are provided in Note 30.

The accompanying notes form part of these financial statements.

Selwyn District Council

Statement of changes in equity for the year ended 30 June 2022

		Council	Council	Council	Group	Group
		2021/22	Budget	2020/21	2021/22	2020/21
	Notes	\$000	\$000	\$000	\$000	\$000
Balance at 1 July		1,948,008	1,864,839	1,819,342	1,946,313	1,815,048
Total comprehensive revenue and expense		654,514	92,328	128,666	656,932	131,265
Balance at 30 June	26	2,602,522	1,957,167	1,948,008	2,603,245	1,946,313
Total comprehensive revenue and expense attributable to:						
Selwyn District Council		654,514	92,328	128,666	656,932	131,265
Total comprehensive revenue and expense		654,514	92,328	128,666	656,932	131,265

Explanations of major variances against budget are provided in Note 30.

The accompanying notes form part of these financial statements.

Selwyn District Council

Statement of cash flows for the year ended 30 June 2022

		Council	Council	Council	Group	Group
		Actual	Budget	Actual	Actual	Actual
		2021/22	2021/22	2020/21	2021/22	2020/21
	Notes	\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities						
Receipts from customers		165,179	125,645	136,330	200,854	166,500
Agency receipts received		3,165	4,179	2,392	3,165	2,392
Interest received		513	620	1,323	545	1,327
Dividends received		5,891	5,109	5,388	3,891	3,888
Payments to suppliers and employees		(100,497)	(91,598)	(83,452)	(127,417)	(107,889)
Agency payments made		(3,165)	(4,129)	(2,392)	(3,165)	(2,392)
Interest (paid) / received		(1,462)	(2,815)	(990)	(1,465)	(993)
Income taxation (paid) / received		(43)	-	(70)	(2,353)	(1,434)
Goods and services taxation (net)		(339)	-	2,245	(77)	1,903
Net cash flow from operating activities		69,242	37,011	60,774	73,978	63,302
Cash flows from investing activities						
Receipts from sale of property, plant, and equipment		3,773	6,382	2,210	4,491	2,799
Receipts from sale of investments		27,893	-	59,665	27,893	59,665
Purchase of property, plant, and equipment		(99,900)	(138,979)	(98,016)	(103,768)	(101,449)
Purchase of intangible assets		(240)	-	(7)	(240)	(7)
Purchase of investment property		(1,486)	-	(10,279)	(1,486)	(10,279)
Acquisition of investments		(21,000)	(8,000)	(28,000)	(21,000)	(28,000)
Net cash flow from investing activities		(90,960)	(140,597)	(74,427)	(94,110)	(77,271)
Cash flows from financing activities						
Proceeds from borrowings		15,000	105,597	25,000	15,000	25,000
Repayment of borrowings		-	(879)	-	-	-
Net cash flow from financing activities		15,000	104,718	25,000	15,000	25,000
Net increase / (decrease) in cash and cash equivalents		(6,718)	1,132	11,347	(5,132)	11,031
Cash and cash equivalents at the beginning of the year		28,256	21,766	16,909	35,717	24,686
Cash and cash equivalents at the end of the year	8	21,538	22,898	28,256	30,585	35,717

Explanations of major variances against budget are provided in Note 30.

The accompanying notes form part of these financial statements.

Selwyn District Council

Statement of cash flows for the year ended 30 June 2022 (continued)

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Surplus / (deficit) after taxation	97,883	50,525	99,147	52,359
<i>Add / (less) non - cash items:</i>				
Depreciation and amortisation expense	36,031	32,893	39,424	35,336
Vested assets revenue	(49,723)	(29,101)	(49,723)	(29,101)
(Gains) / losses in fair value of investment property	(2,668)	(2,292)	(2,588)	(1,527)
(Gains) / losses in fair value of forestry assets	263	(180)	263	(180)
Movement in non - current employee entitlements	-	(1)	-	(1)
Movement in provision for doubtful debts	(4)	(25)	(4)	(25)
Gains / losses on derivative financial instruments	(6,043)	(667)	(6,043)	(667)
Movement in deferred taxation	-	10	579	464
Total non - cash items	75,739	51,162	81,055	56,658
<i>Add / (less) movements in working capital items:</i>				
(Increase) / decrease in receivables	(1,523)	2,005	(3,399)	(2,292)
(Increase) / decrease in inventory & work in progress	(1,174)	102	(4,374)	(902)
Increase / (decrease) in payables	(2,076)	8,795	3,189	11,188
Increase / (decrease) in income tax payables	(44)	(35)	(1,025)	(47)
Increase / (decrease) in provisions	130	-	130	-
Increase / (decrease) in employee entitlements	330	(321)	725	(272)
Net movement in working capital items	71,382	61,708	76,301	64,333
<i>Add / (less) items classified as investing or financing activities:</i>				
(Gains) / losses on disposal of property, plant, and equipment	(2,140)	(934)	(2,323)	(1,031)
Net cash inflow / (outflow) from operating activities	69,242	60,774	73,978	63,302

Explanations of major variances against budget are provided in Note 30.

The accompanying notes form part of these financial statements.

1 Statement of accounting policies

REPORTING ENTITY

Selwyn District Council (the Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The group consists of the ultimate parent, Selwyn District Council, and its subsidiaries CORDE Limited (100% owned), and the Selwyn District Charitable Trust (Trustee and Settlor). The Council's 50% equity share of its associate Central Plains Water Trust is equity accounted into the group financial statements.

The Council and group provide local infrastructure, local public services, and provide regulatory functions to the community. The Council does not operate to make a financial return.

The reporting date of the Council, controlled entities, and the associate is 30 June.

The Council has designated itself and the group as public benefit entities (PBEs) for the purposes of complying with generally accepted accounting practice (GAAP).

The financial statements of the Council and group are for the year ended 30 June 2022. The financial statements were authorised for issue by Council on 19 April 2023.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the year.

STATEMENT OF COMPLIANCE

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with NZ GAAP.

The financial statements have been prepared in accordance with and comply with PBE Accounting Standards.

PRESENTATION CURRENCY AND ROUNDING

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than the remuneration and the severance payment disclosures in Note 4 and the related party transaction disclosures in Note 27. The remuneration, severance payment, and related party transaction disclosures are rounded to the nearest dollar.

STANDARDS ISSUED AND NOT YET EFFECTIVE THAT HAVE BEEN EARLY ADOPTED

Standards and amendments issued but not yet effective that have been early adopted are:

PBE IPSAS 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments:

Recognition and Measurement. The Council has early adopted PBE IPSAS 41 and the main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

Information about the transition to PBE IPSAS 41 is disclosed in Note 29A.

OTHER CHANGES IN ACCOUNTING POLICES

Other than the changes as a result of adopting the amendment to PBE IPSAS 2 Cash Flow Statement and PBE IPSAS 40 Combinations there have been no other changes in accounting policies.

Amendment to PBE IPSAS 2 Cash Flow Statement

An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is effective for the period ending 30 June 2022. This amendment has not resulted in any additional disclosures.

PBE IPSAS 40 Combinations

This standard was issued in July 2019 and replaces PBE IFRS 3 Business Combinations. PBE IFRS 3 excludes combinations under common control and combinations arising from local authority reorganisations from its scope. The new Standard has a broader scope, and establishes requirements for accounting for both acquisitions and amalgamations (using the modified pooling of interests method). This new standard has not resulted in any additional disclosures.

STANDARDS ISSUED AND NOT YET EFFECTIVE, AND NOT EARLY ADOPTED

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early application permitted. The Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early and will adopt this standard for the year ending 30 June 2023.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the group on a line-by-line basis. All intragroup balances, transactions, revenues, and expenses are eliminated on consolidation.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date when the Council obtains control of the entity and ceases when the Council loses control of the entity.

Control over an entity is determined when the Council has exposure, or rights, to variable benefits from its involvement with the entity and can affect the nature or amount of those benefits through its power over the other entity. The Council considers all relevant facts and circumstances in assessing whether it has power over another entity. For example, the ability to appoint or remove a majority of the entity's governance and management, binding arrangements the Council enters into, group voting rights, and pre-determination mechanisms. The Council reassesses whether or not it controls another entity if facts and circumstances change.

The Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the consideration transferred is lower than the net fair value of the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in surplus or deficit.

Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into New Zealand Dollars (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

Goods and services tax

Items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council in its 2021-31 Long Term Plan. The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of land, buildings, and infrastructural assets – see Note 16.
- Estimating the fair value of equity investments – see Note 12
- Estimating the landfill aftercare provision – see Note 22

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Classification of property – see Note 16.
- Impairment of goodwill (group) – see Note 17
- Brand name and customer list (group) – see Note 17

2 Summary revenue and expenditure for group of activities

Accounting policy

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

There have been no changes to the cost allocation methodology during the year.

Breakdown of revenue and expenditure for group of activities

	Council	Council	Council
	2021/22	Budget	2020/21
	\$000	\$000	\$000
Revenue			
Democracy	1,188	1,043	924
Community services and facilities	46,093	24,896	35,399
Environmental services	11,616	9,256	8,914
Transportation	19,783	13,242	18,488
Solid waste management	13,407	12,140	12,532
Community water supplies	15,920	11,570	11,686
Community waste water supplies	32,016	24,016	16,698
Stormwater	2,799	1,998	1,627
Water races and land drainage	4,018	3,949	3,331
Total activity revenue	146,840	102,110	109,599
General rates	26,950	26,552	24,323
Rates penalties	327	297	189
Other corporate revenue	13,644	7,697	8,650
Vested assets	49,723	38,417	29,101
Total revenue	237,484	175,073	171,862
Expenditure			
Democracy	3,638	4,882	3,413
Community services and facilities	37,857	38,234	31,850
Environmental services	19,455	20,861	15,963
Transportation	29,960	25,179	28,023
Solid waste management	12,349	11,982	10,992
Community water supplies	14,566	12,126	11,689
Community waste water supplies	12,550	12,246	12,013
Stormwater	2,747	2,614	2,340
Water races and land drainage	4,204	4,026	3,836
Other corporate expenditure	2,216	1,846	1,173
Total activity expenditure	139,542	133,996	121,292
Total operating expenditure	139,542	133,996	121,292

Each significant activity is stated gross of internal costs and revenues and includes targeted rates attributable to activities (see Note 3). To fairly reflect the total external operations for the Council in the statement of comprehensive revenue and expense, these transactions are eliminated as shown above. Other corporate revenue includes revenue sources, which are not directly attributable to a significant activity, for example dividends, interest and insurance proceeds. Other corporate expenditure includes expenditure sources, which are not directly attributable to a significant activity, for example, interest rate swap valuation movements.

3 Revenue

Accounting policy

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivable and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its Rates Remission Policy.
- Rates collected on behalf of Environment Canterbury Regional Council (ECAN) are not recognised in the financial statements, as the Council is acting as an agent for ECAN.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Waka Kotahi (NZ Transport Agency) roading subsidies

The Council receives funding assistance from Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Building and resource consent revenue

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Entrance fees

Entrance fees are fees charged to users of the Council's local facilities, such as, pools. Revenue from entrance fees is recognised upon entry to such facilities.

Landfill fees

Fees for disposing of waste at the Council's resource recovery park are recognised upon waste being disposed by users.

Provision of commercially based services

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date. Generally, this is determined by the proportion of costs incurred to date bearing to the estimated total costs of providing the service.

3 Revenue (continued)

Accounting policy

Sales of goods

Revenue from the sale of goods is recognised when a product is sold to the customer.

Infringement fees and fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The revenue recognised is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (for example, land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue.

A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability is released to revenue as the conditions are met (for example, as the funds are spent for the nominated purpose).

Interest and dividends

Interest revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. Dividends are recognised in surplus or deficit unless the dividend clearly represents a recovery of part of the cost of the investment.

3 Revenue (continued)

3(i) Breakdown of rates and further information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
General rates	26,950	24,323	26,943	24,316
Rates penalties	327	189	327	189
Targeted rates attributable to activities:				
- metered water supply	2,842	2,454	2,842	2,454
- community services and facilities	15,190	14,192	15,190	14,192
- democracy	999	912	999	912
- solid waste management	9,683	8,855	9,683	8,855
- community waste water supplies	10,854	7,632	10,854	7,632
- community water supplies	6,317	5,975	6,317	5,975
- stormwater	1,824	1,386	1,824	1,386
- water races and land drainage	3,516	2,820	3,516	2,820
Total annual rates income	78,502	68,738	78,495	68,731

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. The Multi-Issuer Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by the Council for which those other local authorities rate. The annual rates income of the Council for the year ended 30 June 2022 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

Rates remissions

Rates revenue is shown net of rates remissions. The Council's 'Rates Remission Policy' allows for rates remission on condition of a ratepayer's extreme financial hardship and allows for rates remission for:

- community, sporting and other organisations
- sewerage rates for schools
- vacant land
- Plunket branches, scout group halls
- masonic lodges
- properties and open space covenants
- school and service club endowment land
- land protected for natural, historic or cultural conservation.

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Total gross rates	78,573	68,806	78,566	68,799
Rates remissions:				
Sports bodies	27	26	27	26
Churches	25	24	25	24
Other social and cultural organisations	19	18	19	18
Total remissions	71	68	71	68
Total annual rates income (net of remissions)	78,502	68,738	78,495	68,731

In accordance with the 'Local Government (Rating) Act 2002' certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under the Council's rates remission policy.

3 Revenue (continued)

Rating base information

The following rating base information for Selwyn District Council is disclosed based on the rating base information at the end of the preceding financial year:

	2021/22	2020/21
Number of rating units	32,162	30,500
Total capital value of rating units	\$26.7 billion	\$25.5 billion
Total land value of rating units	\$13.4 billion	\$13.2 billion

3 (ii) Breakdown of fees and charges

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Building, resource management and policy charges	10,641	8,040	10,641	8,040
Connection and irrigation fees	245	285	245	285
Dog registration fees	618	566	618	566
Gravel reserve royalties	35	14	35	14
Property lease revenue	696	935	680	925
Land information memorandum fees	446	511	446	511
Facility rental and hire charges	685	761	685	761
Rental income from investment properties	2,485	1,721	1,933	1,169
Selwyn Aquatic Centre fees and charges	1,783	1,749	1,783	1,749
Solid waste fees and charges	3,713	3,527	3,713	3,527
Other fees and charges	3,864	3,070	3,864	3,070
Total fees and charges	25,211	21,179	24,643	20,617

Operating leases as a lessor

Investment property is leased under operating leases. The investment property leases have a non-cancellable term of 36 to 72 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Not later than one year	2,706	848	2,154	296
Later than one year and not later than five years	5,182	1,678	4,830	590
Later than five years	4,784	1,535	4,784	1,535
Total non-cancellable operating leases	12,672	4,061	11,768	2,421

No contingent rents have been recognised during the year.

3 (iii) Breakdown of subsidies and grants

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Waka Kotahi roading subsidies	15,613	12,844	15,613	12,844
Three waters reform grant	9,528	599	9,528	599
Responsible Camping Fund grant	-	498	-	498
Selwyn Sports Centre grants	-	200	-	200
Other grants	1,032	1,046	1,116	1,070
Total subsidies and grants	26,173	15,187	26,257	15,211

3 Revenue (continued)

3 (iv) Breakdown of interest revenue

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Interest earned from financial assets measured at amortised cost:				
- term deposits	560	682	592	686
Total interest revenue	560	682	592	686

3 (v) Breakdown of other revenue

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Dividend revenue	5,891	5,888	3,891	3,888
Land sales	1,028	444	1,028	444
Petrol tax	321	267	321	267
Provisions reversed during the year	-	2	-	2
Insurance recoveries:				
- flood event May 2021	-	158	-	158
Vested land and infrastructure from property development	49,723	29,101	49,723	29,101
Other revenue - Council	734	1,258	734	1,258
Other trading revenue - CORDE (group)	-	-	35,385	33,953
Total other revenue	57,697	37,118	91,082	69,071

3 (vi) Breakdown of gains

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Disposal of property held for sale	1,947	-	1,947	-
Gain on changes in fair value of forestry assets	-	180	-	180
Held for trading interest rate swaps (presented net)	6,043	667	6,043	667
Gain on disposal of investment property	-	-	-	-
Gain on disposal of property, plant and equipment	2,266	1,080	2,510	1,191
Gain on changes in fair value of investment property (Note 15)	3,953	2,292	3,873	1,527
Other gains	630	-	630	-
Total gains	14,839	4,219	15,003	3,565

4 Personnel costs

Accounting policy

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Defined contribution superannuation schemes

Employer contributions to Kiwisaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Breakdown of personnel costs and further information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Salaries and wages	27,589	24,968	48,735	43,779
Superannuation plan employer contributions	768	683	1,462	1,142
Increase / (decrease) in employee entitlements	442	(322)	837	(273)
Total personnel costs	28,799	25,329	51,034	44,648

Council employee remuneration by band

	2022	2021
	Number	Number
Total annual remuneration by band for employees at 30 June:		
Less than \$60,000	310	308
\$60,001 - \$80,000	74	78
\$80,001 - \$100,000	74	62
\$100,001 - \$120,000	28	28
\$120,001 - \$140,000	11	8
\$140,001 - \$200,000	7	6
\$200,001 - \$380,000	5	5
Total employees	509	495

Total remuneration includes any non-financial benefits provided to employees.

At balance date, the Council employed 242 (2021: 240) full-time employees, with the balance of staff representing 94 (2021: 94) full-time equivalent employees. A full-time employee is determined based on a 37.5 hour working week.

Severance payments

For the year ended 30 June 2022, the Council made six severance payments to employees totalling \$74,200 (2021: there were no severance payments). The value of each of the severance payments was \$26,461, \$18,200, \$14,789, \$7,250, \$6,000 and \$1,500 (2021: \$nil).

Chief Executive remuneration

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$364,859 (2021: \$333,237).

4 Personnel costs (continued)

Elected representatives' remuneration

Elected representatives received the following remuneration:

	2021/22	2021/22	2021/22
	Base salary	Hearing fees	Total
Selwyn District Council	\$	\$	\$
Mayor Sam Broughton	136,500	-	136,500
Councillor Malcolm Lyall	52,112	10,320	62,432
Councillor Debra Hasson	43,431	7,680	51,111
Councillor Mark Alexander	43,431	5,180	48,611
Councillor Jeff Bland	43,431	-	43,431
Councillor Grant Miller	43,431	-	43,431
Councillor Bob Mugford	43,431	-	43,431
Councillor Nicole Reid	43,431	200	43,631
Councillor Murray Lemon	43,431	-	43,431
Councillor Jenny Gallagher	43,431	-	43,431
Councillor Shane Epiha	43,431	-	43,431
Councillor Sophie McInnes	43,431	-	43,431
Total elected representatives' remuneration	622,922	23,380	646,302

	2021/22	2021/22	2021/22
	Base salary	Hearing fees	Total
Malvern Community Board	\$	\$	\$
John Morten (Chairperson)	17,986	-	17,986
Karen Meares	8,993	-	8,993
Judith Pascoe	8,993	-	8,993
Bill Woods	8,993	-	8,993
Ken May	8,993	-	8,993
Total elected representatives' remuneration	53,958	-	53,958

* Councillor Grant Miller is a Director of Transwaste (Canterbury) Limited and also received Director fees of \$39,111 (2021: \$37,107).

4 Personnel costs (continued)

	2020/21	2020/21	2020/21
	Base salary	Hearing fees	Total
Selwyn District Council	\$	\$	\$
Mayor Sam Broughton	136,500	-	136,500
Councillor Malcolm Lyall	51,342	100	51,442
Councillor Debra Hasson	42,789	600	43,389
Councillor Mark Alexander	42,789	600	43,389
Councillor Jeff Bland	42,789	100	42,889
Councillor Grant Miller	42,789	100	42,889
Councillor Bob Mugford	42,789	100	42,889
Councillor Nicole Reid	42,789	100	42,889
Councillor Murray Lemon	42,789	100	42,889
Councillor Jenny Gallagher	42,789	100	42,889
Councillor Shane Epiha	42,789	100	42,889
Councillor Sophie McInnes	42,789	100	42,889
Total elected representatives' remuneration	615,732	2,100	617,832

	2020/21	2020/21	2020/21
	Base salary	Hearing fees	Total
Malvern Community Board	\$	\$	\$
John Morten (Chairperson)	17,720	-	17,720
Judith Pascoe	8,860	-	8,860
Karen Meares	8,860	-	8,860
Bill Woods	8,860	-	8,860
Ken May	8,860	-	8,860
Total elected representatives' remuneration	53,160	-	53,160

5 Other expenses

Accounting policy

Grant expenses

The Council's grants awarded have no substantive conditions attached.

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as an expense when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as an expense when approved by the Council and the approval has been communicated to the applicant.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

5 Other expenses (continued)

Breakdown of other expenses and further information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Fees to auditors:				
- fees to Audit NZ for audit of the financial statements and performance information	176	157	292	254
- fees to Audit NZ for assurance review of the debenture trust	7	7	7	7
- fees to Audit NZ for audit of the 2021 - 2031 Long Term Plan	-	91	-	91
Bad debts written off	6	23	6	23
Cost of sales	223	104	223	104
Directors' and elected members' remuneration	738	716	908	872
Grants	508	402	508	402
Expected credit loss allowance for receivables	5	-	5	-
Loss on changes in fair value of investment property (Note 15)	1,285	-	1,297	-
Loss on disposal of assets	126	146	187	160
Operating lease expense	151	187	345	303
Loss on changes in fair value of forestry assets	276	-	276	-
Refuse	11,805	10,540	11,805	10,540
Roading	12,856	14,439	12,856	14,439
Valuation services	312	260	312	260
Other operating expenses	44,825	35,001	48,518	39,891
Total other expenses	73,299	62,073	77,545	67,346

Operating leases as a lessee

The Council and group lease buildings, and plant and equipment in the normal course of its business. Most of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Not later than one year	-	-	150	130
Later than one year and not later than five years	-	-	294	337
Later than five years	-	-	-	-
Total non-cancellable operating leases	-	-	444	467

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2020: \$nil).

Leases can be renewed at the Council and group's option, with rents set by reference to current market rates for items of equivalent age and condition.

There are no restrictions placed on the Council and group by any of the leasing arrangements.

6 Finance costs

Accounting policy

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

Breakdown of finance costs and further information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Interest expense:				
- interest on borrowings (at amortised cost)	1,413	1,664	1,416	1,667
Total finance costs	1,413	1,664	1,416	1,667

7 Tax

Accounting policy

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

7 Tax (continued)

Breakdown of taxes and further information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Relationship between tax expense and accounting surplus				
Surplus / (deficit) before tax	97,942	50,570	101,167	54,290
Taxation at 28%	27,424	14,160	28,327	15,201
Plus / (less) tax effect of:				
Permanent adjustments	(27,365)	(14,105)	(26,302)	(13,252)
Prior year adjustment	-	(10)	(5)	(18)
Tax expense	59	45	2,020	1,931
Components of tax expense				
Current tax	49	45	1,370	1,444
Adjustments to current tax in prior years	-	(10)	(5)	(18)
Deferred tax	10	10	655	505
Tax expense	59	45	2,020	1,931
Taxation expense attributable to:				
Continuing operations	59	45	2,020	1,931
Total taxation expense / (benefit)	59	45	2,020	1,931
Taxation receivable / (provision)				
Opening balance 1 July	8	(27)	(1,309)	(1,356)
Plus: current taxation expense	(49)	(45)	(1,370)	(1,444)
Less: taxation refund	-	(11)	-	1,353
Prior period adjustments	(8)	10	(16)	57
Plus: taxation paid	52	81	2,362	81
Taxation receivable / (provision)	3	8	(333)	(1,309)

7 Tax (continued)

Deferred taxation assets / (liabilities)

			Charged to	
	Opening		other comp-	Closing
	Balance	Charged to	rehensive	Balance
	1 July 2021	Surplus	income	30 June 2022
	\$000	\$000	\$000	\$000
Parent				
Deferred tax liabilities				
Investment property	(10)	(10)	-	(20)
Deferred taxation liabilities	(10)	(10)	-	(20)
Deferred taxation assets	-	-	-	-
Net deferred taxation balance	(10)	(10)	-	(20)

			Charged to	
	Opening		other comp-	Closing
	Balance	Charged to	rehensive	Balance
	1 July 2020	Surplus	income	30 June 2021
	\$000	\$000	\$000	\$000
Parent				
Deferred taxation liabilities				
Investment property	-	(10)	-	(10)
Deferred taxation liabilities	-	(10)	-	(10)
Deferred taxation assets	-	-	-	-
Net deferred taxation balance	-	(10)	-	(10)

7 Tax (continued)

			Charged to	
	Opening		other comp-	Closing
	Balance	Charged to	rehensive	Balance
	1 July 2021	Surplus	income	30 June 2022
	\$000	\$000	\$000	\$000
Group				
Deferred tax liabilities				
Property, plant & equipment	(161)	(48)	(30)	(239)
Trade and other receivables	(665)	-	-	(665)
Accrued revenue	(338)	(752)	-	(1,090)
Retentions	(238)	(118)	-	(356)
Deferred taxation liabilities	(1,402)	(918)	(30)	(2,350)
Deferred tax assets				
Property, plant & equipment	37	-	-	37
Trade and other payables	114	194	-	308
Employee benefits and other accruals	287	74	-	361
Deferred taxation assets	438	268	-	706
Net deferred taxation	(964)	(650)	(30)	(1,644)

			Charged to	
	Opening		other comp-	Closing
	Balance	Charged to	rehensive	Balance
	1 July 2020	Surplus	income	30 June 2021
	\$000	\$000	\$000	\$000
Group				
Deferred taxation liabilities				
Property, plant & equipment	(54)	(47)	(60)	(161)
Trade and other receivables	(665)	-	-	(665)
Accrued revenue	-	(338)	-	(338)
Retentions	(217)	(21)	-	(238)
Deferred taxation liabilities	(936)	(406)	(60)	(1,402)
Deferred tax assets				
Property, plant & equipment	84	(47)	-	37
Trade and other payables	171	(57)	-	114
Employee benefits and other accruals	261	26	-	287
Deferred taxation assets	516	(78)	-	438
Net deferred taxation	(420)	(484)	(60)	(964)

8 Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown with borrowings in current liabilities in the statement of financial position.

Breakdown of cash and cash equivalents and further information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Cash at bank and on hand	21,530	28,248	30,577	35,709
Term deposits with maturities of less than 3 months at acquisition	8	8	8	8
Total cash and cash equivalents	21,538	28,256	30,585	35,717

Although cash and cash equivalents at 30 June 2022 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated allowance is trivial.

9 Receivables

Accounting policy

Short term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking specific to the debtors and the economic environment.

Rates are "written off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Maori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than on year overdue.

Previous accounting policy

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

9 Receivables (continued)

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Rates receivable	2,724	1,948	2,724	1,948
Other receivables:				
- Other	6,673	4,774	10,354	8,275
- Receivables from subsidiaries and associates	95	124	29	66
Community loans	-	29	-	29
Dividend receivable	2,000	2,000	-	-
Flood event insurance receivable	-	158	-	158
Sundry receivables & prepayments	3,356	4,081	3,827	4,485
Gross receivables	14,848	13,114	16,934	14,961
Less: allowance for credit losses	(13)	(17)	(13)	(17)
Current portion	14,835	13,097	16,921	14,944
Total gross receivables comprise:				
Receivables from non - exchange transactions	4,975	3,514	2,909	1,456
Receivables from exchange transactions	9,873	9,600	14,025	13,505

Receivables from non-exchange transactions include outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates.

Receivables from exchange transactions include outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates.

Rates receivable

The Council does not provide for ECLs on rates receivable. Council has various powers under the Local Government (Rating) Act 2002 (LG(R)A 2002) to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then the Council can apply to the Register of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

The Chief Executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:

- Section 90A: \$Nil (2021: \$Nil)
- Section 90B: \$Nil (2021: \$Nil)

Other receivables

The ECL rates for other receivables at 30 June 2022 and 1 July 2021 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit exposure, the effects of macroeconomic factors are not considered significant.

There have been no changes since 1 July 2021 in the estimation techniques or significant assumptions in measuring the loss allowance.

9 Receivables (continued)

The allowance for credit losses based on the Council and the group's credit loss matrix is as follows:

	Other receivables' days past due				
	Current	1 to 30	31 to 90	More than 90	Total
		days	days	days	
Council - 30 June 2022					
Expected credit loss rate	0.00%	0.00%	0.00%	0.54%	
Gross receivable amount (\$000)	6,431	257	280	2,429	9,397
Lifetime ECL (\$000)	-	-	-	13	13
Group - 30 June 2022					
Expected credit loss rate	0.00%	0.00%	0.00%	0.53%	
Gross receivable amount (\$000)	8,677	1,643	288	2,470	13,078
Lifetime ECL (\$000)	-	-	-	13	13
Council - 30 June 2021					
Expected credit loss rate	0.00%	0.00%	0.00%	0.70%	
Gross receivable amount (\$000)	3,756	257	280	2,429	6,722
Lifetime ECL (\$000)	-	-	-	17	17
Group - 30 June 2021					
Expected credit loss rate	0.00%	0.00%	0.00%	0.69%	
Gross receivable amount (\$000)	5,822	1,643	288	2,470	10,223
Lifetime ECL (\$000)	-	-	-	17	17

Movements in the allowance for credit losses as follows:

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Balance at 1 July measured under PBE IPSAS 29	17	42	17	42
Opening balance for credit losses at 1 July	17	42	17	42
Additional provisions made during the year	5	-	5	-
Provisions reversed during the year	-	(2)	-	(2)
Receivables written off during the year	(9)	(23)	(9)	(23)
Balance at 30 June	13	17	13	17

10 Derivative financial instruments

Accounting policy

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from the Council's operational activities and interest rate risks arising from the Council's financing activities. In accordance with its Treasury Management Policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses on derivatives that are not hedge accounted are recognised in surplus or deficit.

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedged item is less than 12 months.

The full fair value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise, foreign exchange derivatives are classified as non-current. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

Breakdown of derivative financial instruments and further information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Current asset portion				
Interest rate swaps - cash flow hedges	1,511	105	1,511	105
Total current asset portion	1,511	105	1,511	105
Non-current asset portion				
Interest rate swaps - cash flow hedges	11,216	1,635	11,216	1,635
Total non-current asset portion	11,216	1,635	11,216	1,635
Total derivative financial instrument assets	12,727	1,740	12,727	1,740
Current liability portion				
Interest rate swaps - cash flow hedges	621	347	621	347
Total current liability portion	621	347	621	347
Non-current liability portion				
Interest rate swaps - cash flow hedges	6,097	1,428	6,097	1,428
Total non-current liability portion	6,097	1,428	6,097	1,428
Total derivative financial instrument liabilities	6,718	1,775	6,718	1,775

Fair value

The fair values of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

10 Derivative financial instruments (continued)

Timing of nominal principal amounts and average fixed rates of interest rate swaps

	Less			
	than 1	1-2	3-8	
	year	years	years	Total
Council 2022				
Interest rate swaps - not hedge accounted				
Nominal amount (in \$000)	5,000,000	2,500,000	65,500,000	73,000,000
Average fixed rate	0.93%	0.80%	2.20%	2.00%
Group 2022				
Interest rate swaps - not hedge accounted				
Nominal amount (in \$000)	5,000,000	2,500,000	65,500,000	73,000,000
Average fixed rate	0.93%	0.80%	2.20%	2.00%
Council 2021				
Interest rate swaps - not hedge accounted				
Nominal amount (in \$000)	10,000,000	5,000,000	23,000,000	38,000,000
Average fixed rate	3.18%	0.93%	1.23%	1.68%
Group 2021				
Interest rate swaps - not hedge accounted				
Nominal amount (in \$000)	10,000,000	5,000,000	23,000,000	38,000,000
Average fixed rate	3.18%	0.93%	1.23%	1.68%

11 Inventory and work in progress

Accounting policy

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Non-commercial: measured at cost, adjusted for any loss of service potential.
- Commercial: measured at the lower of cost and net realisable value.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Any write-down from cost to net realisable value or for the loss of service potential is recognised in surplus or deficit in the year of the write-down.

When land held for development and future resale is transferred from investment property/property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, except for infrastructural asset costs, which are capitalised to property, plant and equipment.

Work in progress is stated at cost and consists of direct materials, direct labour, and plant costs with a proportion of overhead costs. Contract payments (i.e. work invoiced prior to completion) have been deducted. For major contracts the percentage of completion method is used.

Breakdown of inventory, work in progress and further information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Current commercial inventory:				
Land being developed for sale	1,797	1,441	1,797	1,441
Held for use in the provision of services	30	19	30	19
Gravel stocks	-	-	132	190
Other direct materials	-	-	908	335
Work in progress	-	-	1,649	3,666
Total current inventory	1,827	1,460	4,516	5,651
Non-current commercial inventory:				
Land being developed for sale	807	-	807	-
Total non - current inventory	807	-	807	-
Total inventory	2,634	1,460	5,323	5,651

The write-down of inventory during the year was \$nil (2021: \$nil). There have been no reversals of previous write-downs (2021: \$nil).

No inventory is pledged as security for liabilities (2021: \$nil), there is no inventory subject to retention of title clauses (2021: \$nil).

12 Other financial assets

Accounting policy

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Initial recognition of concessionary loans

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. Debt instruments in this category are the Council and group's listed bonds.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

12 Other financial assets (continued)

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Other than for derivatives, the Council and group has no instruments in this category.

Expected credit loss allowance (ECL)

The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and including forward-looking information.

The Council and group consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Shares in subsidiaries (at FVTOCRE)

The investment in subsidiaries is carried at FVTOCRE in the Council's parent entity financial statements.

Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

- loans and receivables at amortised cost (included term deposits, related party loans, and community loans);
- held-to-maturity investments at amortised cost (included listed bonds); and
- fair value through other comprehensive revenue and expense (included shares and listed bonds).

The main differences for the prior year policies are:

- Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired.
- Impairment losses on shares were recognised in the surplus or deficit.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment.

12 Other financial assets (continued)

Breakdown of other financial assets and further information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Current portion				
Local Government Funding Agency borrower notes	205	-	205	-
Term deposits	21,000	28,000	21,000	28,000
Finance lease	82	313	82	313
Total current portion	21,287	28,313	21,287	28,313
Non - current portion				
<i>Investment in CCOs and similar entities</i>				
Unlisted shares in Transwaste (Canterbury) Limited	1,500	1,500	1,500	1,500
Unlisted shares in Orion New Zealand Limited	106,500	106,500	106,500	106,500
Unlisted shares in CORDE Limited	24,100	24,100	-	-
Unlisted shares in Local Government Funding Agency	187	187	187	187
Unlisted shares in Central Plains Water Limited	437	437	437	437
Total investment in CCOs and similar entities	132,724	132,724	108,624	108,624
<i>Other investments</i>				
Local Government Funding Agency borrower notes	1,400	1,185	1,400	1,185
Finance lease	-	82	-	82
Community loans	22	29	22	29
Total other investments	1,422	1,296	1,422	1,296
Total non - current portion	134,146	134,020	110,046	109,920
Total other financial assets	155,433	162,333	131,333	138,233

Fair value disclosures

Term deposits

The carrying amount of term deposits approximates their fair value.

Unlisted shares

The fair value of unlisted shares in Transwaste (Canterbury) Limited (TCL) has been estimated based on TCL's net asset backing at 30 June 2022. The TCL investment relates to the Council's contribution to the construction of the regional landfill. TCL has issued, but uncalled capital of \$4.0 million of which the Council has a 3% shareholding.

The fair value of unlisted shares in Orion New Zealand Limited (ONZL) has been determined using a valuation technique based on the discounted cash flows valuation methodology. The independent valuation was completed by Deloitte as at 30 June 2020.

The fair value of unlisted shares in CORDE Limited (CORDE) has been determined using a valuation technique based on maintainable earnings. The independent valuation was completed by Ernst and Young Corporate Transaction Advisory Services Limited, Wellington as at 30 June 2020.

Due to the immaterial size and nature of the Council's investments in the LGFA and Central Plains Water Limited, the Council has estimated the fair value of the investments based on net asset backing at 30 June 2022.

Community loans

The fair value of community loans is \$22,000 (2021: \$29,000).

12 Other financial assets (continued)

Community loans

The face value of community loans is \$48,000 (2021: \$55,000).

The fair value of loans at initial recognition has been determined using cash flows discounted at a rate based on the loan recipient's assessed financial risk factors.

Movements in the carrying value of community loans are as follows:

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
At 1 July	29	125	29	125
Loans repaid during the year (principal and interest)	(7)	(97)	(7)	(97)
Unwind of discount and interest charged	-	1	-	1
At 30 June	22	29	22	29

Credit risk, including ECLs

Term deposits

The Council and group consider there has not been a significant increase in credit risk for investments in term deposits because the banks continue to have low credit risk at balance date.

Term deposits are held with banks that have a long-term AA- investment grade credit rating, which indicates the bank has a very strong capacity to meet its financial commitments.

No ECL has been recognised for term deposits as the loss allowance is trivial.

Community loans

Council manages credit risk associated with community loans in accordance with its Treasury Management Policy.

No ECL has been recognised for community loans as the loss allowance is trivial.

Other financial assets

Expected credit losses measured for other financial assets are trivial. They are low-risk and the Council has not identified any indications that credit risk associated with those instruments has significantly increased since initial recognition.

The Council does not hold any collateral for any of its loan assets.

Equity investments (including shares in subsidiaries)

The Council has designated all of its equity investments at FVTOCRE. This measurement basis is considered more appropriate than through surplus or deficit because the investments have been made for long-term strategic purposes rather than to generate a financial return through trading.

Equity instruments designated at FVTOCRE comprise of:

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Unlisted shares in Transwaste (Canterbury) Limited	1,500	1,500	1,500	1,500
Unlisted shares in Orion New Zealand Limited	106,500	106,500	106,500	106,500
Unlisted shares in CORDE Limited	24,100	24,100	-	-
Unlisted shares in Local Government Funding Agency	187	187	187	187
Unlisted shares in Central Plains Water Limited	437	437	437	437
Total equity investments at FVTOCRE	132,724	132,724	108,624	108,624

13 Non-current assets held for sale

Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs are recognised in surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

Breakdown of non-current assets held for sale and further information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Opening balance 1 July	-	-	109	575
Transfers to / (from) property, plant and equipment (Note 16)	-	-	37	(51)
Impairment	-	-	(12)	-
Disposals	-	-	-	(415)
Total non - current assets held for sale	-	-	134	109
Non-current assets held for sale are:				
Property, plant and equipment	-	-	134	109
Total non - current assets held for sale	-	-	134	109

14 Investment in associate

Accounting policy

An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. The Council's associate investment is accounted for in the group financial statements using the equity method. The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of an associate equal or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate.

The investment in the associate is carried at cost in the Council's parent entity financial statements.

Breakdown of investment in associate and further information

The Council has a 50% interest in the Central Plains Water Trust (the Trust), which is responsible for promoting the development of agriculture in the Central Canterbury Plains area of New Zealand for the benefit of all the inhabitants of the Canterbury region. The Council's interest is recorded in the Council's financial statements at cost of \$nil.

The following table summarises the financial information of the Trust in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in the Trust.

	Council	Council
	2021/22	2020/21
	\$000	\$000
Summarised statement of financial position of the associate		
Current assets	65	84
Current liabilities	56	75
Net assets	9	9
Summarised statement of comprehensive revenue and expense of the associate		
Revenue	90	104
Expense	90	104
Total comprehensive revenue and expense	-	-
Equity accounted share of entity's financial information		
Net assets	9	9
Proportion of Group's interest	50%	50%
Equity accounted carrying amount	5	5
Share of associate's contingent liabilities incurred jointly with CCC	-	-
Contingent liabilities that arise because of several liability	-	-
Investment in Central Plains Water Trust at cost	-	-

15 Investment property

Accounting policy

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially as its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value at each reporting date.

Gains or losses arising from a change in the fair value of investment property are recognised in surplus or deficit.

Breakdown of investment property and further information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Balance at 1 July	41,460	29,180	33,610	22,095
Additions from subsequent expenditure	1,486	9,988	1,486	9,988
Transfer from (to) property, plant and equipment	11,974	-	11,974	-
Net fair value gains / (losses) on valuation (Note 3iv & Note 5)	3,298	2,292	3,218	1,527
Balance at 30 June	58,218	41,460	50,288	33,610

The valuation of investment property was performed by Simon Newberry B.Com, (VPM), FPINZ, FNZIV, an independent valuer from Ford Baker Valuation Limited. Ford Baker Valuation Limited are experienced valuers with extensive market knowledge in the types and location of investment properties owned by the Council.

The fair value of investment property has been determined using the capitalisation of net revenue and discounted cash flow methods. These methods are based upon assumptions including future rental revenue, anticipated maintenance costs, and appropriate discount rates.

Information about the revenue and expenses in relation to investment property is detailed below:

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Rental revenue	2,485	1,721	1,933	1,169

16 Property, plant, and equipment

Accounting policy

Property, plant, and equipment consist of:

- Operational assets – these include land, farmland, buildings, heritage assets, library books and plant and machinery.
- Infrastructure assets – Infrastructure assets are the fixed utility systems owned by the Council and group. Each asset class includes all items that are required for the network to function. For example, sewerage reticulation includes reticulation piping and sewer pump stations.

Land and farmland is measured at fair value, and buildings, library books, and infrastructural assets (except land under roads) are measured at fair value, less accumulated depreciation and impairment losses. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

Revaluation

Land, farmland, buildings, library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

16 Property, plant, and equipment (continued)

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Asset class	Useful life	Annual depreciation rate
Buildings	10 – 180 years	0.6% - 10%
Heritage	85 years	4%
Heavy plant and machinery	10 years	10%
Other plant and machinery	5 years	20%
Motor vehicles	5 years	20%
Furniture and fittings	10 years	10%
Library books	7 years	14.3%
Computer equipment	4 years	25%
<i>Roading network</i>		
Formation / sub-grade	-	Not depreciated
Sub-base (sealed roads only)	-	Not depreciated
Base course	10 – 119 years	0.84% - 10%
Surface (sealed roads)	1 – 30 years	3.33% - 100%
Surface (unsealed roads)	10 years	10%
Kerb & channelling	50 – 80 years	1.25% - 2%
Footpaths base and surface	10 – 80 years	1.25% – 2%
Culverts	20 – 100 years	1% - 2%
Traffic signs	10 years	10%
Street lights	20 years	5%
Street light poles	40 years	2.5%
Bridges	50 – 150 years	0.7% - 2%
Railings	20 – 40 years	2.5% to 5%

16 Property, plant, and equipment (continued)

<i>Water races</i>		
Water races (structure)	10 – 140 years	0.7% - 10%
Water races (race)	10 – 140 years	0.7% - 10%
<i>Land drainage and Stormwater</i>		
Land drainage (structure)	5 – 110 years	0.9% - 20%
Land drainage (drain)	5 – 110 years	0.95% - 20%
<i>Water supplies</i>		
Wells	3 – 110 years	0.9% - 33.33%
Pump Stations	5 – 125 years	0.8% - 20%
Reservoirs	39 – 50 years	2% - 2.5%
Valves Service Connections	5 – 101 years	1% - 20%
Pipes & Fire Hydrants	3 – 103 years	1% - 33.33%
<i>Sewerage systems</i>		
Manholes	11 – 100 years	1% - 9%
Pipes	4 – 100 years	1% - 25%
Pump stations	20 – 60 years	1.6% - 5%
Sewerage treatment stations	5 – 150 years	0.5% - 20%
Service connection	10 – 100 years	1% - 10%

CORDE Limited

Asset class	Useful life	Annual depreciation rate
Buildings	7 – 13 years	8% - 15%
Improvements	3 – 7 years	15% – 40%
Plant and machinery	1 - 13 years	8% - 76.2%
Motor vehicles	2 – 10 years	10% - 48%
Furniture and fittings	1 – 14 years	7% - 67%
Computer equipment	1 – 2 years	48% - 67%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

16 Property, plant, and equipment (continued)

Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach.

The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

16 Property, plant, and equipment (continued)

Critical accounting estimates and assumptions

Estimating the fair value of land, farmland, buildings, and infrastructure

The most recent valuation of land, farmland and buildings was performed by an independent registered valuer, Simon Newberry B. Com, (VPM), FPINZ, FNZIV, an independent valuer from Ford Baker Valuation Limited. Ford Baker Valuation Limited are experienced valuers with extensive market knowledge in the types and location of land and building assets owned by the Council. The valuation is effective as at 30 June 2022

Land (operational, farmland, restricted, and infrastructural)

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement.

Restrictions on the Council's ability to sell land would not normally impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Buildings (operational and restricted)

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions used in the 30 June 2022 valuation include:

- The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There have been no optimisation adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of modern equivalent assets and Property Institute of New Zealand cost information.
- There are no significant asbestos issues associated with the buildings.
- The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans, and experience with similar buildings.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

16 Property, plant, and equipment (continued)

Infrastructural asset classes: sewerage, water, drainage, and roads

The most recent valuation of roading assets was performed by an independent registered valuer, Robert Berghuis (BE (Elec), MPINZ) who is a senior valuer with Beca Valuation Limited. The most recent valuation of water, sewerage, stormwater, land drainage and water race assets were performed by an independent registered valuer, John Vessey NZ Dip Eng, Dip Civil Eng Applied, CertETN a valuer at WSP. Both valuations were effective as at 30 June 2022.

Water, sewerage, stormwater, land drainage, water race, and roading infrastructural assets are valued using the depreciated replacement cost method. There are several estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- The replacement costs where appropriate reflect optimisation due to over-design or surplus capacity.
- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (based on the March 2022 quarter index) for civil constructions to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provide further assurance over useful life estimates.

Critical accounting estimates and assumptions

Classification of property

The Council owns a number of properties held to meet future operational requirements. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for future service delivery objectives. The properties are therefore accounted for as property, plant, and equipment rather than as investment property.

16 Property, plant, and equipment (continued)

Movements in the carrying value for each class of property, plant and equipment are as follows:

	Land	Farm land	Buildings	Heritage assets	Plant and machinery	Library books	Work in progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount:								
Balance at 1 July 2020 <i>(restated)</i>	221,092	6,781	104,547	70	27,057	4,865	24,555	388,967
Additions	7,912	13	24,094	-	1,804	823	13,842	48,488
Disposals	(794)	-	(135)	-	(358)	-	-	(1,287)
Transfers	292	-	14,828	-	29	-	(15,149)	-
Balance at 30 June 2021	228,502	6,794	143,334	70	28,532	5,688	23,248	436,168
Additions	23,961	8	12,536	-	1,528	512	705	39,250
Disposals	(1,060)	-	(602)	-	(23)	-	-	(1,685)
Net revaluation increase / (decrease)	60,254	340	3,760	-	-	-	-	64,354
Transfers	1,559	-	18,956	-	-	-	(20,515)	-
Transfers to investment property	(7,022)	(4,677)	(275)	-	-	-	-	(11,974)
Transfers to development property	(1,386)	-	-	-	-	-	-	(1,386)
Balance at 30 June 2022	304,808	2,465	177,709	70	30,037	6,200	3,438	524,727
Accumulated depreciation:								
Balance at 1 July 2020	-	-	(3,231)	(3)	(19,056)	(3,296)	-	(25,586)
Disposals	-	-	-	-	272	-	-	272
Depreciation expense	-	-	(3,467)	(3)	(1,851)	(313)	-	(5,634)
Balance at 30 June 2021	-	-	(6,698)	(6)	(20,635)	(3,609)	-	(30,948)
Disposals	-	-	29	-	23	-	-	52
Net adjustments on asset revaluation	-	-	6,989	9	-	-	-	6,998
Depreciation expense	-	-	(4,373)	(3)	(1,998)	(431)	-	(6,805)
Balance at 30 June 2022	-	-	(4,053)	-	(22,610)	(4,040)	-	(30,703)
Net carrying amount at 30 June 2021	228,502	6,794	136,636	64	7,897	2,079	23,248	405,220
Net carrying amount at 30 June 2022	304,808	2,465	173,656	70	7,427	2,160	3,438	494,024

16 Property, plant, and equipment (continued)

	Land	Farm land	Buildings	Heritage Assets	Plant and Machinery	Library Books	Work in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount:								
Balance at 1 July 2020 <i>(restated)</i>	221,867	6,781	111,866	70	57,649	4,863	24,555	427,651
Additions	7,912	13	24,094	-	5,238	823	13,842	51,922
Disposals	(794)	-	(135)	-	(982)	-	-	(1,911)
Net revaluation increase / (decrease)	-	-	765	-	-	-	-	765
Transfers	292	-	14,828	-	29	-	(15,149)	-
Transfers (to) / from assets held for sale	-	-	-	-	109	-	-	109
Balance at 30 June 2021	229,277	6,794	151,418	70	62,043	5,686	23,248	478,536
Additions	23,961	8	11,584	-	6,322	512	705	43,092
Disposals	(1,060)	-	(602)	-	(1,625)	-	-	(3,287)
Net revaluation increase / (decrease)	60,254	340	4,914	-	-	-	-	65,508
Transfers	1,559	-	18,956	-	-	-	(22,107)	(1,592)
Transfers to development property	(1,386)	-	-	-	-	-	-	(1,386)
Transfers (to) / from investment property	(7,022)	(4,677)	(275)	-	-	-	-	(11,974)
Transfers (to) / from assets held for sale	-	-	-	-	(166)	-	-	(166)
Balance at 30 June 2022	305,583	2,465	185,995	70	66,574	6,198	1,846	568,731
Accumulated depreciation:								
Balance at 1 July 2020	-	-	(4,205)	(3)	(37,222)	(3,294)	-	(44,724)
Disposals	-	-	-	-	817	-	-	817
Transfers to / (from) assets held for sale	-	-	-	-	(58)	-	-	(58)
Depreciation expense	-	-	(3,469)	(3)	(4,180)	(313)	-	(7,965)
Balance at 30 June 2021	-	-	(7,674)	(6)	(40,643)	(3,607)	-	(51,930)
Disposals	-	-	29	-	1,090	-	-	1,119
Net adjustments on asset revaluation / transfers	-	-	6,989	9	-	-	-	6,998
Transfers to / (from) assets held for sale	-	-	-	-	129	-	-	129
Depreciation expense	-	-	(4,381)	(3)	(4,886)	(431)	-	(9,701)
Balance at 30 June 2022	-	-	(5,037)	-	(44,310)	(4,038)	-	(53,385)
Net carrying amount at 30 June 2021	229,277	6,794	143,744	64	21,400	2,079	23,248	426,606
Net carrying amount at 30 June 2022	305,583	2,465	180,958	70	22,264	2,160	1,846	515,346

16 Property, plant, and equipment (continued)

	Roading network	Water supplies	Stormwater systems	Sewerage systems	Land drainage	Water races	Refuse disposal	Work in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount:									
Balance at 1 July 2020	644,139	146,974	70,528	277,190	44,552	74,158	4,477	13,019	1,275,037
Additions	26,221	13,733	6,907	17,097	28	348	2,235	7,286	73,855
Disposal	(124)	-	-	-	(40)	-	(112)	-	(276)
Net revaluation increase / (decrease)	-	25,836	4,672	28,319	4,741	4,615	-	-	68,183
Transfers	6,516	2,095	240	2,114	-	-	1,592	(12,557)	-
Balance at 30 June 2021	676,752	188,638	82,347	324,720	49,281	79,121	8,192	7,748	1,416,799
Additions	45,588	20,180	8,985	37,401	47	593	939	452	114,185
Net revaluation increase / (decrease)	64,635	148,688	33,426	98,203	13,250	71,375	(2,160)	-	427,417
Transfers	5,964	833	533	954	5	19	-	(8,308)	-
Balance at 30 June 2022	792,939	358,339	125,291	461,278	62,583	151,108	6,971	(108)	1,958,401
Accumulated depreciation:									
Balance at 1 July 2020	-	(4,050)	(895)	(4,412)	(52)	(533)	(1,711)	-	(11,653)
Disposal	15	-	-	-	-	-	-	-	15
Net adjustments on asset revaluation	-	4,050	895	4,412	68	533	-	-	9,958
Depreciation expense	(15,366)	(4,750)	(1,048)	(5,198)	(61)	(520)	(158)	-	(27,101)
Balance at 30 June 2021	(15,351)	(4,750)	(1,048)	(5,198)	(45)	(520)	(1,869)	-	(28,781)
Net adjustments on asset revaluation	31,726	9,810	2,252	10,867	121	1,044	2,042	-	57,862
Depreciation expense	(16,375)	(5,060)	(1,204)	(5,669)	(76)	(524)	(173)	-	(29,081)
Balance at 30 June 2022	-	-	-	-	-	-	-	-	-
Net carrying amount at 30 June 2021	661,401	183,888	81,299	319,522	49,236	78,601	6,323	7,748	1,388,018
Net carrying amount at 30 June 2022	792,939	358,339	125,291	461,278	62,583	151,108	6,971	(108)	1,958,401

16 Property, plant, and equipment (continued)

Core infrastructure asset disclosures

Included within the Council infrastructure assets above are the following core Council assets:

				Most recent
				replacement
	Closing	Additions:	Additions:	cost estimate
	book	constructed	transferred	for revalued
	value	by Council	to Council	assets
	\$000	\$000	\$000	\$000
2022				
Water supply:				
- treatment plants and facilities	52,060	2,866	-	72,064
- other assets (such as reticulation systems)	306,279	13,140	5,007	420,102
Sewerage:				
- treatment plants and facilities	70,307	4,895	-	100,924
- other assets (such as reticulation systems)	390,971	23,790	9,670	460,470
Stormwater drainage	125,291	1,504	8,014	142,812
Roads and footpaths	792,939	31,263	20,289	1,031,851
2021				
Water supply:				
- treatment plants and facilities	34,510	8,975	-	51,005
- other assets (such as reticulation systems)	149,378	3,977	2,839	205,863
Sewerage:				
- treatment plants and facilities	64,971	10,140	-	91,507
- other assets (such as reticulation systems)	254,551	3,613	5,448	299,636
Stormwater drainage	81,299	2,270	4,877	92,300
Flood protection and control works	-	-	-	-
Roads and footpaths	661,401	21,365	11,372	861,878

Land under roads

Land under roads was valued based on fair value of adjacent land determined by Council's finance staff effective 30 June 2005. On transition to New Zealand equivalents to International Financial Reporting Standards on 1 July 2006, the Council elected to use the fair value of land under roads as at 30 June 2005 as deemed cost. Land under roads is no longer revalued.

Impairment

Impairment losses of \$nil (2021: \$nil) were recognised during the period. The recoverable amount of the plant and equipment was based on value in use using the restoration cost approach, which was determined by reference to the depreciated replacement cost of the asset less the costs to repair the damage.

16 Property, plant, and equipment (continued)

Capital commitments

The amount of contractual commitments for acquisition of property, plant, and equipment is:

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Community facilities	5,560	3,385	5,560	3,385
Investment Property	-	574	-	574
Property, plant & equipment	-	-	1,182	818
Refuse	1,960	282		282
Transportation	330	3,354	330	3,354
Wastewater	3,140	-		-
Water supply	-	-	-	-
Total capital commitments	10,990	7,595	7,072	8,413

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

Insurance of assets

The following information relates to the insurance of Council assets as at 30 June:

	2021/22	2020/21
	\$000	\$000
The total value of all Council assets covered by insurance contracts	1,301,000	1,107,000
The maximum amount to which insured assets are insured	636,000	480,000
The total value of all Council assets covered by financial risk-sharing arrangements	715,000	627,000
Maximum amount available to the Council under financial risk-sharing arrangements	50,000	50,000
Total value of assets that are self-insured	12,500	12,500
Value of funds maintained for self-insurance	12,500	12,500

In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, drainage, and sewerage assets, and provide a subsidy towards the restoration of roads.

The Council's underground insurance policy provides cover up to a maximum of \$50 million. This policy has an excess of \$12.5 million. 40% of the residual of \$37.5 million or \$15 million is provided by the insurance policy with the balance of the residual \$22.5 million or 60% provided by Central Government.

Council also has two self-insurance funds as follows:

- Earthquake self-insurance reserve as at 30 June 2022 \$11.8 million.
- General insurance reserve as at 30 June 2022: \$0.7 million.

17 Intangible assets

Accounting policy

Software acquisition and development

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Goodwill (group)

Goodwill on acquisition of businesses and subsidiaries is included in "intangible assets". Goodwill on acquisition of an associate is included in the "investment in associate" carrying value in Note 14, with impairment considered as part of the overall investment balance.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Mining Licences (group)

Acquired mining licenses and permits are capitalised on the basis of the costs incurred to acquire and bring to use, the specific licence and permit.

Brand name, customer list and customer contacts (group)

Brand name, customer list and customer contracts are finite life intangible assets recorded at their fair value on acquisition less accumulated amortisation and impairment. They are amortised on a straight-line basis over their estimated useful life.

The fair values have been established by reference to Former Blakely Construction Limited (BCL) revenue, discounted cash flows and contracts on BCL books at time of acquisition.

These valuations use assumptions including future revenue, margins, risk and appropriate discount rates.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

17 Intangible assets (continued)

Asset class	Useful life	Annual amortisation rate
Computer software	2 - 4 years	25% - 50%
Mining licences (group)	24.04 years	4.16%
Brand name (group)	10 years	10%
Customer Relationships	3 years	33%
Customer Contracts	As profit realised	

Mining licences transferred at acquisition date with a finite life are amortised on a straight-line basis over their useful life.

Amortisation begins from acquisition date and ceases at the date that the licence is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

For further details, refer to the policy for impairment of property, plant, and equipment in Note 16. The same approach applies to the impairment of intangible assets.

Breakdown of intangible assets and further information

Movements in the carrying value for each class of intangible asset are as follows:

	Council	Group	Group	Group	Group	Group	Group
	Computer	Computer	Brand	Customer	Mining	Group	Group
	Software	Software	Name	List	Licences	Goodwill	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost							
Balance at 1 July 2021	1,921	2,080	1,357	1,234	-	3,266	7,937
Additions	240	268	-	-	-	-	268
Balance at 30 June 2022	2,161	2,348	1,357	1,234	-	3,266	8,205
Balance at 1 July 2020	1,914	2,073	1,357	1,234	-	3,266	7,930
Additions	7	7	-	-	-	-	7
Balance at 30 June 2021	1,921	2,080	1,357	1,234	-	3,266	7,937
Accumulated amortisation and impairment							
Balance at 1 July 2021	1,726	1,857	895	1,234	-	2,396	6,382
Amortisation charge	145	168	462	-	-	-	630
Balance at 30 June 2022	1,871	2,025	1,357	1,234	-	2,396	7,012
Balance at 1 July 2020	1,568	1,670	812	1,234	-	2,396	6,112
Amortisation charge	158	187	83	-	-	-	270
Balance at 30 June 2021	1,726	1,857	895	1,234	-	2,396	6,382
Carrying amounts							
Balance at 1 July 2020	346	403	545	-	-	870	1,818
Balance at 30 June and 1 July 2021	195	223	462	-	-	870	1,555
Balance at 30 June 2022	290	323	-	-	-	870	1,193

17 Intangible assets (continued)

Restrictions

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Capital Commitments

There are no capital commitments at 30 June 2022. (2021: \$nil).

Impairment

There is no impairment of intangible assets at 30 June 2022. (2021: \$nil).

Critical accounting estimates and assumptions

Goodwill

Goodwill of \$870,000 (2021: \$870,000) has been allocated to the single cash-generating unit (CGU) of CORDE Limited. The synergies of the business combination in which the goodwill arose are expected to be realised only by the assets of CORDE Limited.

The recoverable amount of the CGU has been determined based on a value in use calculation. This calculation uses cash flow projections based on financial budgets approved by the Board of Directors and cover a five-year period. Cash flows beyond the five-year period have been extrapolated using an estimated growth rate.

Key assumptions used for the goodwill value in use calculation

- weighted average growth rate 0.5% for the first five years then nil average growth rate
- pre-tax discount rate 2.2%

These assumptions have been used for the analysis of the CGU of CORDE Limited. The Board has determined budgeted gross margin based on past performance and its expectations for the market. The weighted average growth rate used is consistent with the forecasts included in industry reports. The discount rate used is pre-tax and reflects specific risks relevant to the CGU.

The group believes that a reasonable possible change in any of the key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

18 Depreciation and amortisation expense by group of activity

	Council	Council	Council
	2021/22	Budget	2020/21
	\$000	\$000	\$000
Directly attributable depreciation and amortisation expense by group of activity			
Community services and facilities	6,210	6,655	5,017
Democracy	6	8	8
Environmental services	137	132	146
Internal Council services	597	780	566
Solid waste management	173	266	158
Stormwater	1,204	1,049	1,048
Transportation	16,375	16,008	15,366
Wastewater	5,669	5,155	5,198
Water races and land drainage	600	596	580
Water supply	5,060	4,722	4,750
Total depreciation and amortisation	36,031	35,371	32,837

19 Forestry assets

Accounting policy

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in surplus or deficit.

Forestry maintenance costs are recognised in surplus or deficit when incurred.

Critical accounting estimates and assumptions

Fair value of forestry assets

Independent registered valuer, Terry O'Neill, Qualified Forester, has valued forestry assets as at 30 June 2022. This valuation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, and silvicultural costs. It takes into consideration environmental, operational, and market restrictions. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- a discount rate of 7.0% (2021: 7.0%) has been used in discounting the present value of expected future cash flows;
- notional land rental costs have been included for freehold land;
- the forest has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis;
- costs are current average costs. No allowance has been made for cost improvements in future operations; and
- log prices are based on a three-year historical rolling average.

Sensitivity analysis

The net present value method that is used for valuing Selwyn District Council's plantations is particularly sensitive to changes in log prices and discount rate:

- Valuation using set parameters \$130,001
- Low discount rate (5.0%) \$157,897 – 121% higher
- High discount rate (9.0%) \$111,722 – 86% lower
- Low log prices (less 10%) \$55,376 – 43% lower
- High log prices (up 10%) \$216,388 – 166% higher

Breakdown of forestry assets and other information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Balance at 1 July	393	213	393	213
Increases due to purchases	13	14	13	14
Gains / (losses) attributable to physical changes	24	27	24	27
Gains / (losses) attributable to price changes	(300)	139	(300)	139
Balance at 30 June	130	393	130	393

The Council owns 97.9 hectares of pinus radiata forest, comprising trees that are at varying stages of maturity ranging from 3 to 34 years. There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

Financial risk management strategies

The Council and group is exposed to financial risks arising from changes in timber prices. The Council and group is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Council and group reviews its outlook for timber prices regularly in considering the need for active financial risk management.

20 Payables and deferred revenue

Accounting policy

Short-term creditors and other payables are measured at the amount payable.

Breakdown of payables and other information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Payables and deferred revenue under exchange transactions:				
Trade payables	11,949	10,406	19,032	15,475
Deposits, retentions and accrued expenses	6,786	6,060	8,936	8,262
Amounts due to subsidiaries and associates	8,665	5,504	-	-
Payables and deferred revenue under non-exchange transactions:				
Revenue received in advance	304	4,731	304	4,731
Rates revenue received in advance	860	844	860	844
Total payables and deferred revenue	28,564	27,545	29,132	29,312

Payables are generally non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of payables approximates their fair value.

Revenue received in advance in 2021 is associated with the \$4.7 million in grant revenue received from the Department of Internal Affairs in relation to the proposed Three Waters Reform. The Council received \$5.3 million in November 2020, being 50% of the total \$10.6 million in funding allocated to the construction of a wastewater conveyance pipeline from the townships of Darfield and Kirwee to the Pines wastewater treatment plant, located near the township of Rolleston (a 26km pipeline). Refer to Note 28 for further information on the Three Water Reform.

21 Employee entitlements

Accounting policy

Short-term employee entitlements

Employee benefits that are expected to be settled wholly within twelve months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where the Council or group has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

21 Employee entitlements (continued)

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested retirement and long service leave expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

Defined contribution superannuation schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Defined benefit superannuation schemes

The Council and CORDE Limited belong to a Defined Benefit Plan Contribution Scheme ('the Scheme') which is managed by the Board of Trustees of the National Provident Fund. The Scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the Scheme, the extent to which the surplus/deficit will affect contributions by individual employers, as there is no prescribed basis for allocation. The Scheme is therefore accounted for as a defined contribution scheme.

Breakdown of employee entitlements other information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Current portion				
Accrued pay	918	965	1,553	1,482
Annual leave	2,285	2,121	3,657	3,212
Sick leave	12	12	103	99
Restructuring costs	325	-	325	-
Total current portion	3,540	3,098	5,638	4,793
Non-current portion				
Retirement and long service leave	135	112	142	127
Total non-current portion	135	112	142	127
Total employee entitlements	3,675	3,210	5,780	4,920

22 Provisions

Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash flows. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs” (see Note 5).

Critical accounting estimates and assumptions

Estimating the landfill aftercare costs

The Council engaged an independent engineer, Collaborations, to provide information as a basis for estimating a provision for capping the Council’s four landfill sites. Collaborations has significant experience in performing such assessments.

The cash outflows for landfill post-closure costs are expected to occur over a period of 10 years (that is, between 2022 and 2032). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The future cash outflows have been estimated considering existing technology and known changes to legal requirements. The gross provision before discounting is \$1.2 million (2021: \$1.1 million).

The following significant assumptions have been made in estimating the provision:

- The estimated period to complete post-closure works is 5 to 10 years, based on the availability of suitable cover material.
- An annual inflation factor of 2.0% has been applied in estimating the future cash outflows.
- Discount rate of 0.65% (2021: 2.81%) has been used to discount the estimated future cash outflows. This rate has been determined using the New Zealand Government Treasury risk free rate and extrapolated beyond the available market data.

The timeframes for completing this work are unknown with the assumption that the sites will be rehabilitated over a period of 10 years.

Breakdown of provisions and other information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Current portion				
Contractual rework	-	-	128	46
Infringement provision	-	-	260	305
Weathertightness and other legal claims	360	360	360	360
Total current portion	360	360	748	711
Non-current portion				
Landfill provision	1,173	1,043	1,173	1,043
Total non-current portion	1,173	1,043	1,173	1,043
Total provisions	1,533	1,403	1,921	1,754

22 Provisions (continued)

Weathertightness and other legal claims

The Council is aware of three legal claims in relation to homes in the area at year end (2021: two claims). A provision has been made for the claims where a reliable estimate of the potential cost to the Council can be made. Where it is not possible to make a reliable estimate, no provision has been recognised.

Landfill aftercare

A provision for future landfill site restoration and aftercare costs is recognised when the activities giving rise to the need for site restoration and aftercare have commenced. The provision is stated at the present value of the future cash outflows expected to be incurred which increases each period due to the passage of time. Any increase in the provision due to the change in present value is recognised in the surplus or deficit as a time value adjustment.

Future landfill site restoration and aftercare costs provided for are initially capitalised in the statement of financial position. Any change in the provision for future landfill site restoration and aftercare costs arising from a change in estimate of those costs is also recognised in non-current assets in the statement of financial position.

Future landfill site restoration and aftercare costs capitalised in the statement of financial position are depreciated at rates that match the pattern of benefits expected to be derived from the landfill including power generation using landfill gas.

Restructuring provision

The Council approved a detailed and formal restructuring plan for the Executive Leadership Team (ELT), which was announced in April 2022. The restructuring started in May 2022 and was completed in June 2022. The restructuring has resulted in a reduction in ELT from eight to five full-time staff employed by Selwyn District Council. The restructuring plan and associated payments are expected to be completed by October 2022.

Contractual rework (Group)

Provisions are required to settle the obligation to rework certain general construction and sealing contracts. A reliable estimate of the cost is required before the provision is recognised.

Movements for each class of provision are as follows:

	Contractual	Infringement	Other legal	Landfill
	rework	provision	claims	provision
Council and group	\$000	\$000	\$000	\$000
Balance at 1 July 2020	53	305	210	1,043
Additional provisions	31	-	165	-
Amounts used	(38)	-	(15)	-
Balance at 30 June / 1 July 2021	46	305	360	1,043
Additional provisions	-	-	-	130
Balance at 30 June / 1 July 2022	46	305	360	1,173

23 Borrowings

Accounting policy

Borrowing on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

Borrowings are classified as current liabilities unless the Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Breakdown of borrowings

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Current portion				
Secured loans	10,000	5,000	10,000	5,000
Total current portion	10,000	5,000	10,000	5,000
Non-current portion				
Secured loans	65,200	55,200	65,200	55,200
Total non - current portion	65,200	55,200	65,200	55,200
Total borrowings	75,200	60,200	75,200	60,200

Interest terms for secured loans

The Council's secured loans are mostly at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank rate plus a margin for credit risk.

Security

The Council's secured loans are secured over either separate or general rates of the Council.

Bank overdraft and flexible credit facilities (Group)

The overdraft facility is secured by debenture. The maximum amount that can be drawn down against the overdraft facility is \$300,000 (2021 - \$300,000). There are no restrictions on the use of this facility.

The commercial flexi facility is secured by debenture. The maximum amount that can be drawn down against the overdraft facility is \$3.0 million (2021 - \$3.0 million). There are no restrictions on the use of this facility.

Internal borrowings

Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

Fair values

Due to interest rates on debt resetting to a market rate every three months, the carrying amounts of secured loans approximates their fair value.

23 Borrowings (continued)

Movements in internal borrowings are as follows:

	Opening	Repayment of	New	Closing
	balance	borrowings	borrowings	balance
2021/22	\$000	\$000	\$000	\$000
Broadfield Loan Reserve	21	(7)	-	14
Commercial Building Loan	-	-	741	741
Dog Pound Loan	344	(19)	-	325
Dunsandel Community Centre Loan	674	(25)	-	649
Foster Park Loan	-	(223)	2,216	1,993
Halkett Community Centre 25 Year Loan Reserve	18	(6)	-	12
Investment Farming Property Loan	-	-	1,340	1,340
Kirwee Pavillion/Hall Reserve Loan Reserve	15	(15)	-	-
Leeston Community Centre Loan Reserve	761	-	-	761
Lincoln Events Centre Loan	-	(183)	1,822	1,639
Lincoln Library Loan	3,858	(167)	-	3,691
McHughs Plantation Loan Reserve	1,084	(78)	-	1,006
Rhodes Park Community Centre Loan	1,087	(52)	-	1,035
Selwyn Aquatic Centre Loan	-	(345)	7,287	6,942
Selwyn District Park Loan	2,363	(122)	-	2,241
Selwyn Sports Centre Loan	-	(455)	15,526	15,071
West Melton Community Centre Loan	-	(87)	2,527	2,440
Total internal borrowings	10,225	(1,784)	31,459	39,900

	Opening	Repayment of	New	Closing
	balance	borrowings	borrowings	balance
2020/21	\$000	\$000	\$000	\$000
Broadfield Loan Reserve	28	(7)	-	21
Dog Pound Loan	363	(19)	-	344
Dunsandel Community Centre Loan	715	(41)	-	674
Halkett Community Centre 25 Year Loan Reserve	23	(5)	-	18
Kirwee Pavillion/Hall Reserve Loan Reserve	29	(14)	-	15
Leeston Community Centre Loan Reserve	-	-	761	761
Lincoln Library Loan	4,021	(163)	-	3,858
McHughs Plantation Loan Reserve	1,161	(77)	-	1,084
Rhodes Park Community Centre Loan	1,138	(51)	-	1,087
Selwyn District Park Loan	2,482	(119)	-	2,363
Total internal borrowings	9,960	(496)	761	10,225

24 Construction contracts (Group)

Accounting policy

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract, and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred. When it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised surpluses less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus surpluses less losses, the net amounts are presented as a liability.

Breakdown of construction contracts

	Group	Group
	2021/22	2020/21
	\$000	\$000
For contracts in progress as at 30 June:		
Contract costs incurred	26,315	9,832
Recognised surpluses / (deficits)	4,236	1,546
Progress billings	30,550	11,378
Gross amount due from customers	411	1,162
Advances received	3,510	2,331
Retentions receivable	627	303
Retentions payable	(176)	(31)
Construction Contract Revenue	48,209	29,497

25 Contingencies

Contingent liabilities

Financial guarantees

The Council has a contingent liability in respect of a guarantee that it has provided for a bank loan to the Rolleston Rugby Club. The loan is for a 15-year period commenced on 15 September 2008 and has a value of \$105,000. There is currently no indication that the guarantee will be called.

Building Act Claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities relating to the issue of building consents and inspection of work done. At the date of these financial statements, two matters under that Act indicating potential liabilities had been brought to the Council's attention. Council's initial legal advice considers these claims to be probable and has therefore made a provision for claims where a reliable estimate of the potential cost to the Council can be made.

The Council is exposed to potential future claims (which have not yet been advised) until the statutory limitation period expires. Claims must be made within 10 years of construction or alteration of the dwelling for the claim to be eligible under the Weathertight Homes Resolution Services Act 2006, but other statutory limitation periods could also affect claims. The Council does not have insurance cover for any of the claims for which it has not made a provision. The Council is funding the cost of weather tightness claims through general rates and has allowed funding of \$150,000 in the 2021/22 financial year.

RiskPool provides public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for that Fund year. The Council received notice during the 2011/12 financial year for a call for additional contribution in respect of the 2002/03 and 2003/04 fund years as those funds are exhibiting deficits due to the "leaky building" issue. This notice also highlighted that it is possible that further calls could be made in the future. A liability will be recognised for the future calls when there is more certainty over the amount of the calls.

The Supreme Court decision in October 2012 on a Council's liability for non-residential buildings may affect the liability of the Council for weather tightness claims for non-residential buildings. The impact of the decision is yet to be quantified by the Council. The Council is yet to receive any claims because of this ruling.

Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. On 3 March 2022, S&P Global Ratings affirmed their long-term ratings on New Zealand Local Government Funding Agency ("LGFA") at 'AA+' foreign-currency and 'AAA' local-currency and affirmed the short-term ratings at 'A-1+'. All credit ratings have a stable outlook.

As at 30 June 2022, the Council is one of 30 local authority shareholders and 68 local authority guarantors of the LGFA. The New Zealand Government also has a 20% shareholding in the LGFA. It has uncalled capital of \$1.0 million. When aggregated with the uncalled capital of other shareholders, \$20.0 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of the LGFA's borrowings.

At 30 June 2022, the LGFA had borrowings totalling \$15.789 billion (2021: \$14.220 billion). PBE Accounting Standards require the Council to initially recognise the guarantee liability by applying the 12-month expected credit loss (ECL) model (as fair value could not be reliably measured at initial recognition), and subsequently at the higher of the provision for impairment at balance date determined by the ECL model and the amount initially recognised. The Council has assessed the 12-month ECL of the guarantee liability, based on market information of the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore, the Council has not recognised a liability.

The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

25 Contingencies (continued)

Landfills

The Council does not operate any landfills in the District. The Council has recognised the costs of closing and rehabilitating the Cox, Killinchy, Hawkins and Springston landfills as per Note 18.

The cost of closing other landfills and on-going monitoring after-care of all landfills is not fully known at this time. The costs will be recognised, and funding provided, as the costs become known.

CORDE Limited (Group)

From time-to-time CORDE has performance bonds and bonds in lieu of retentions to third parties. Bonds to the value of \$739,840 (2021 - \$786,520) are committed as at 30 June 2022.

CORDE does not list these bonds as contingent liabilities because it does not consider that it is probable that any such bonds will be exercised. If any performance issues are raised CORDE has a policy of promptly returning to the site and fixing the customers concerns.

Contingent assets

The Council is not aware of any contingent assets at 30 June 2022.

(2021: The Council has a contingent asset for revenue arising from the May flood event that has not been recognised at balance date. This includes possible additional insurance proceeds and subsidy from Waka Kotahi NZ Transport Agency. It is estimated additional insurance proceeds will be in the vicinity of \$1.1 million and additional funding from Waka Kotahi NZ Transport Agency will be \$1.7 million.).

CORDE Limited (Group)

CORDE is not aware of any contingent assets at 30 June 2022 (2021: \$nil).

26 Equity

Accounting policy

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- accumulated funds;
- restricted reserves;
- property revaluation reserve; and
- fair value through other comprehensive revenue and expense reserve.

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves include those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specific conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Property revaluation reserve

This reserve relates to the revaluation of property, plant and equipment to fair value.

Fair value through other comprehensive revenue and expense reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

Breakdown of equity and further information

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Accumulated funds				
Balance at 1 July	1,084,650	1,037,237	1,094,777	1,045,530
Adjusted balance at 1 July	1,084,650	1,037,237	1,094,777	1,045,530
Transfers to restricted reserves	(44,990)	(28,224)	(44,990)	(28,224)
Transfer from property revaluation reserves on disposal	496	3,317	496	3,317
Transfers from restricted reserves	72,899	21,795	72,899	21,795
Surplus / (deficit) for the year	97,883	50,525	99,147	52,359
Balance at 30 June	1,210,938	1,084,650	1,222,329	1,094,777

26 Equity (continued)

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Restricted reserves				
Balance at 1 July	72,438	66,009	72,438	66,009
Transfers to accumulated funds	(72,676)	(21,795)	(72,676)	(21,795)
Transfers from accumulated funds	44,767	28,224	44,767	28,224
Balance at 30 June	44,529	72,438	44,529	72,438

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Property revaluation reserve				
Balance at 1 July	704,522	629,698	707,801	632,212
Net revaluation gains / (losses)	556,631	78,141	557,785	78,906
Transfer to accumulated funds on disposal of property	(496)	(3,317)	(496)	(3,317)
Balance at 30 June	1,260,657	704,522	1,265,090	707,801
Property revaluation reserves for each asset class consist of:				
Land and buildings	186,118	115,720	190,551	118,999
Farm land	4,376	4,036	4,376	4,036
Roading	341,221	244,860	341,221	244,860
Water supplies	244,528	86,030	244,528	86,030
Stormwater	54,499	18,821	54,499	18,821
Sewerage	254,450	145,380	254,450	145,380
Land drainage	41,733	28,362	41,733	28,362
Water races	133,732	61,313	133,732	61,313
Balance at 30 June	1,260,657	704,522	1,265,090	707,801

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Fair value through other comprehensive revenue and expense reserve				
Balance at 1 July	86,398	65,577	71,297	52,326
Net change in fair value	-	20,821	-	18,971
Balance at 30 June	86,398	86,398	71,297	71,297
Represented by:				
Unlisted shares in Orion New Zealand Limited	70,277	70,277	70,277	70,277
Unlisted shares in CORDE Limited	15,101	15,101	-	-
Unlisted shares in Transwaste (Canterbury) Limited	1,020	1,020	1,020	1,020
Balance at 30 June	86,398	86,398	71,297	71,297

26 Equity (continued)

Purpose of each reserve fund

- A General reserve:** The purpose of a general reserve fund is to provide funding for new capital items arising from increased levels of service or growth.
- B Renewal reserve:** The purpose of a renewal reserve is to provide funding for the renewal of existing capital items.
- C Specific reserve:** The purpose of these reserves is to provide funding for the maintenance of specific assets or to generate funds for future specific assets.
- D Special reserve:** The purpose of these reserves is for specific purposes as indicated by the reserve name.
- E Internal borrowing reserve:** The purpose of these reserves is to separate out internal borrowings.

Information about reserve funds held for a specific purpose is provided below:

	Purpose	Balance			Closing
	of reserve	1 July 2021	Deposits	Withdrawals	30 June 2022
	fund	\$'000	\$'000	\$'000	\$'000
Water Supply					
Armack Drive Water Supply Reserve	D	10	-	(10)	-
Arthurs Pass Water Supply Reserve	D	(16)	16	-	-
Branthwaite Drive Water Supply Reserve	A	31	-	(31)	-
Burnham Water Supply Reserve	A	29	1	(30)	-
Castle Hill Water Supply Reserve	A	3	-	(3)	-
Darfield Water Supply Capital Rate Reserve	A	(1,281)	-	-	(1,281)
Darfield Water Supply Water Quality Upgrade	C	1,357	496	(875)	978
District Holding Capacity	D	(83)	83	-	-
Doyleston Water Supply Capital Contribution Reserve	A	166	3	(169)	-
Dunsandel Water Supply Reserve	A	82	2	(84)	-
Edendale Water Supply Reserve	A	108	2	(110)	-
Johnson Road Capital Injection Special Fund	C	7	-	(7)	-
Johnson Road Water Supply Reserve	A	30	1	(31)	-
Jowers Road Water Supply Equipment Reserve	A	8	-	(8)	-
Kirwee Water Supply Equipment Reserve	A	363	73	(436)	-
Lake Coleridge Quality Upgrade Special Reserve	C	134	2	(136)	-
Leeston Water Supply Reserve	A	(490)	170	(191)	(511)
Lincoln Water Supply Reserve	A	(1,446)	718	(47)	(775)
Malvern Hills Rural Water Supply Reserve	A	626	14	(640)	-
Prebbleton Water Supply Reserve	A	1,802	506	(96)	2,212
Rakaia Huts Water Supply Reserve	A	38	1	(39)	-
Rolleston Water Supply Reserve	A	1,337	2,946	(1,159)	3,124
Selwyn Rural Water Supply Capital Rate Reserve	A	306	4	(310)	-
Sheffield Water Supply Reserve	A	260	4	(264)	-
Southbridge Water Supply Reserve	A	(23)	208	-	185
Springfield Water Supply Capital Reserve	A	5	-	(5)	-
Springfield Water Supply Reserve	A	83	1	(84)	-
Springston Water Supply Reserve	A	247	3	(250)	-
Tai Tapu Water Supply Reserve	A	426	7	(433)	-
Tai Tapu/Otahuna Water Supply Reserve	A	127	1	(128)	-
Templeton/Claremont Capital Reserve	A	7	-	(7)	-
Templeton/Claremont Water Supply Reserve Surpluses	C	41	1	(42)	-
Water Supplies Renewal Reserves	A	2,420	2,383	(6,015)	(1,212)
West Melton Water Supply Reserve	A	(23)	37	-	14
Total water supply reserves		6,691	7,683	(11,640)	2,734

26 Equity (continued)

	Purpose	Balance			Closing
	of reserve	1 July 2021	Deposits	Withdrawals	30 June 2022
	fund	\$'000	\$'000	\$'000	\$'000
Wastewater					
Darfield Wastewater Grant Existing Reserve Fund	A	2,191	2,010	-	4,201
Darfield Wastewater Capital Reserve Fund	A	(249)	-	(7,686)	(7,935)
Ellesmere Sewerage Renewal Reserve	B	(300)	313	(13)	-
Lake Coleridge Sewerage Electricorp Payment Reserve	C	62	1	(63)	-
Leeston Sewerage to Record Surpluses	C	12	-	(12)	-
Lincoln Sewerage Reserve	A	9	-	(9)	-
Prebbleton Sewerage Reserve	A	470	7	(477)	-
Sewerage Renewal Reserve	B	3,979	1,122	(1,805)	3,296
Springston Special Reserve	D	10	-	(10)	-
Springston/Aberdeen Subdivision Special Fund Reserve	D	76	1	-	77
Tai Tapu Sewerage Holding Capacity Reserve	D	206	32	(238)	-
Tai Tapu Sewerage Reserve	A	10	238	-	248
West Melton Sewerage Reserve	A	(109)	-	-	(109)
Total wastewater reserves		6,367	3,724	(10,313)	(222)
Stormwater					
Leeston Stormwater Reserve	A	170	3	-	173
Stormwater District Renewal Reserve	A	837	175	(72)	940
Total stormwater reserves		1,007	178	(72)	1,113
Water races and land drainage					
Bealey River River Protection Reserve	D	26	-	-	26
Greenpark Land Drainage Reserve	A	24	-	-	24
Hororata River Land Drainage Reserve	A	19	-	-	19
Irwell Land Drainage Reserve	A	1	1	-	2
L2 River Land Drainage Reserve	A	51	-	-	51
L2 River Land Drainage De-silting Reserve from Surplus	C	120	2	-	122
L2 River Land Drainage Machinery Reserve from Surplus	C	185	3	-	188
Leeston Land Drainage Reserve	C	44	1	-	45
Osbourne Land Drainage Renewal Reserve	B	(412)	-	-	(412)
Taumutu Culverts Land Drainage Reserve	A	54	1	-	55
Wairiri Valley Land Drainage Reserve	A	5	-	-	5
Water Race Renewal Reserve	A	1,306	277	(214)	1,369
Total land drainage and water race reserves		1,423	285	(214)	1,494

26 Equity (continued)

	Purpose	Balance			Closing
	of reserve	1 July 2021	Deposits	Withdrawals	30 June 2022
	fund	\$'000	\$'000	\$'000	\$'000
Community services and facilities					
Albert Anderson Fund	D	7	-	-	7
Art Acquisition Reserve	D	63	2	(11)	54
Broadfield Loan Reserve	E	(21)	7	-	(14)
Darfield Domain Reserve	A	20	1	(9)	12
Darfield Township Reserve	A	1,285	17	(237)	1,065
District Community Centre Reserve	A	92	2	-	94
District Reserve Contributions Reserve	A	100	2	-	102
District Township Reserve	A	78	1	-	79
Doyleston Contributions Reserve	A	1	-	(1)	-
Dunsandel Community Centre Loan	E	(674)	25	-	(649)
Ellesmere Reserve Board Reserve	A	230	4	(52)	182
Ex Ellesmere - Ellesmere Clay Loan Reserve	A	8	-	(3)	5
Foster Park Loan	E	-	223	(2,216)	(1,993)
Glentunnel/Coalgate Capital Equipment Reserve	A	22	-	(6)	16
Halkett Community Centre 25 Year Loan Reserve	E	(18)	6	-	(12)
Hororata Reserve CPW Shares Hororata Reserve	D	(121)	17	-	(104)
Insurance Reserve Fund Reserve	A	704	11	-	715
Izone Special Fund	A	-	12,969	-	12,969
Kirwee Pavillion/Hall Reserve Loan Reserve	E	(15)	15	-	-
Lakeside Community Centre Loan Repayment Fund	A	(192)	7	-	(185)
Leeston Community Centre Loan Repayment Fund	A	(761)	-	-	(761)
Leeston Park Special Fund Reserve	A	24	-	-	24
Leeston Township Est NA Osbourne Reserve	D	77	2	-	79
Lincoln Events Centre Loan	E	-	183	(1,822)	(1,639)
Lincoln Library Loan	E	(3,858)	167	-	(3,691)
McHughs Plantation Loan Reserve	E	(1,084)	78	-	(1,006)
Metal Pits Reserve	D	586	6	(292)	300
Reserve Contrib.Ellesmere Ward	A	614	32	(199)	447
Reserve Contrib.Malvern Ward	A	1,571	396	(192)	1,775
Reserve Contrib.Selwyn Central Ward	A	20,320	10,093	(7,459)	22,954
Reserve Contrib.Springs Ward	A	18,975	2,754	(5,561)	16,168
Rhodes Park Community Centre Loan	E	(1,087)	52	-	(1,035)
Rolleston Com Centre Capital Fund	A	172	3	-	175
Rolleston Community Fund	D	222	4	(27)	199
Rolleston Headquarters Building Renewal Reserve	C	3,513	657	-	4,170
Selwyn Aquatic Centre Loan	E	-	345	(7,287)	(6,942)
Selwyn District Education Fund Reserve	D	146	2	-	148
Selwyn District Park Loan	E	(2,363)	122	-	(2,241)
Selwyn Sports Centre Loan	E	-	455	(15,526)	(15,071)
Southbridge Advisory Committee Reserve	A	30	1	(1)	30
Tai Tapu ex Paparua Library Reserve	D	15	-	(1)	14
Weedons Reserve Loan Repayment Reserve	A	(108)	5	-	(103)
West Melton Community Centre Ex Paparua Reserve	A	2	-	-	2
West Melton Community Centre Scholarship Reserve	C	46	1	-	47
West Melton Community Centre Loan	E	-	87	(2,527)	(2,440)
Total community services and facilities reserves		38,621	28,754	(43,429)	23,946

26 Equity (continued)

	Purpose	Balance			Closing
	of reserve	1 July 2021	Deposits	Withdrawals	30 June 2022
	fund	\$'000	\$'000	\$'000	\$'000
Environmental services					
Dog Pound Loan	E	(344)	19	-	(325)
Weather Tightness Insurance Reserve	D	(224)	200	(200)	(224)
Total environmental services reserves		(568)	219	(200)	(549)
Internal council services					
MAB Discretionary Fund Reserve	D	11	-	-	11
Commercial Building Loan	E	-	-	(741)	(741)
Investment Farming Property Loan	E	-	-	(1,340)	(1,340)
Earthquake Self Insurance Reserve	D	11,785	27	-	11,812
Pre 1989 Contributions Reserve	D	73	1	-	74
Zone 5 Special Fund	D	19	-	-	19
Total internal services reserves		11,888	28	(2,081)	9,835
Transportation					
Roading Contributions Reserve	A	9,258	3,797	(3,993)	9,062
Undergrounding Reserve	A	3,495	52	-	3,547
Total transportation		12,753	3,849	(3,993)	12,609
Solid waste					
Operational Assets Replacement Fund Reserve	B	(6,455)	172	(957)	(7,240)
Waste Minimisation Fund Reserve	B	711	98	-	809
Total solid waste		(5,744)	270	(957)	(6,431)
Total restricted reserves		72,438	44,990	(72,899)	44,529

Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The LGA requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

27 Related party transactions

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and group would have adopted in dealing with the party at arm's length in the same circumstances.

Further, no disclosure has been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Related party transactions required to be disclosed

The Council is the ultimate parent of the group and controls its subsidiaries, CORDE Limited and the Selwyn District Charitable Trust. The Council also exerts significant influence over Orion New Zealand Limited, the Central Plains Water Trust and the Tramway Reserve Trust.

Selwyn District Charitable Trust

The Council provided accounting services to the Trust at no charge and meets the audit fee of the Trust totalling \$nil (2021: \$5,717) and met other operating costs of the trust totalling \$50 (2021: \$50)

Central Plains Water Trust

The Council makes payments on behalf of the Trust, which then reimburses the Council.

	2021/22	2020/21
	\$000	\$000
Central Plains Water Trust		
Payments to suppliers on behalf of the Trust	172	267
Accounts receivable	37	58

In addition to the above transactions, the Council has provided accounting services to the Trust at no charge.

Key management personnel compensation

	2021/22	2020/21
Councillors		
Remuneration	\$ 646,302	\$ 617,832
Full-time equivalent members	12	12
Senior Management Team, including the Chief Executive, Executive and Independent Audit & Risk Sub-Committee Member		
Short-term employee benefits	\$ 1,847,651	\$ 1,761,131
Termination benefits	\$ 325,485	\$ -
Total senior management team remuneration	\$ 2,173,136	\$ 1,761,131
Full-time equivalent personnel	7	8
Total full-time equivalent personnel	19	20
Total key management personnel remuneration	\$ 2,819,438	\$ 2,378,963

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

An analysis of Councillor remuneration and further information on the Chief Executive remuneration is provided in Note 4.

28 Events after balance date

The water services reform programme

Legislation passed in December 2022 established four publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament. Until the Bill is passed, the financial impact of the transfer on the District Council, remains uncertain.

On 13 April 2023, the Government announced further proposed amendments to the number of water services entities and to stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.

COVID-19

There will continue to be uncertainty about what impact the COVID-19 pandemic and Ukraine-Russia conflict will have on Selwyn District Council and group subsequent to year-end.

29A Financial instruments – early adoption of PBE IPSAS 41

The Council and group have elected to early adopt PBE IPSAS 41.

In accordance with the transitional provisions in PBE IPSAS 41, the Council and group have elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2020 (the date of initial application).

The accounting policies for the year ended 30 June 2022 have been updated to comply with PBE IPSAS 41. The main changes to the Council and group's accounting policies are:

- Note 9 – Receivables – This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model.
- Note 12 – Financial assets – This policy has been updated to reflect:
 - the new classification categories;
 - the measurement and recognition of loss allowances based on the new expected credit loss (ECL) model; and
 - the removal of impairment loss considerations for equity investments at FVTOCRE.

The derivatives accounting policies in Note 10 – Derivatives remain unchanged as Council has not elected to apply the hedging requirements of PBE IPSAS 41.

PBE IPSAS 41 also significantly amended the financial instruments disclosures of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to hedge accounting and credit risk.

On the date of initial application of PBE IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the tables below.

	Measurement classification		30 June 2021	1 July 2021	Adoption
	PBE IPSAS 29	PBE IPSAS 41	PBE IPSAS 29	PBE IPSAS 41	adjustment
Council			\$000	\$000	\$000
Financial assets					
Unlisted shares	FVTOCRE	FVTOCRE	132,724	132,724	-
Derivatives	FVTSD	FVTSD	1,740	1,740	-
Cash and cash equivalents	Loans and receivables	Amortised cost	28,256	28,256	-
Receivables	Loans and receivables	Amortised cost	11,137	11,137	-
Term deposits	Loans and receivables	Amortised cost	28,000	28,000	-
Finance lease	Loans and receivables	Amortised cost	395	395	-
Community loans	Loans and receivables	Amortised cost	29	29	-

FVTOCRE – Fair value through other comprehensive revenue and expense

FVTSD – Fair value through surplus or deficit

29A Financial instruments – early adoption of PBE IPSAS 41 (continued)

			30 June 2021	1 July 2021	Adoption
	Measurement classification		PBE IPSAS 29	PBE IPSAS 41	adjustment
Group	PBE IPSAS 29	PBE IPSAS 41	\$000	\$000	\$000
Financial assets					
Unlisted shares	FVTOCRE	FVTOCRE	108,624	108,624	-
Derivatives	FVTSD	FVTSD	1,740	1,740	-
Cash and cash equivalents	Loans and receivables	Amortised cost	35,717	35,717	-
Receivables	Loans and receivables	Amortised cost	12,984	12,984	-
Term deposits	Loans and receivables	Amortised cost	28,000	28,000	-
Finance lease	Loans and receivables	Amortised cost	395	395	-
Community loans	Loans and receivables	Amortised cost	29	29	-

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

Additional information in relation to subsequent measurement classification assessment

PBE IPSAS 41 requires debt instruments to be subsequently measured at FVTSD, amortised cost, or FVTOCRE. This classification is based on the business model for managing the debt instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding.

Council assessed the business model for its classes of financial assets at the date of initial application. Debt instruments are held to collect.

Council's debt instruments are solely comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. The Council has elected to subsequently measure all of its shares at FVTOCRE.

29B Financial instrument categories

The following tables are comparisons of carrying amounts of the Group's financial assets and liabilities in each of the financial instrument categories:

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
FINANCIAL ASSETS				
Mandatorily measured at FVTSD (2021: held for trading)				
Derivative financial assets - not hedge accounted	12,727	1,740	12,727	1,740
Borrower notes	1,605	1,185	1,605	1,185
Total financial assets at FVTSD	14,332	2,925	14,332	2,925
Amortised cost (2021: Loans and receivables)				
Cash and cash equivalents	21,538	28,256	30,585	35,717
Receivables	12,124	11,137	14,210	12,984
Term deposits	21,000	28,000	21,000	28,000
Finance lease	82	395	82	395
Community loans	22	29	22	29
Total financial assets at amortised cost	54,766	67,817	65,899	77,125
FVTOCRE				
Unlisted shares	132,724	132,724	108,624	108,624
Total financial assets at FVTOCRE	132,724	132,724	108,624	108,624

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
FINANCIAL LIABILITIES				
Mandatorily measured at FVTSD (2021: held for trading)				
Derivative financial liabilities - not hedge accounted	6,097	1,428	6,097	1,428
Total financial liabilities at FVTSD	6,097	1,428	6,097	1,428
Amortised cost				
Payables	28,260	22,814	28,828	24,581
Secured loans	75,200	60,200	75,200	60,200
Total financial liabilities at amortised cost	103,460	83,014	104,028	84,781

29C Fair value hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Level 1 – Quoted market price – Financial instruments with quoted prices for identical instruments in active markets.
- Level 2 – Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 – Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Financial assets				
Derivative financial assets - Level 2	12,727	1,740	12,727	1,740
Unlisted borrower notes - Level 3	1,605	1,185	1,605	1,185
Unlisted shares - Level 3	132,724	132,724	108,624	108,624
Financial liabilities				
Derivative financial liabilities - Level 2	6,097	1,428	6,097	1,428

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Balance at 1 July	133,909	133,284	109,809	109,184
Purchases	420	625	420	625
Balance at 30 June	134,329	133,909	110,229	109,809

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

29D Financial instrument risks

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Council and group have a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. The Council has established Council-approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered.

Market risk

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Equity securities price risk arises on listed share investments, which are classified as financial assets held at fair value through other comprehensive revenue and expense. This price risk arises due to market movements in listed shares. Equity securities price risk is not managed as the Council holds no listed shares.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Council purchases plant and equipment associated with the construction of certain infrastructural assets from overseas, which require it to enter transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

It is the Council's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above \$100,000 by entering into forward foreign exchange contracts to manage the foreign currency risk exposure. This means that the Council can fix the New Zealand dollar amount payable prior to delivery of the plant and equipment from overseas.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments held at fixed interest rates expose the Council to fair value interest rate risks.

The Council's policy is to maintain between 50% and 95% of its borrowings in fixed rate instruments. Selwyn District Council is subject to fair value interest rate risk on its deposits, but the risk is minimised as the deposits are for a maturity period of less than one year.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Council and group's exposure to changes in market interest rates primarily arises from borrowings issued at variable interest rates.

Generally, the Council and group raises long-term borrowings at floating rates. The Council's liability management policy requires it to maintain at between 50% and 95% of its borrowings at fixed rates of interest.

To achieve this, the Council and group uses interest rate swaps. Interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council or group borrowed at fixed rates directly. Under the interest rate swaps, the Council and group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

29D Financial instrument risks (continued)

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council and group, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits, which gives rise to credit risk. The Council also provides financial guarantees, which gives rise to credit risk.

Receivables arise mainly from the Council's statutory functions. There are no procedures in place to monitor or report the credit quality of receivables. The Council has no significant concentrations of credit risk in relation to receivables as it has many credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding rates from ratepayers.

Counterparties and limits can only be approved on the basis of long-term Standard & Poor's, (S&P) credit ratings (or equivalent Fitch or Moody's rating) being A and above and/or short-term rating of A-1 or above.

The Council and group hold no collateral or credit enhancements for financial instruments that give rise to credit risk.

Maximum exposure to credit risk

The Council's maximum credit risk exposure for each class of financial instrument is as follows:

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
Cash at bank and term deposits	42,538	56,256	51,585	63,717
Receivables	10,661	12,319	12,747	14,166
Community loans	22	29	22	29
Unlisted borrower notes	1,400	1,185	1,400	1,185
Derivative financial instrument assets	12,727	1,740	12,727	1,740
Total credit risk	67,348	71,529	78,481	80,837

The Council is exposed to credit risk as a guarantor of all the LGFA's borrowings. Information about this exposure is explained in Note 25.

Credit risk exposure by credit risk rating grades, excluding receivables

The gross carrying amount of financial assets, excluding receivables, by reference to Standard and Poor's credit ratings are provided below:

	Council	Council	Group	Group
	2021/22	2020/21	2021/22	2020/21
	\$000	\$000	\$000	\$000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA -	42,538	56,256	51,585	63,717
Total cash at bank and term deposits	42,538	56,256	51,585	63,717
Derivative financial instrument assets				
AA -	12,727	1,740	12,727	1,740
Total derivative financial instrument assets	12,727	1,740	12,727	1,740
Borrower notes				
AAA	1,605	1,185	1,605	1,185
Total borrower notes	1,605	1,185	1,605	1,185
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Community loans				
Existing counterparty with no defaults in the past	22	29	22	29
Existing counterparty with defaults in the past	-	-	-	-
Total community loans	22	29	22	29

29D Financial instrument risks (continued)

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

As part of meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months. The Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management Policy.

The Council has a maximum amount that can be drawn down against its multi option credit facility of \$10 million (2021: \$10 million) against which it had drawn \$nil (2021: \$nil). There are no restrictions on the use of this facility.

CORDE Limited has a maximum amount that can be drawn down against its overdraft, commercial flexi and flexible credit facility of \$3.3 million (2021: \$3.3 million). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Council and group's financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying	Contractual	Less than		More than
	amount	cash flows	1 year	1 - 5 years	5 years
	\$000	\$000	\$000	\$000	\$000
Council 2022					
Payables	27,704	27,704	27,704	-	-
Secured loans	75,200	83,108	11,749	45,410	25,949
Total	102,904	110,812	39,453	45,410	25,949
Group 2022					
Payables	28,272	28,272	28,272	-	-
Secured loans	75,200	-			
Total	103,472	28,272	28,272	-	-
Council 2021					
Payables	26,701	26,701	26,701	-	-
Secured loans	60,200	62,544	5,576	41,780	15,188
Total	86,901	89,245	32,277	41,780	15,188
Group 2021					
Payables	28,468	28,468	28,468	-	-
Secured loans	60,200	62,544	5,576	41,780	15,188
Total	88,668	91,012	34,044	41,780	15,188

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 25.

29D Financial instrument risks (continued)

Contractual maturity analysis of derivative financial instrument assets and liabilities

The table below analyses the Council and group's derivative financial instrument liabilities into those that are settled on a net basis and those that will be settled on a gross basis into their relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
Council 2022					
Net settled derivative asset (interest rate swap)	6,009	6,825	912	5,505	408
Total	6,009	6,825	912	5,505	408
Group 2022					
Net settled derivative asset (interest rate swap)	6,009	6,825	912	5,505	408
Total	6,009	6,825	912	5,505	408
Council 2021					
Net settled derivative liability (interest rate swap)	(35)	243	243	-	-
Total	(35)	243	243	-	-
Group 2021					
Net settled derivative liability (interest rate swap)	(35)	243	243	-	-
Total	(35)	243	243	-	-

Contractual maturity analysis of financial assets

The table below analyses the Council and group's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
Council 2022					
Cash and cash equivalents	21,538	21,538	21,538	-	-
Receivables	12,124	12,124	12,124	-	-
Net settled derivative asset (interest rate swap)	6,009	6,009	890	4,238	881
Other financial assets:					
- Term deposits	21,000	21,000	21,000	-	-
- Local Government Funding Agency Borrower Notes	1,605	1,736	235	1,118	383
- Finance lease	82	83	83	-	-
- Community loans	22	22	22	-	-
Total	62,380	62,512	55,892	5,356	1,264
Group 2022					
Cash and cash equivalents	30,585	30,585	30,585	-	-
Receivables	14,210	14,210	14,210	-	-
Net settled derivative asset (interest rate swap)	6,009	6,009	890	4,238	881
Other financial assets:					
- Term deposits	21,000	21,000	21,000	-	-
- Local Government Funding Agency Borrower Notes	1,605	1,736	235	1,118	383
- Finance lease	82	83	83	-	-
- Community loans	22	22	22	-	-
Total	73,513	73,645	67,025	5,356	1,264

29D Financial instrument risks (continued)

	Carrying	Contractual	Less than		More than
	amount	cash flows	1 year	1 - 5 years	5 years
	\$000	\$000	\$000	\$000	\$000
Council 2021					
Cash and cash equivalents	28,256	28,256	28,256	-	-
Receivables	11,137	11,137	11,137	-	-
Net settled derivative asset (interest rate swap)	-	208	-	114	94
Other financial assets:					
- Term deposits	28,000	28,000	28,000	-	-
- Local Government Funding Agency Borrower Notes	1,185	1,211	86	1,000	125
- Finance lease	395	416	395	21	-
- Community loans	29	29	29	-	-
Total	69,002	69,257	67,903	1,135	219
Group 2021					
Cash and cash equivalents	35,717	35,717	35,717	-	-
Receivables	12,984	12,984	12,984	-	-
Net settled derivative asset (interest rate swap)	-	208	-	114	94
Other financial assets:					
- Term deposits	28,000	28,000	28,000	-	-
- Local Government Funding Agency Borrower Notes	1,185	1,211	86	1,000	125
- Finance lease	395	416	395	21	-
- Community loans	29	-	-	-	-
Total	78,310	78,536	77,182	1,135	219

Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council and group's financial instrument market risk exposures at balance date.

	-50 bps		-100 bps	
		other		other
	Surplus	equity	Surplus	equity
Council 2022				
FINANCIAL ASSETS				
Cash and cash equivalents	(108)	-	215	-
Term deposits	(105)	-	210	-
Derivative financial assets - not hedge accounted	(2,246)		(2,949)	
Total financial assets interest rate risk sensitivity	(2,459)	-	(2,524)	-
FINANCIAL LIABILITIES				
Secured loans	325	-	(650)	-
Total financial liabilities interest rate risk sensitivity	325	-	(650)	-
Total interest rate risk sensitivity	(2,134)	-	(3,174)	-
Group 2022				
FINANCIAL ASSETS				
Cash and cash equivalents	(153)	-	306	-
Term deposits	(105)	-	210	-
Derivative financial assets - not hedge accounted	(2,246)	-	(2,949)	-
Total financial assets interest rate risk sensitivity	(2,504)	-	(2,433)	-
FINANCIAL LIABILITIES				
Secured loans	325	-	(650)	-
Total financial liabilities interest rate risk sensitivity	325	-	(650)	-
Total interest rate risk sensitivity	(2,179)	-	(3,083)	-

29D Financial instrument risks (continued)

	-50 bps		-100 bps	
		other		other
	Surplus	equity	Surplus	equity
Council 2021				
FINANCIAL ASSETS				
Cash and cash equivalents	(141)	-	283	-
Term deposits	(140)	-	280	-
Total financial assets interest rate risk sensitivity	(281)	-	563	-
FINANCIAL LIABILITIES				
Derivative financial liabilities - not hedge accounted	(1,261)	-	1,114	-
Secured loans	250	-	(500)	-
Total financial liabilities interest rate risk sensitivity	(1,011)	-	614	-
Total interest rate risk sensitivity	(1,292)	-	1,177	-
Group 2021				
FINANCIAL ASSETS				
Cash and cash equivalents	(179)	-	357	-
Term deposits	(140)	-	280	-
Total financial assets interest rate risk sensitivity	(319)	-	637	-
FINANCIAL LIABILITIES				
Derivative financial liabilities - not hedge accounted	(1,261)	-	1,114	-
Secured loans	250	-	(500)	-
Total financial liabilities interest rate risk sensitivity	(1,011)	-	614	-
Total interest rate risk sensitivity	(1,330)	-	1,251	-

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -50bps/+100bps (2021: -100bps/+100bps).

30 Explanations of major variances against budget

Explanations for major variations from the Council's budget figures in its 2021/22 annual plan are as follows:

Statement of comprehensive revenue and expense

The Council's core operating expenditure in the year was \$139.6 million. This compares favourably with the budget of \$134.0 million. The main variances compared with budget were:

- Lower levels of borrowing as a result of higher cash in-flows and the delayed start of some capital projects has resulted in financing expenses being \$1.4 million lower than budget.
- The delay in completing some large capital projects has led to depreciation and amortisation expenditure being \$0.6 million below budget.
- Subsidised maintenance and operational expenditure \$3.5 million higher than budget due to additional work required to maintain our roading network. Partially offset by additional funding received from Waka Kotahi.
- The Council's increased focus on the provision of high-quality water supply resulted additional costs to deliver this service \$1.0 million.

Council Revenue

The Council's core revenue in the year was \$237.5 million. This strong performance was \$62.4 million higher than the budget of \$175.1 million. The main variances compared with budget were:

- The robust nature of the Selwyn economy and continued population growth have been a significant factor behind the positive revenues. The main variances compared with budget were:
- Higher than anticipated population growth in the district and the early repayment of a rating loan has resulted in rates revenue being \$3.7 million above budget.
- Housing development to support population growth has led to development and financial contribution revenue being \$24.7 million above budget. Development contributions are collected from developers to fund the building of infrastructure assets to service the additional demand created from this housing growth.
- Also linked to the housing growth in the district is the collection of fees and charges for the provision of building and resource consents and land information memorandum (LIM) reports. The revenue generated from fees and charges was \$2.8 million higher than budget.
- Subsidies and grants revenue was higher than the budget of \$22.7 million due to higher subsidies received from Waka Kotahi in relation to subsidised road maintenance work.
- Vested asset revenue is \$11.3 million higher than budget due to the higher-than-expected level of housing development activity. Vested assets are predominantly infrastructure, such as roads and water services, established by developers then transferred to the council for ongoing ownership and management. This is a non-cash item and is not available to reduce rates.
- The Council's equity investments performed in-line with expectation. Dividend revenue was \$0.8 million above budget due to a higher dividend received from CORDE Limited during the period.
- Land sales revenue was higher than budget by \$0.8 million due to the sale of land in the Izone Southern Business Hub being above what was budgeted.
- Gains from the movement in the fair value of investment property was \$3.6 million above budget due to the movement in the valuation of the Council's investment property.
- Gains from the fair value movement in the valuation of the Council's interest rate swaps was \$6.0 million above budget due to the movement in the valuation of the Council's financial instruments.

Statement of financial position

The value of Council's net assets at 30 June 2022 is \$2.6 billion, this is an increase of \$0.65 billion from \$1.95 billion at the close of the prior year.

Assets

- **Cash** and cash equivalents held at year end are lower than budgeted by \$1.4 million.
- **Inventory** is higher than budgeted by \$2.6 million due to the timing of sale of land at Izone and the Rolleston Town Centre.
- **Other financial assets** is lower than budgeted by \$18.7 million due to the utilisation of cash reserves to fund the capital expenditure programme in combination with external borrowing.
- **Property, plant and equipment** is higher than budget by \$557.4 million due largely to valuation movements in the Council's infrastructure assets and land and buildings.
- **Investment Property** is higher than budget by \$15.3 million. During the financial year a review was undertaken which looked to whether Council properties would continue to have a strategic use going forward or would be held as investments. Some assets including land surrounding the Rolleston HQ Building, the Lincoln Country Club building and some other

Liabilities

- **Borrowings** are lower than budget by \$89.7 million because the budget included higher borrowing levels in the current year to fund capital projects which have been funded using existing cash reserves or have been carried forward for completion in future periods.

31 Statutory deadlines

The Council was required under section 98 (7) of the Local Government Act 2002 to complete its audited financial statements and service performance information by 31 December 2022. This timeframe was not met as Audit New Zealand was unable to complete the audit within the timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

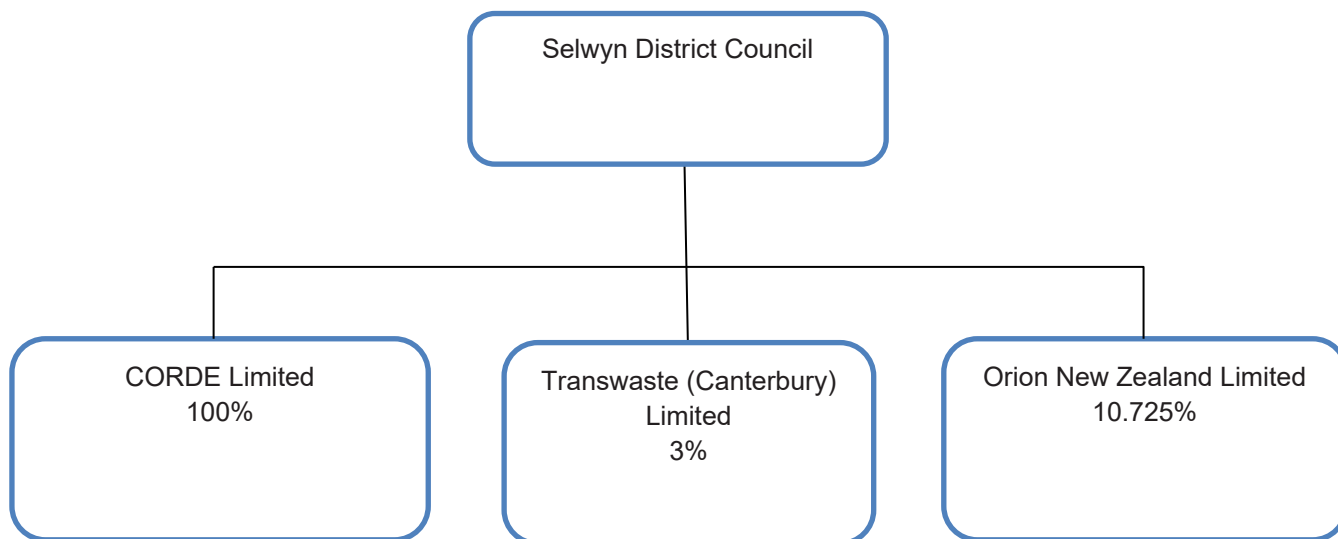
APPENDIX 1 OTHER LEGISLATIVE DISCLOSURES

Funding impact statement for whole of Council

Selwyn District Council Funding Impact Statement for the year ended 30 June 2022 (whole of Council)

	2020/21	2020/21	2021/22	2021/22
	Annual Plan	Actual	LTP	Actual
	\$'000	\$'000	\$'000	\$'000
Sources of operating funding				
General rates, uniform annual general charges, rate penalties	24,555	24,512	26,552	27,277
Targeted rates	43,321	44,226	47,997	51,225
Subsidies and grants for operating purposes	4,398	6,236	3,218	9,708
Fees and charges	17,149	21,179	22,401	25,211
Interest and dividends from investments	7,288	6,570	5,729	6,451
Local authorities fuel tax, fines, infringement fees, and other rece	282	1,781	374	1,097
Total operating funding (A)	96,993	104,504	106,271	120,969
Application of operating funding				
Payments to staff and suppliers	83,669	86,899	95,282	99,831
Finance costs	1,787	996	2,816	1,412
Other operating funding applications	343	310	446	356
Total application of operating funding (B)	85,799	88,205	98,544	101,599
Surplus / (deficit) of operating funding (A-B)	11,194	16,299	7,727	19,370
Sources of capital funding				
Subsidies and grants for capital expenditure	12,615	8,951	19,454	16,465
Development and financial contributions	16,216	24,739	9,828	34,502
Increase / (decrease) in debt	70,707	25,000	104,718	15,000
Gross sales proceeds from sale of assets	4,509	2,549	6,383	6,601
Total sources of capital funding (C)	104,047	61,239	140,383	72,568
Applications of capital funding				
Capital expenditure to meet additional demand	109,555	69,203	86,904	71,599
Capital expenditure to improve the level of service	33,284	20,068	26,210	17,524
Capital expenditure to replace existing assets	13,545	13,948	25,867	16,248
Increase / (decrease) in reserves	(7,437)	6,429	(16,716)	(27,909)
Increase / (decrease) of investments	(33,706)	(32,110)	25,845	14,476
Total applications of capital funding (D)	115,241	77,538	148,110	91,938
Surplus / (deficit) of capital funding (C-D)	(11,194)	(16,299)	(7,727)	(19,370)
Funding balance (A-B) + (C-D)	-	-	-	-

Financial interests



Community Trusts Administered by the Council:

- Central Plains Water Trust
- Tramway Reserve Trust
- Selwyn District Charitable Trust

Financial interests – CORDE Limited

Relationship to the Council

The Council exercises influence on the Board through approval of its annual Statement on Intent.

The shareholders exercise influence on the Company through the negotiation of the annual Statement of Intent.

Nature and scope of the company

CORDE Limited is a supplier of asset management, maintenance and construction services. Consistent with its objective, the Company will pursue activities designed to ensure the efficient and prudent utilisation of its capital assets and human resources.

Objective

To operate as a successful, growth focused contracting business and follow these key principles which are central to its business strategy:

- Commitment to quality
- Commitment to its shareholders
- Commitment to Selwyn district
- Commitment to its people
- Commitment to health and safety
- Commitment to the environment
- Commitment to future growth.

Key performance targets

The Company's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2022 is set out below:

	Status	Actual 2022	Target 2022
Dividend paid	Achieved	\$2,000,000	≥\$1,200,000
Return after tax to opening equity (excluding amortisation)	Achieved	22.0%	≥8%
To maintain ISO 9001:2015 Quality Standard Certification	Achieved	Maintained	Maintain
ISO 45001:2018 Health & Safety standard certificate	Achieved	Maintained	Maintain
ISO 14001:2015 Environmental Performance standard certificate	Achieved	Maintained	Maintain
Staff Retention	Achieved	71.3%	70%
Training & development as a % of payroll costs	Achieved	2.8%	≥1.5%

Summary of financial performance

	Actual 2022 \$000	Actual 2021 \$000
Revenue	91,149	67,438
Expenditure	84,817	61,074
Surplus / (deficit) before taxation	6,332	6,364
Surplus / (deficit) after taxation	4,424	4,558
Dividend	2,000	2,000

Financial interests – Orion New Zealand Limited

Relationship to the Council

Selwyn District Council has a 10.725% shareholding in Orion New Zealand Limited.

The shareholders exercise influence on the Company through the negotiation of the annual Statement of Intent.

Nature and scope of the company

Orion's activities are to:

- Construct and maintain a reliable and secure electricity distribution network in the Christchurch and Central Canterbury region.
- Provide efficient processes that support competition amongst electricity retailers and generators.
- Seek investment/acquisition opportunities in the infrastructure and energy sectors.
- Manage, grow and if appropriate, realise other subsidiary and associate company interests.

Objective

To operate as a successful business and provide shareholders with appropriate returns on their investments and pursue strategies that aim to ensure Orion's long-term success as a business.

Key performance targets

The Company's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 31 March 2022 is set out below:

Financial performance targets:

	Actual 2022	Target 2022	Actual 2021	Note
Electricity delivery revenue (\$m)	230	228	230	1,2
Profit after tax (\$m)	33	25	33	1,2
Profit after tax to average equity (%)	4.4	3.7	4.9	1,2
Debt to debt plus equity (%)	35	38	35	3
Equity to total assets (%)	54	51	53	3
Fully imputed dividends (\$m)	31	31	30	

Note 1

	Variances Post tax \$m
Net Profit was \$7.5m above the Statement of Intent target because of:	
Above-budget distribution revenue	2.0
Below-budget depreciation and impairment	2.0
Favourable change in fair value of interest rate swaps	1.8
Above-budget Connetics profit	0.9
Below-budget interest expense	0.7
Other	0.1
	7.5

Note 2

Net Profit was \$0.6m below last year because of:

Higher sundry revenues	1.4
Favourable change in fair value of interest rate swaps	0.6
Higher Connetics profit	0.4
Higher interest expense	(0.6)
Higher expenses	(1.0)
Higher depreciation and impairment	(1.3)
Other	(0.1)
	(0.6)

Note 3 – Debt is defined as interest bearing group borrowings, net of cash and cash equivalents. Equity is defined as shareholders' equity.

Both of these measures are impacted by the revaluation of property, plant and equipment.

Performance targets - Network reliability

	Actual 2022*	Target 2022	Actual 2021*	DPP Normalised 2022	DPP Normalised 2021	Industry Weighted Average 2021
Orion network interruptions						
Duration of supply interruptions in minutes per year per connected customer (SAIDI)						
- Planned	24.92	39.68	28	24.91	28.87	
- Unplanned	52.95	84.71	30	42.90	29.70	
- Total SAIDI	77.87	124.39	57	67.81	58.57	183
Number of supply interruptions per year per connected customer (SAIFI)						
- Planned	0.0744	0.1496	0.09	0.0744	0.09	
- Unplanned	0.6016	1.0336	0.50	0.6016	0.50	
- Total SAIFI	0.6760	1.1832	0.59	0.6760	0.59	1.7

Approximate number of connections at 31 March 2022 was 215,700 (2021: 211,600)

Notes:

1. The SAIDI and SAIFI network reliability targets are regulated limits.
2. Natural disasters and other major events can cause significant numbers and/or durations of network supply interruptions. The future occurrence and/or severity of these events cannot be predicted.
3. SAIDI and SAIFI are standard industry measures of network reliability performance. They include planned and unplanned interruptions, but exclude interruptions that are caused by electricity generators or Transpower, or are caused by the low voltage (400V) network, or last for less than one minute.
4. The Commerce Commission sets performance limits for our network reliability, pursuant to our default price-quality path (DPP). The Commission assesses our actual performance against those limits, after 'normalising' for the impacts of 'major events' and allowing for a set of incentive-based adjustments.
5. Columns marked with an asterisk (*) are stated gross – before normalising for major events.

Performance Targets - Health and safety

1. Events that did or could have resulted in serious injury to Orion Group employees. Target: <4
Status: Achieved
2. Events that did or could have resulted in serious injury to Orion service providers. Target: <4
Status: Achieved
3. Events that did or could have resulted in serious injury to the public, excluding car vs pole incidents. Target: Nil. Status: Not achieved

Key initiatives - Re-imagining the Future Network

1. Increase the real time 'visibility' of the state of our low voltage network. *Status: Complete*
2. Develop a live operating model of our low voltage network. *Status: Partially complete*
3. Undertake a trial of non-network alternatives to low voltage constraint management. *Status: Complete*
4. Data and digitisation strategy. *Status: Delayed*
5. Non-network supply procurement. *Status: Not complete*
6. Design for new field data collection method in place. *Status: Complete*
7. Development of publicly available network constraint maps. *Status: Complete*
8. Install a new digital voice radio network in Banks Peninsula. *Status: Ongoing*

Key initiatives – Customer Inspired

1. Implement a new Customer Relationship Management platform (CRM). *Status: Complete*
2. Launch a new Outage Notifications service to our community. *Status: Partially complete*
3. Further develop our customer and community engagement programme to give greater voice to our stakeholders' views in Orion's decision making. *Status: Complete*
4. Continue our community sponsorships and align with our Group Strategy. *Status: Complete*

Customer inspired performance target

Target - Net Promoter Score is >50% Status: Change in methodology Achieved a Net Promoter Score (NPS) of 36, reflecting a change in survey methodology to canvas a broader demographic, noting that 36 is "Great" on the NPS scale. Going forward the target is an NPS score >40 due to the changed methodology.

Key initiatives – Lead and grow

1. Continuous improvement of our works delivery. *Status: Ongoing*
2. Connetics will shift its Southern operations from establishment phase to performance phase. *Status: Complete*
3. Have a clear three-year programme to continually optimise in service of our Group strategy. *Status: Partially complete*

Key initiatives – Accelerating Capability

1. Enhance employee engagement. *Status: Complete*
2. Continue to embed and evolve leadership development. *Status: Ongoing*
3. Complete the next major phase of our diversity and inclusion programme. *Status: Complete*
4. Complete the first major phase of initiatives for the Energy Academy. *Status: Complete*
5. Continue to champion the Wāhine tū tahi, wāhine kaha - CCHL's Women & Leadership series. *Status: Complete*

Key initiatives – Powering the Low Carbon Economy

1. Prepare to offset our Group corporate carbon emissions, to become carbon neutral by June 2022. *Status: Ongoing*
2. Halve our Group benchmark corporate emissions by 2030. Obtain Group carbon reduce (previously CEMARS) certification. *Status: Complete*
3. Undertake initial scenario modelling of physical risks to our network from climate change. *Status: Complete*
4. Partner with local landowners to create a native forest resource. *Status: Partially complete*
5. Set a business environmental budget aligned with the planetary boundaries. *Status: Ongoing*
6. Partnerships to promote the effective use of electricity in the region. *Status: Complete*
7. Access to data on thermal fuel boilers. *Status: Complete*

Key initiatives – Key projects

1. Improve how we manage our critical health and safety risks. *Status: Complete*
2. Construct a new 66kV line between Highfield zone substation and Norwood GXP. *Status: Ongoing*
3. Replace end-of-life 11kV switchgear at Oxford Tuam zone substation with modern vacuum breakers. *Status: Complete*
4. Build and commission a new zone substation at Belfast and connect it with existing 66kV sub-transmission network and a new switching station to be built and commissioned at Marshland. *Status: Ongoing*

Summary of financial performance

	Actual 2022 \$000	Actual 2021 \$000
Revenue	313,017	303,421
Expenditure	267,439	257,010
Surplus / (deficit) before taxation	45,578	46,411
Surplus / (deficit) after taxation	32,594	33,193
Ordinary dividend	31,000	30,000

Financial interests – Selwyn District Charitable Trust

Relationship to the Council

On the 22nd June 2022, the Council exempted the Tramway Reserve Trust from being a Council Controlled Organisation under Section 7 (3) of the Local Government Act.

Nature and scope of activities

The Trust receives funds in the form of charitable donations and makes them available for the charitable activities of the Council.

Key performance targets

The Trust's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2022 is set out below:

- *The Trust aims to distribute all the funds it receives in the year of receipt.*

During the period the Trust received a total of \$nil (2021: \$nil) in donation revenue. The Trust has distributed \$nil (2021: \$1,002) to the Selwyn District Council during the year. The donations received by the Trust during the year are to be used for the benefit of the Lakeside Hall and West Melton Community Centre.

At year end there was \$nil (2021: \$nil) payable to Selwyn District Council.

- *The Trust aims to achieve investment returns in line with those achieved by the Council.*

The Trust earns interest on donations received at the prevailing interest rates in the Trust's current accounts. Funds are distributed to the Council on a regular basis to ensure that appropriate investment returns are received on balances held prior to being used for their intended purpose.

Summary of financial performance

	Actual 2022 \$000	Actual 2021 \$000
Revenue	-	-
Expenditure	-	-
Surplus / (deficit) before taxation	-	-

Financial interests – Central Plains Water Trust

Relationship to the Council

Central Plains Water Trust is a Council Controlled Organisation (CCO), jointly controlled by the Selwyn District Council (50%) and the Christchurch City Council (50%). The Council exercises significant influence over the activities of the Trust through its ability to appoint the trustees.

Nature and scope of activities

Central Plains Water Trust is a trust for the benefit of present and future generations of Christchurch City and Selwyn District residents.

The Trust holds all necessary resource consents for the Central Plains Water Scheme.

Objective

The Council recognises a major regional economic benefit in managing the water resource in the Central Canterbury Plains, including significant employment creation. The Council also wishes to be involved to ensure its own infrastructure will not be adversely affected by any proposed scheme.

Key performance targets

The Trust's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2022 is set out below:

Scheme

The Scheme is now in its sixth year of operation and as it is often said no 2 years are the same. The 2021-22 season saw a wetter than average season with a La Nina weather pattern, this meant less rain in the alps and therefore lower river flows. Because of this there was less irrigation applied (56%) of the previous year but 50% of that was stored water. Farmers know that timing is important so the ability to have irrigation available was still extremely valuable in a damper year. With the scheme maturing and its shareholders developing confidence in what the scheme can deliver, the retiring of groundwater takes is happening which helps realize one of the long-term benefits of the irrigation scheme. There are changes also happening in the senior leadership of CPWL with Mark Pizey retiring as CEO. His replacement Susan Goodfellow is no stranger to CPWL having been part of the development of the scheme. Mark has been extremely good to work with from a Trust perspective and we thank Mark for all of his efforts and the open communication that he fostered with the Central Plains Water Trust.

Environmental Management Fund

The EMF has in the 2022 year received applications totalling \$273,477.43 and has allocated \$94,792.00 which was the total funding available to 15 applicants from throughout the Selwyn District.

Sustainability Report

The Trust has given instructions to Brydon Hughes of Liquid Earth to develop the Sustainability report for the 2021-22 season and this should be completed in December 2022.

Governance

The Board met with the representatives of the Settlor councils on several occasions to present them with information regarding the scheme, the educational program and environmental updates. The Board acknowledges that in the Audit NZ Report that there were several areas where they had not followed the trust deed. The Board after discussion came to the conclusion that the Trust Deed needed to be reviewed and has provided some suggested amendments to the Settlers to consider in relation to this review. The Board notes that due to the local government elections that their membership will be reviewed by the Settlers in early 2023.

Community Education Update

Water is essential to Life – Education, Engagement, and Awareness are critical for successful life choices, as well as cultivating community resilience and common understanding.

With the mechanics of the scheme established, CPWL now focuses its efforts on fine tuning, not only ensuring operational efficiency and the exploration of opportunity, but also looking to the larger ecosystem to engage, co-create, and develop the next part of its story. The latter is an area where CPWT can assist, working 'in' with the wider ecosystem and the company. CPWT in collaboration with CPWL can aid in 'telling the story' - as the narrative and a good positive metaphor needs to be developed and disseminated.

There is still a significant disconnection between the rural and urban communities over water issues.

A wider awareness of the project, activation of strategic links, and solidification of a formal working relationship with CPWL, are critical next steps.

Education of the benefits and overall value proposition of reliable water to the Plains should be the focus of a multimedia intergenerational education and engagement portfolio.

Benefits of the Scheme

- Mahinga Kai
- Biodiversity and environmental
- Groundwater recharge
- Ground water conservation
- Economic: agricultural pastoral arable production and stability
- Energy opportunities
- Rural Well-being

Covid related challenges over the past 2-3 years have impacted this project in a number of ways – and have also provided the opportunity to explore creative and unique solutions to establish a learning portfolio.

Summary of financial performance

	Actual 2022 \$000	Actual 2021 \$000
Revenue	90	104
Expenditure	90	104
Surplus / (deficit) before taxation	-	-

Financial interests – Tramway Reserve Trust

Relationship to the Council

On the 18th June 2020, the Council exempted the Tramway Reserve Trust from being a Council Controlled Organisation under Section 7 (3) of the Local Government Act.

Nature and scope of activities

Tramway Reserve, at the end of Tramway Reserve Road, will be subject to restoration and enhancement to be led by the Tramway Reserve Trust. The restoration project was agreed as mitigation for the past and on-going use of Tramway Reserve Drain for wastewater management. The Trust was established as part of that agreement between Ngai Tahu and the Council as a condition of the upgraded Leeston (Ellesmere) Sewerage Treatment site.

Key performance targets

The Trust's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2021 is set out below:

- *The Trust will continue work towards returning the Tramway Reserve waterway to its natural state and facilitating public access.*

The Trust continued with its monitoring role to ensure the Tramway Reserve Waterway is maintained in its natural state and that public access was available.

Summary of financial performance

	Actual 2022 \$000	Actual 2021 \$000
Revenue	-	-
Expenditure	-	-
Surplus / (deficit) before taxation	-	-

Independent Auditor's Report

To the readers of Selwyn District Council's annual report for the year ended 30 June 2022

The Auditor-General is the auditor of Selwyn District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Julian Tan using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 19 April 2023. This is the date at which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 77 to 158:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2022; and
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the funding impact statement on page 159, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.

- the statement of service provision (referred to as “significant activities”) on pages 23 to 67:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand.
- the statement about capital expenditure for each group of activities on pages 33 to 67, presents fairly, in all material respects, the actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s long-term plan.
- the funding impact statement for each group of activities on pages 33 to 67, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 72 to 76, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Our audit was completed late

Our audit was completed on 19 April 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by section 98 (7) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

Emphasis of matter

Without modifying our opinion, we draw attention to the following disclosure.

Uncertainty over the water services reform programme

Note 28 on page 144 outlines developments in the Government's water services reform programme which will affect the District Council in future years.

Legislation passed in December 2022 established four publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament. Until the Bill is passed, the financial impact of the transfer on the District Council, remains uncertain.

On 13 April 2023, the Government announced further proposed amendments to the number of water services entities and stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate

or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan or long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the significant activities, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related

disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other information

The Council is responsible for the other information included in the annual report. The other information is defined as all information in the annual report other than the audited information and the disclosure requirements and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit and our report on the disclosure requirements, we have completed a limited assurance engagement required by the District Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the District Council or any of its subsidiaries and controlled entities.



Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Council information

Mayor and Councillors contact details *(as at 30 June 2022)*

Mayor		Deputy Mayor	
Sam Broughton	027 223 8345 sam.broughton@selwyn.govt.nz	Malcolm Lyall	027 433 9964 malcolm.lyall@selwyn.govt.nz
Selwyn Central Ward		Springs Ward	
Mark Alexander	027 526 6388 mark.alexander@selwyn.govt.nz	Debra Hasson	027 435 5055 debra.hasson@selwyn.govt.nz
Jeff Bland	027 399 9206 jeff.bland@selwyn.govt.nz	Grant Miller	027 381 7032 grant.miller@selwyn.govt.nz
Sophie McInnes	021 552 877 sophie.mcInnes@selwyn.govt.nz		
Nicole Reid	027 548 6157 nicole.reid@selwyn.govt.nz		
Malvern Ward		Ellesmere Ward	
Jenny Gallagher	027 552 7403 jenny.gallagher@selwyn.govt.nz	Shane Epiha	027 561 7035 shane.ephia@selwyn.govt.nz
Bob Mugford	021 216 5722 bob.mugford@selwyn.govt.nz	Murray Lemon	027 541 3305 murray.lemon@selwyn.govt.nz

Community Board Members contact details *(as at 30 June 2022)*

Malvern Community Board			
John Morten (Chairperson)	027 200 2578 john.morton@selwyn.govt.nz	Judith Pascoe	021 152 2900 judith.pascoe@selwyn.govt.nz
Ken May	021 453 459 ken.may@selwyn.govt.nz	Bill Woods	021 608 2030 bill.woods@selwyn.govt.nz
Karen Meares	021 147 1824 karen.meares@selwyn.govt.nz		

Where to go for more information

The annual plan is also available at www.selwyn.govt.nz or you can get a copy at any Selwyn District library or service centre (see list below).

Customer services	
For general enquiries, assistance and information, telephone 0800 SELWYN (735996)	
Website	Selwyn District Council Offices
www.selwyn.govt.nz	2 Norman Kirk Drive PO Box 90 ROLLESTON 7643
Service Centres	
Leeston Library/Service Centre 19 Messines Street Private Bag 1 LEESTON Phone: (03) 347 2871	Darfield Library/Service Centre 1 South Terrace DARFIELD 7510 Phone: (03) 318 8338
Lincoln Library/Service Centre Gerald Street LINCOLN 7608 Phone: (03) 347 2876	Te Ara Atea Tennyson Street ROLLESTON 7614 Phone (03) 347 2880
Auditors	Bankers
Audit New Zealand PO Box 2 CHRISTCHURCH 8140 On behalf of the Auditor-General	Westpac PO Box 2721 CHRISTCHURCH 8140
Solicitors	Sister districts/cities
Buddle Findlay PO Box 322 CHRISTCHURCH 8140	Akitakata, Hiroshima, Japan Yubetsu, Northern Hokkaido, Japan Toraja Utara, South Sulawesi, Indonesia Coventry, Rhode Island, USA Shandan, Gansu Province, China

Council controlled trading organisations

Council companies

CORDE Limited
(100% owned by Selwyn District Council)

85 Hoskyns Road
ROLLESTON

Phone: (03) 318 8320

Fax: (03) 318 8578

Email: corde@corde.co.nz

Website: www.corde.co.nz

Board

Steve Grave (Chair)

Murray Harrington

Donna Bridgman

Pat McEvedy

Other council organisations

Central Plains Water Trust
(50% owned by Selwyn District Council)

PO Box 90

ROLLESTON 7643

Phone: (03) 347 2800

Fax: (04) 347 2799

Trustees

Pat McEvedy (Chair)

Elle Archer

Les Wanhalla

Olive Webb

Rob Lawrence

Viv Smart

Selwyn District Council

2 Norman Kirk Drive, Rolleston
PO Box 90, Rolleston 7643
0800 SELWYN (735 996)
selwyn.govt.nz

