



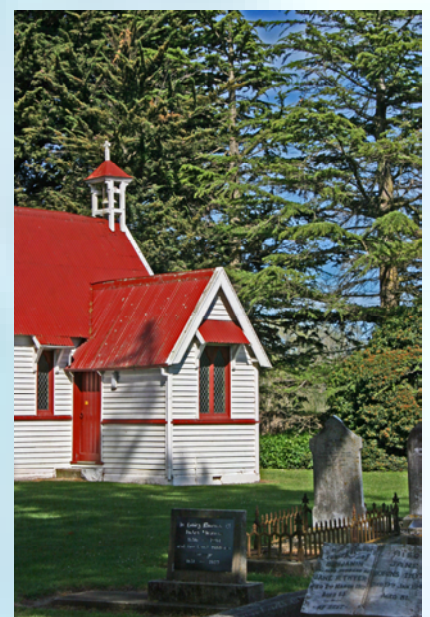
ANNUAL REPORT 2006 - 2007

SELWYN DISTRICT COUNCIL

Primary Business Address

**Selwyn District Council
PO Box 90
ROLLESTON**

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www.selwyn.govt.nz



St Lukes

Who we are and what we do

Our Mission – To achieve excellence in the management of resources and the provision of services for the People of Selwyn District

Statement of values

In fulfilling its statutory and community obligations, the Council will operate according to the following values:

Leadership

The Council will guide, inform and seek community involvement in policy decisions in accordance with the principles of community governance.

Community Service

The Council will provide quality services in a prompt, helpful and friendly manner, minimising the cost through innovative management and best utilisation of resources.

Commercial

The Council's service charges will be based on the benefits of those services to the recipients after considering the equity, efficiency and transparency of those services.

Environment and Biodiversity

The Council will encourage and, where appropriate, enforce measures to sustain and enhance the District's biophysical environment, including its biological diversity.

Health and Safety

The Council will encourage and, where appropriate, enforce measures to sustain and enhance public health and safety.

Economic Development

The Council will encourage and, where appropriate, facilitate sustainable economic development.

Cultural Diversity

The Council will have due regard for the diversity of cultural perspectives within the district.

Treaty of Waitangi (The Treaty)

The Council will take account of its responsibilities as outlined under section 4 of the Local Government Act 2002.

Staff

As a good employer, the Council will continue to attract, retain and develop skilled staff.

Statement on quality of service

The emphasis on quality and service shall be, at all times, the focus of the Council activities.

The Council will maintain and strive to improve the quality of services that are provided.

It will continue to provide services that meet the needs of its 'customers' and exceed their expectations in the process.

To achieve success, the Council will demonstrate innovation in providing solutions to meet those needs and expectations into the future while operating in a cost-effective and business-like manner.

Welcome to Selwyn District's

Annual Report

2006/2007

The purpose of an Annual Report is to compare the actual activities and performance of the Council against that intended in the Long Term Council Community Plan or Annual Budget. The Annual Report also promotes the Council's accountability to the community for the decisions made during the year by the Council.

The financial statements presented in this report are reporting against year two of the Selwyn Community Plan (LTCCP) adopted by Council in June 2006 as varied in the Annual Budget for 2007.



Contents

| | | | |
|--|--------------------|---|------------|
| Who we are and what we do | Inside Front Cover | Financial Interests | 132 |
| Welcome ` | 2 | Selwyn Investment Holdings Limited | 133 |
| Contents | 3 | SICON Limited | 134 |
| Overview of our business | | Selwyn Plantation Board Ltd | 136 |
| A message from the mayor and chief executive | 4 | KB Irrigation Limited | 138 |
| Statement of compliance & responsibility | 5 | Orion Group Limited | 139 |
| How the Council works: | | Central Plains Water Trust | 142 |
| ▶ governance structure | 6 | Tramway Reserve Trust | 143 |
| ▶ management structure | 7 | Orion Selwyn District Centenary Educational Trust | 144 |
| Who's who - the elected representatives | 8 | Contact details | |
| Looking after our people | 11 | Mayor and Councillors | 145 |
| Financials | 12 | Community board members | 146 |
| Audit report | 13 | Where to go for more information | 147 |
| Introduction | 16 | Council companies | 148 |
| Statement of financial performance | 17 | Council organisations | 149 |
| Statement of movements in equity | 18 | Facts on Selwyn District | 150 |
| Statement of financial position | 19 | | |
| Statement of cash flows | 20 | | |
| Statement of accounting policies | 22 | | |
| Notes to the financial statements | 38 | | |
| How we performed | 84 | | |
| Community Services | 86 | | |
| Democracy | 95 | | |
| Environmental Services | 98 | | |
| Transportation & Townships | 104 | | |
| Waste Management | 110 | | |
| Waste Water Services | 114 | | |
| Water Services | 121 | | |
| Internal Council Services | | | |
| Support Services | 127 | | |
| Izone Southern Business Hub & Property Sales | 130 | | |

Joint report from the Mayor And Chief Executive



The 2006-2007 year has been a challenging but deeply satisfying one as a number of big projects advanced to completion and the district's economic and population growth showed no signs of slackening. By the end of the financial year, the district had an estimated 36,400 people - about 3.7% up on the previous year. This growth was reflected in the increased demand for such services as:

- ▶ kerbside waste collection (up 20%);
- ▶ new road sealing (up 19% from 62 kilometres to 74);
- ▶ building consents (up 13% from 1,750 last year to 1,974 this year); and
- ▶ library membership (up 3% from 14,440 to 14,847).

Milestones of note in 2006-2007 included:

- ▶ the installation of the district's first traffic lights, at Rolleston;
- ▶ the installation of the Doyleston water supply;
- ▶ the completion of stage 1 at the Pines sewage treatment facility at Rolleston;
- ▶ the introduction of the organic waste collection in our larger townships;
- ▶ Darfield water supply improvements;
- ▶ the establishment of the Southpark playing fields and 5 urban reserves in Rolleston;
- ▶ the sale of 19 of the 25 lots forming Stage 3 of the Izone industrial park development; and, of course,
- ▶ the start of construction on the long-awaited headquarters at Rolleston.

The Izone development was particularly successful. As at 30 June 2007, the 19 lot sales had brought in \$14.1 million minus the costs of development and initial land purchase.

The project is well on target to meet not only the prime goal of providing more employment opportunities for the people of Selwyn but also a financial return that will reduce the pressure for substantial rates rises in the future.

The organic waste collection has been a lower key success story. After surveying the community in 2005 and identifying a demand for the service in the townships, the collection was launched in June 2006 with an expected harvest of 1,010 tonnes. Because it was rolled out very gradually through the year, only 480 tonnes were collected but more is expected next year.

A less visible, but highly important, area of activity has been our increasing use of strategic planning to enable us to predict, guide and control the direction and impacts of future growth. Examples include:

- ▶ the Lincoln Structure Plan and Integrated Catchment Management Plan;
- ▶ the Greater Christchurch Urban Development Strategy (UDS); and
- ▶ the Christchurch Rolleston and Environs Transport Study (CRETS)

These are just a selection of the things that have kept us busy on your behalf. Much more will be found in the following pages. In closing, though, we wish to acknowledge the councillors and all staff for their commitment and achievements during the year under review. It has been another great year of successful teamwork.

A handwritten signature in black ink, appearing to read 'Kelvin Coe'.

Kelvin Coe
Mayor

A handwritten signature in black ink, appearing to read 'Paul Davey'.

Paul Davey
Chief Executive

Statement of compliance and responsibility

Compliance

The Council and Management of Selwyn District Council confirm that all statutory requirements of section 98 of the Local Government Act 2002 have been complied with, with the exception that the Council did not complete and adopt its Annual Report by 31 October 2007 as required by section 98(3) of the Local Government Act 2002. All other statutory requirements relating to the Annual Report have been complied with.

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 2007 fairly reflect the financial position and operations of the Selwyn District Council.

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.



Mayor
Kelvin Coe



Chief Executive
Paul Davey

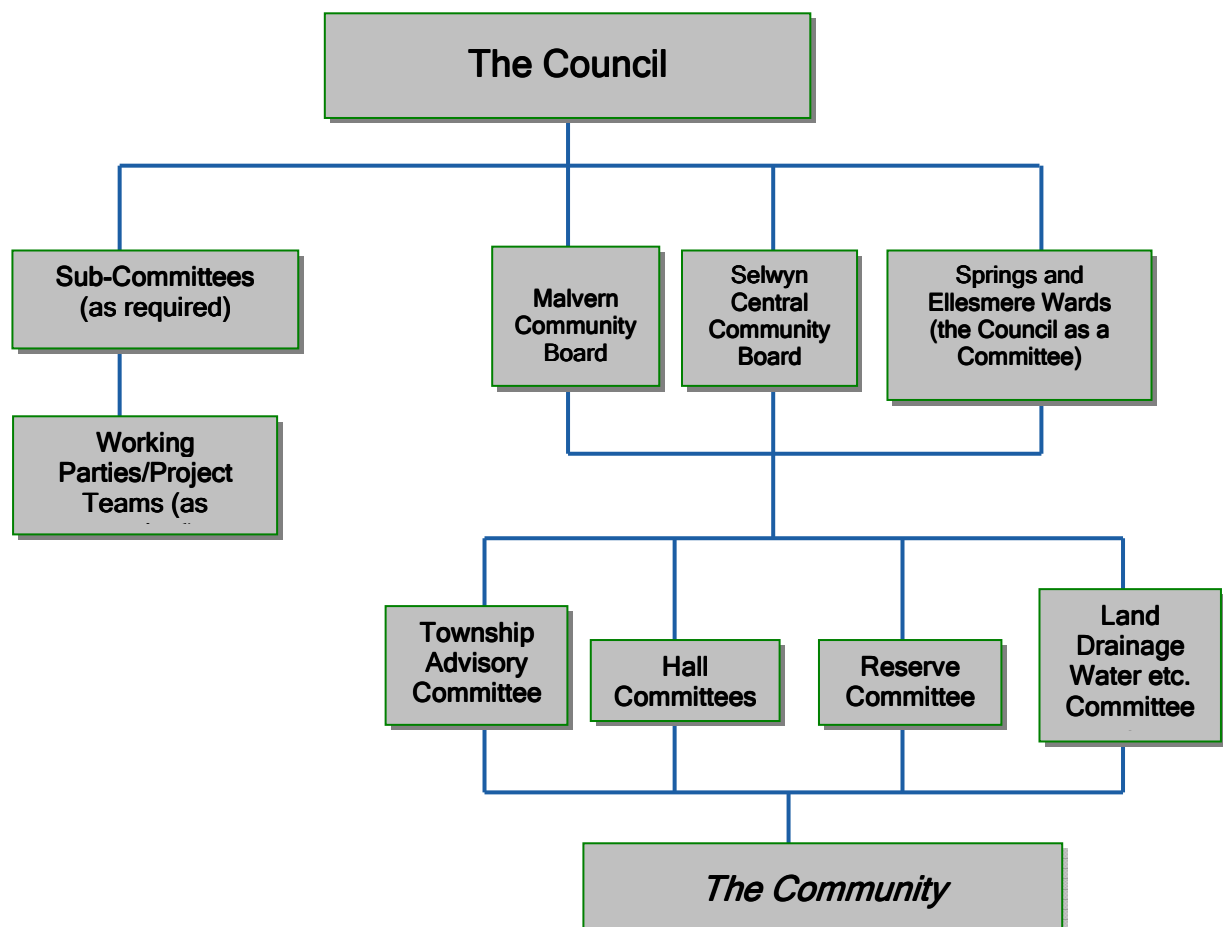


Manager Corporate Services
Douglas Marshall

22 October 2008

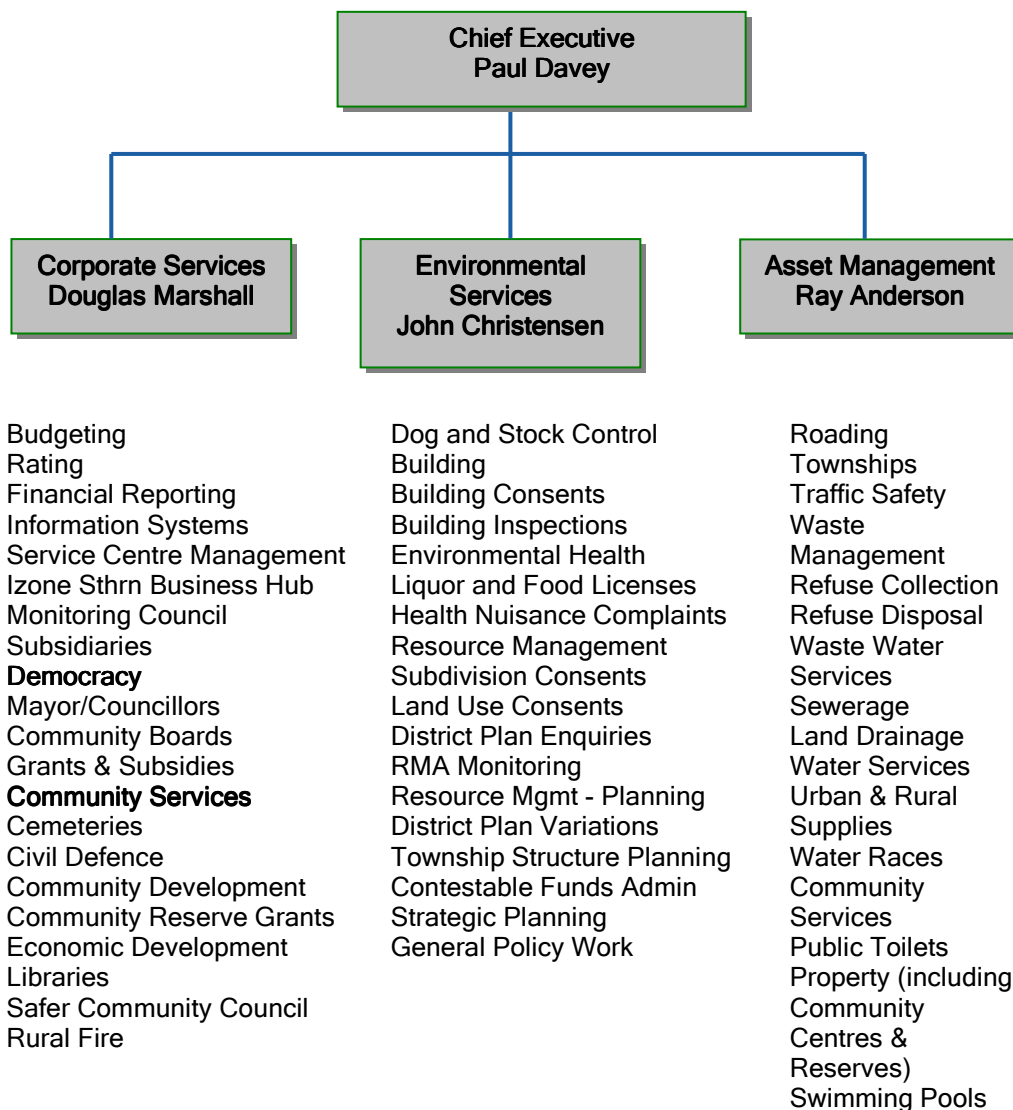
How the Council works

Governance Structure



How the Council works

Management Structure



Who's who - the elected representatives

The Mayor is elected as the Council's leader. The 10 Councillors, including the Deputy Mayor, represent four Selwyn District Wards.

Please note contact details may be found on page 145



Mayor Kelvin Coe

- ▶ Mayor - Selwyn District
- ▶ Deputy Chair Civil Defence Emergency Management Group Joint Committee
- ▶ LGNZ Zone 5
- ▶ McLean Institute
- ▶ Maori & Treaty Liaison



John Morten

- ▶ Deputy Mayor
- ▶ Director Selwyn Investment Holdings Limited
- ▶ Portfolios - Roading, Transport, Township Projects, Museum & Heritage, Debt Recovery/Hardship, Roading & Transport, Land Drainage Hororata/Wairiri, Rural Fire & Coleridge Habitat Trust
- ▶ Representative Regional Land Transport
- ▶ Member Chief Executive Performance Review Committee
- ▶ Member Malvern Community Board
- ▶ Civil Defence Emergency Management Group Joint Committee



Nigel Barnett

- ▶ Portfolios - Rural Fire, Rural Issues, Annual Report/Committee Financial Reporting, Funding/Budgets/LTCCP processes
- ▶ Forestry
- ▶ Passive Reserves
- ▶ Land Buildings, Halls & Housing
- ▶ ECan Land Drainage, Land Drainage Taumutu/Culverts
- ▶ Waterrace Sub-Committee

Who's who - the elected representatives continued



Gary Doyle

- ▶ Portfolio - Electoral Reform, IT, Sewerage, Water Races (Chair), IT, ECan Land Drainage/Waimakariri.Eyre/Cust
- ▶ Chairperson, Road Safety Working Party
- ▶ Member Selwyn District Council Water Race Committee
- ▶ Hearing Commissioner
- ▶ Pest Liaison (Chair)



Annette Foster

- ▶ Director Izone Project Team
- ▶ Portfolio - District Plan, Urban Development Strategy, Social & Community Development, RPS Change 1, District Plan Rewrite/Plan Changes/Monitoring
- ▶ Hearing Commissioner
- ▶ Appointed to Summit Road Society
- ▶ Appointed to Summit Road Authority
- ▶ Member Selwyn Central Community Board, Izone
- ▶ Member Waterrace Subcommittee
- ▶ Te Puna Wai o Tuhinape Community Liaison Committee



Debra Hasson

- ▶ Chairperson Selwyn NZ Creative Arts
- ▶ Deputy Chairperson Canterbury Neighbourhood Support
- ▶ Portfolios - Land Drainage Ellesmere/Greenpark/Osbornes, District Plan Rewrite, Plan Changes, Environmental Issues, Annual Report/Committee Financial Reporting, Funding/Budgets/LTCCP processes
- ▶ Member Chief Executive Performance Review Committee
- ▶ Hearing Commissioner



Malcolm Lyall

- ▶ Portfolio - Arts, Maori & Treaty Issues/Museum/Heritage, Tourism, ECan Land Drainage/Halswell, Building Act, RPS Change 1/Implementation of UDS, Resource Consents
- ▶ Committee Member Creative NZ Assessment
- ▶ Member Chief Executive Performance Review Committee
- ▶ Hearing Commissioner

Who's who - the elected representatives continued



Jack Pearcy

- ▶ Portfolios - Rural Fire, Health & Senior Citizens, ECan Land Drainage/Rakaia, Land Drainage/Leeston Township, District Plan Rewrites/Plan Changes, Monitoring, Resource Consents, Enforcement,
- ▶ Hearing Commissioner
- ▶ Board Member Partnership Health Canterbury
- ▶ Civil Defence Emergency Management Group



Lindsay Philps

- ▶ Portfolios - Solid Waste, Hazardous Substances & Biosecurity
- ▶ Representative Canterbury Waste Working Party
- ▶ Member Land Drainage LII Committee
- ▶ Chairperson Selwyn District Urban Design Working Party
- ▶ Hearing Commissioner
- ▶ Member Chief Executive Performance Review Committee
- ▶ Urban Development Strategy Implementation Committee



Paul Stewart

- ▶ Member Malvern Community Board, Road Safety Committee
- ▶ Portfolios - Environmental Health/Liquor Licensing, Land Drainage Arthur's Pass, Water, Rooding Road Safety Working Party, Reserve Management Plans, Investment Properties, Leisure Facilities Recreation, Libraries, Debt Recovery/Hardship
- ▶ Trustee Canterbury West Coast Sports Trust



Sarah Walters

- ▶ Portfolios - Creative NZ Arts Assessment, Community Development, Employment & Economic Development
- ▶ Strategic Projects
- ▶ RPS, Plan Change 1 Process
- ▶ CHCH Little River Rail Trail Trust

Looking after our people

Equal employment opportunities

The Selwyn District Council has recognised the need to be a 'good employer' in terms of the Equal Employment Opportunities Act. The principles that are embodied within that Act are inherent in the Council's staffing practices and relations. The Council is committed to having in place practices within the Council that work towards eliminating all forms of discrimination.

A policy has been developed to show that the Council is committed to the principle of equal opportunity in the recruitment, employment, training and promotion of its employees. The organisation provides a welcoming positive environment and has a purposeful programme of action to ensure its activities and services are carried out with an awareness of, and intent to eliminate, all forms of discrimination.

Policy statement

The Selwyn District Council will ensure that equal opportunities are promoted and provided within the organisation by:

- ▶ developing, implementing and reviewing an appropriate Equal Employment Opportunity [EEO] programme;
- ▶ fostering a positive climate in the workplace that appreciates a diversity of backgrounds and individual contribution and encourages employees to develop their potential;
- ▶ selecting the best person for the job on the basis of job requirements and the ability of that person to perform the job;
- ▶ ensuring that all personnel policies, procedures and activities reflect the fundamental principles of the EEO policy, in the recruitment, employment, training and promotion of its employees;

- ▶ identifying and providing appropriate training programmes to enable employees to best meet the requirements of their current jobs and to develop additional skills with a view to future promotion opportunities;
- ▶ promoting employees on the basis of performance, and the willingness of the employee to accept greater responsibility;
- ▶ maintaining a workplace free of discrimination and harassment - forms of direct or indirect discrimination include race, colour, ethnic or national origin, gender, religion, marital status, family responsibilities, sexual orientation, age and people with disabilities.

EEO is good business practice and the success of this policy can be judged by the Council's and Management's willingness to apply its principles and ensuring that no one person or group is disadvantaged in any way.


Performance statements

The Council undertook its activities in 2006/2007 with due regard to its EEO policy.

Maori Involvement in Decision-Making

As part of its Strategic Objectives, Council recognises an obligation to take into account the principles of the provisions of the Local Government Act 2002 to recognise and provide for the special relationship between and with Maori, their culture, traditions, land and taonga.

As part of this obligation, representatives of Council attended a consultation meeting with the Te Taumutu Rununga on 18 April 2006 to discuss a variety of issues. Since that date, meetings have been held between staff and Rununga representatives to improve dialogue between the Council and the Rununga.



Financials

This section provides information on the Council's financial performance and position

In this section

Financials

Audit report
Statement of financial performance
Statement of movements in equity
Statement of financial position
Statement of cash flows
Statement of accounting policies
Notes to the financial statements

AUDIT REPORT

TO THE READERS OF SELWYN DISTRICT COUNCIL AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2007

The Auditor-General is the auditor of Selwyn District Council and group. The Auditor-General has appointed me, K J Boddy, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group for the year ended 30 June 2007, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council and group on pages 17 to 131:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the District Council and group's financial position as at 30 June 2007; and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the District Council and group on pages 85 to 131 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

The audit was completed on 22 October 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

Financials

Audit Report

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, performance information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2007. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Financials

Audit Report

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in the District Council or any of its subsidiaries.

A handwritten signature in black ink, appearing to read 'K J Boddy', with a large, stylized initial 'K' and 'J'.

K J Boddy
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Financials

Introduction

Financial Highlights

The financial comments below relate to the Council and do not include the results of the group.

Expenditure

The Council continued its commitment to ensure its expenditure was kept overall within the budgets agreed to in the consultation with the public during the budget preparation process.

Actual operating expenditure of \$36.3 million was under budget by \$3.1 million. Items of interest include:

- ▶ Expenditure in the majority of Council activities was close to budget. An area of note is the building consent processing and inspection function. Due to the significant building activity in the district, expenditure was over budget by \$0.5 million. The Council has received significantly higher fees from building consents and inspections. These higher fees are \$0.7 million over budget thus effectively balancing the increased expenditure.
- ▶ Expenditure on the Izone Southern Business Hub includes an internal cost of \$2.16 million. The removal of the internal cost from the statement of financial performance reduces expenditure compared with budget by this amount.

Income

Council income was significantly over budget by \$14.7 million. This was due to:

- ▶ Significant growth experienced by building and subdivision activity in the district in 2007, resulting in exceptional vested assets revenue at \$10.3 million (vested assets are water, roads, sewerage and reserves constructed by land developers that are transferred to the Council).

This is \$8 million greater than budget. This income is not cash that can be used by the Council to fund its activities.

- ▶ Other items where revenue exceeded budget, including dividend income from SIHL \$2 million (due to a special dividend from Orion), building consents and inspections \$0.7m and Community Services grant revenue \$0.5m.

Surplus on operations

A surplus after tax on operations of \$21.9 million will be transferred to reserves as follows:

- ▶ General/targeted rate reserves \$8.7 million
- ▶ Special funds \$13.2 million

The surplus is significant but because much relates to vested assets revenue it cannot be used to fund the Council's normal services or reduce future rates.

Statement of financial position (Council)

Overall, the net value of the Council's assets increased by \$98 million. The major reason for the increase in the assets relates to:

- ▶ The revaluation of the district's land, buildings and utilities infrastructure which increased assets by \$76.2 million
- ▶ The operating surplus of \$21.9 million

Statement of cash flows

The Council had a positive operating cash flow of \$17.9 million.

Douglas Marshall
Manager Corporate Services

Financials

Statement of financial performance

For the year ended 30 June 2007

| | Note | Council 2007 \$000 | Council Budget \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|--------------------------------------|------|--------------------------|----------------------------|--------------------------|------------------------|------------------------|
| Income | | | | | | |
| Rates revenue | 3 | 15,767 | 15,842 | 13,877 | 15,699 | 13,803 |
| Other revenue | 4 | 38,635 | 23,361 | 41,149 | 93,424 | 86,655 |
| Other gains / (losses) | 5 | 3,777 | 4,299 | 2,855 | 4,808 | 4,897 |
| Total income | | 58,179 | 43,502 | 57,881 | 113,931 | 105,355 |
| Expenditure | | | | | | |
| Employee benefit expenses | 6 | 7,429 | 6,655 | 5,992 | 25,253 | 21,496 |
| Depreciation and amortisation | 7 | 9,467 | 9,233 | 8,375 | 11,845 | 10,322 |
| Other expenses | 8 | 19,360 | 23,484 | 16,334 | 49,934 | 41,781 |
| Finance costs | 9 | - | - | 7 | 533 | 451 |
| Total operating expenditure | | 36,256 | 39,372 | 30,708 | 87,565 | 74,050 |
| Operating surplus before tax | | 21,923 | 4,130 | 27,173 | 26,366 | 31,305 |
| Share of associate surplus/(deficit) | 17 | - | - | - | - | - |
| Surplus before tax | | 21,923 | 4,130 | 27,173 | 26,366 | 31,305 |
| Income tax expense | 10 | 50 | 50 | 60 | 607 | (916) |
| Surplus after tax | | 21,873 | 4,080 | 27,113 | 25,759 | 32,221 |
| <i>Attributable to:</i> | | | | | | |
| Council | | 21,873 | 4,080 | 27,113 | 24,319 | 30,512 |
| Minority Interest | | - | - | - | 1,440 | 1,709 |
| | | 21,873 | 4,080 | 27,113 | 25,759 | 32,221 |

This statement should be read in conjunction with the accompanying accounting policies and notes to the financial statements

Financials

Statement of movements in equity

For the year ended 30 June 2007

| | Note | Council 2007 \$000 | Council Budget \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|--|------|--------------------------|----------------------------|--------------------------|------------------------|------------------------|
| Balance at 1 July | | 613,051 | 535,323 | 587,661 | 655,675 | 622,399 |
| <i>Property, plant and equipment</i> | | | | | | |
| Revaluation gains/(losses) taken to equity | 30 | 76,190 | 3,949 | 402 | 78,771 | (297) |
| <i>Financial assets at fair value through equity</i> | | | | | | |
| Valuation gains/(losses) taken to equity | 28 | - | - | (2,125) | - | 2,000 |
| Deferred tax on revalued items | 10 | (26) | - | - | (77) | - |
| Income/(expense) recognised directly to equity | | 76,164 | 3,949 | (1,723) | 78,694 | 1,703 |
| Surplus for the year | | 21,873 | 4,080 | 27,113 | 25,759 | 32,221 |
| Total recognised income/(expense) for the year * | | 98,037 | 8,029 | 25,390 | 104,453 | 33,924 |
| Minority share in revaluation movement | 31 | - | - | - | 1,556 | - |
| Dividends to minority interest | 31 | - | - | - | (471) | (648) |
| Balance at 30 June | | 711,088 | 543,352 | 613,051 | 761,213 | 655,675 |

* Total recognised income/(expense) for the year is attributable to:

| | | | | | |
|-------------------------|---------------|--------------|---------------|----------------|---------------|
| Selwyn District Council | 98,037 | 8,029 | 25,390 | 103,013 | 32,215 |
| Minority interest | - | - | - | 1,440 | 1,709 |
| | 98,037 | 8,029 | 25,390 | 104,453 | 33,924 |

Financials

Statement of financial position

As a 30 June 2007

| | Note | Actual 2007 \$000 | Council Budget 2007 \$000 | Actual 2006 \$000 | Group Actual 2007 \$000 | Actual 2006 \$000 |
|--------------------------------------|------|-------------------------|------------------------------------|-------------------------|----------------------------------|-------------------------|
| Current assets | | | | | | |
| Cash and cash equivalents | 11 | 21,563 | 5,641 | 29,770 | 28,319 | 39,066 |
| Trade and other receivables | 12 | 7,799 | 7,857 | 5,141 | 15,351 | 13,593 |
| Inventory and work in progress | 13 | - | - | - | 4,026 | 3,792 |
| Livestock | 14 | - | - | - | 903 | 420 |
| Other financial assets | 15 | 4,500 | 3,000 | 9,604 | 9,977 | 19,606 |
| Income taxation receivable | 10 | 41 | - | (1) | 3,357 | 2,610 |
| Property held for sale | 16 | 1,930 | 352 | 1,373 | 1,930 | 1,373 |
| Total current assets | | 35,833 | 16,850 | 45,887 | 63,863 | 80,460 |
| Non-current assets | | | | | | |
| Trade and other receivables | 12 | 154 | 200 | 150 | 154 | 150 |
| Other financial assets | 15 | 105,124 | 66,043 | 107,068 | 62,999 | 64,943 |
| Investment in associates | 17 | - | - | - | - | - |
| Investment property | 18 | 565 | 495 | 510 | - | - |
| Forestry assets | 19 | 338 | 202 | 301 | 10,538 | 9,501 |
| Property, plant and equipment | 20 | 577,305 | 467,933 | 464,106 | 642,870 | 518,158 |
| Development property | 21 | 3,597 | - | 2,779 | 3,597 | 2,779 |
| Intangible assets | 22 | 266 | 220 | 184 | 2,016 | 1,955 |
| Total non-current assets | | 687,349 | 535,093 | 575,098 | 722,174 | 597,486 |
| TOTAL ASSETS | | 723,182 | 551,943 | 620,985 | 786,037 | 677,946 |
| Current liabilities | | | | | | |
| Trade and other payables | 23 | 10,838 | 7,557 | 6,643 | 16,113 | 11,998 |
| Employee benefit liabilities | 24 | 770 | 683 | 867 | 2,820 | 2,790 |
| Other provisions | 25 | - | - | - | 88 | 218 |
| Borrowings | 26 | - | - | - | 1,361 | 2,395 |
| Total current liabilities | | 11,608 | 8,240 | 7,510 | 20,382 | 17,401 |
| Non-current liabilities | | | | | | |
| Employee benefit liabilities | 24 | 93 | 69 | 69 | 289 | 273 |
| Other provisions | 25 | 309 | 282 | 309 | 309 | 309 |
| Deferred tax | 10 | 84 | - | 46 | 625 | 512 |
| Borrowings | 26 | - | - | - | 3,219 | 3,776 |
| Total non-current liabilities | | 486 | 351 | 424 | 4,442 | 4,870 |
| Equity | | | | | | |
| General funds | 27 | 522,870 | 349,444 | 508,888 | 563,905 | 547,477 |
| Fair value through equity reserve | 28 | 42,145 | - | 42,145 | 18,622 | 18,622 |
| Special funds | 29 | 45,351 | 18,404 | 37,383 | 45,351 | 37,383 |
| Revaluation reserve | 30 | 100,722 | 175,504 | 24,635 | 102,553 | 23,936 |
| Minority Interest | 31 | - | - | - | 30,782 | 28,257 |
| Total equity | | 711,088 | 543,352 | 613,051 | 761,213 | 655,675 |
| TOTAL LIABILITIES AND EQUITY | | 723,182 | 551,943 | 620,985 | 786,037 | 677,946 |

Financials

Statement of cash flows

For the year ended 30 June 2007

| | Note | Council Actual 2007 \$000 | Council Budget 2007 \$000 | Council Actual 2006 \$000 | Group Actual 2007 \$000 | Group Actual 2006 \$000 |
|---|------|------------------------------------|------------------------------------|------------------------------------|----------------------------------|----------------------------------|
| Operating activities | | | | | | |
| Cash was provided from: | | | | | | |
| Receipts from customers | | 35,035 | 31,323 | 35,839 | 87,707 | 78,336 |
| Agency receipts | | 740 | 550 | 655 | 740 | 655 |
| Interest received | | 2,489 | 1,670 | 3,320 | 4,230 | 4,281 |
| Dividends received | | 4,862 | 3,900 | 5,112 | 5,044 | 2,912 |
| Income taxation received | | - | - | - | - | - |
| Net GST | | (485) | - | 104 | (439) | 27 |
| | | <u>42,641</u> | <u>37,443</u> | <u>45,030</u> | <u>97,282</u> | <u>86,211</u> |
| Cash was distributed to: | | | | | | |
| Suppliers/employees | | 23,921 | 30,189 | 22,663 | 72,514 | 62,835 |
| Agency payments | | 751 | 550 | 681 | 751 | 681 |
| Income taxation | | 80 | - | 61 | 1,348 | 1,611 |
| Interest paid | | - | - | 7 | 546 | 412 |
| | | <u>24,752</u> | <u>30,739</u> | <u>23,412</u> | <u>75,159</u> | <u>65,539</u> |
| Net cash from operating activities | 32 | 17,889 | 6,704 | 21,618 | 22,123 | 20,672 |
| Investment activities | | | | | | |
| Cash was provided from: | | | | | | |
| Sale of property, plant & equipment | | 4,238 | 4,299 | 3,874 | 4,496 | 20,815 |
| Sale of property intended for sale | | - | - | - | - | - |
| Proceeds from investments | | 7,118 | - | 13,033 | 11,641 | 10,087 |
| Community loan repayments | | - | - | - | - | - |
| | | <u>11,356</u> | <u>4,299</u> | <u>16,907</u> | <u>16,137</u> | <u>30,902</u> |
| Cash was applied to: | | | | | | |
| Purchase of property, plant and equipment | | 30,073 | 37,243 | 17,183 | 39,551 | 23,414 |
| Construction of council headquarters | | 7,246 | 13,544 | - | 7,246 | - |
| Purchase of intangible assets | | 133 | - | 139 | 147 | 1,785 |
| Community loan lending | | - | - | - | - | - |
| Purchase of investments and goodwill | | - | - | 387 | - | - |
| | | <u>37,452</u> | <u>50,787</u> | <u>17,709</u> | <u>46,944</u> | <u>25,199</u> |
| Net cash from investing activities | | (26,096) | (46,488) | (802) | (30,807) | 5,703 |

Financials

Statement of cash flows - continued

| | Note | Council Actual 2007 \$000 | Council Budget 2007 \$000 | Council Actual 2006 \$000 | Group Actual 2007 \$000 | Group Actual 2006 \$000 |
|--|------|------------------------------------|------------------------------------|------------------------------------|----------------------------------|----------------------------------|
| Financing activities | | | | | | |
| Cash was provided from: | | | | | | |
| Loans raised | | - | - | - | - | 2,080 |
| | | - | - | - | - | 2,080 |
| Cash was applied to: | | | | | | |
| Settlement of loans | | - | - | - | 1,591 | 145 |
| Dividend paid | | - | - | - | 472 | 649 |
| | | - | - | - | 2,063 | 794 |
| Net cash from financing activities | | - | - | - | (2,063) | 1,286 |
| Net increase/decrease in cash | | (8,207) | (39,784) | 20,816 | (10,747) | 27,661 |
| Plus opening cash 1 July | | 29,770 | 48,425 | 8,954 | 39,066 | 11,405 |
| Closing cash 30 June | | 21,563 | 8,641 | 29,770 | 28,319 | 39,066 |
| Summary of cash resources | | | | | | |
| Cash and bank | | 4,297 | 8,641 | 3,826 | 5,092 | 6,099 |
| Short term deposits maturing within 3 months | | 17,266 | - | 25,944 | 23,227 | 32,967 |
| | | 21,563 | 8,641 | 29,770 | 28,319 | 39,066 |

This statement should be read in conjunction with the accompanying accounting policies and notes to the financial statements

Financials

Statement of accounting policies

Statement of reporting entity

Selwyn District Council is a territorial local authority governed by the Local Government Act 2002.

The Selwyn District Council group consists of Selwyn District Council and its subsidiary Selwyn Investment Holdings Ltd (100% owned) and its subsidiaries SICON Limited (100% owned), KB Irrigation Limited (100% owned) and Selwyn Plantation Board Ltd (60.68% owned) and its associate Central Plains Water Trust which is equity accounted (50% owned).

All Selwyn District Council subsidiaries and Central Plains Water Trust are incorporated in New Zealand.

The primary objective of Selwyn District Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Selwyn District Council has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of Selwyn District Council are for the year ended 30 June 2007. The financial statements were authorised for issue by the Council on 22 October 2008.

Basis of preparation

The financial statements of Selwyn District Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand General Accepted Accounting Practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

This is the first set of financial statements prepared using NZ IFRS and comparatives for the year ended 30 June 2006 have been restated to NZ IFRS accordingly. Reconciliations of equity and net surplus/(deficit) for the year ended 30 June 2006 under NZ IFRS to the balances reported in the 30 June 2006 financial statements are detailed in note 1.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of position as at 1 July 2005 for the purposes of the transition to NZ IFRS.

The financial statements have been prepared on an historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property, biological assets and financial instruments (including derivative instruments).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Selwyn District Council is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of financial performance.

Standards and interpretation issued and not yet adopted

There are no standards, interpretations, and amendments that have been issued, but are not yet effective, other than NZ IFRS 7 Financial Instruments: Disclosures and the impending changes outlined on the initial application of NZ IAS 23 Borrowing Costs (revised) that Selwyn District Council has not yet applied.

When effective, these standards will require additional disclosures in the financial statements and NZ IAS 23 may have an impact on accounting for finance costs and large capital projects.

Financials

Statement of accounting policies - continued

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

Subsidiaries

Selwyn District Council consolidates as subsidiaries in the group financial statements, all entities where Selwyn District Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where Selwyn District Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Selwyn District Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Selwyn District Council measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over Selwyn District Council's consolidated interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If Selwyn District Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the statement of financial performance.

Basis of consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together, like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

Selwyn Investment Holdings Ltd and Group entities that have been consolidated have a balance date of 30 June with the exception of Selwyn Plantation Board Ltd which has a balance date of 31 March.

Associates

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

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

Financials

Statement of accounting policies - continued

Selwyn District Council's share in the associate's surplus or deficits resulting from unrealised gains on transactions between Selwyn District Council and its associates is eliminated.

Selwyn District Council's investments in associates are carried at cost in Selwyn District Council's own 'parent entity' financial statements.

Revenue

Revenue is measured at the fair value of consideration received.

Rates revenue

Rates are set annually by a resolution from the Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Other revenue

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on a usage basis.

Selwyn District Council received government grants from Land Transport New Zealand, which subsidises part of Selwyn District Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Grant revenue other than Land Transport New Zealand is recognised when terms and conditions pertaining to that grant have been fulfilled.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Selwyn District Council are recognised as revenue when control over the asset is obtained.

Development contribution revenue is recognised when received.

Revenue from sale of goods is recognised when Selwyn District Council or the group entities have transferred to the buyer the significant risks and rewards of ownership of the goods.

Revenue from a contract to provide services is recognised by reference to stage of completion of the contract at year end balance date.

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Borrowing costs

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

Grant expenditure

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

Financials

Statement of accounting policies - continued

Income tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

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 surplus.

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 surpluses 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 and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Deferred tax is recognised on taxable temporary differences arising on investments and subsidiaries, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Cash and cash equivalents

Cash and cash equivalents includes cash in 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 within borrowings in current liabilities in the statement of financial position.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that they will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Inventories and work in progress (Group)

Inventories held for use in the production of goods and services are valued at the lower of cost and current replacement cost. The cost of purchased inventory is determined using the FIFO method for Selwyn Plantation Board Ltd and weighted average for SICON Limited and KB Irrigation Limited. In case of manufactured goods, cost includes direct materials, labour and production overheads associated with putting the inventories in their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion.

The write down from cost to net realisable value is recognised in the statement of financial performance.

Financials

Statement of accounting policies - continued

Livestock

Livestock is valued at its fair value less estimated point of sale costs. Livestock was valued at fair market values as at 31 March 2007 by Mr Bryan Brice of PGG Wrightson, Stock and Station Agent.

Financial assets

Selwyn District Council and group entities classify their financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determine the classification of investments at initial recognition and re-evaluate this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the statement of financial performance.

Purchases and sales of investments are recognised on trade-date, the date on which Selwyn District Council or group entities commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Selwyn District Council or group entities have transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Selwyn District Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

1. Financial assets at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the Management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date.

After initial recognition, they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of financial performance.

Currently, Selwyn District Council and group entities are valuing embedded derivatives in this category.

2. Loans and receivables.

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance.

Currently, Selwyn District Council has community loans, Central Plains Water Limited loan, short term deposits, rural housing loans and trade and other receivables in this category.

Financials

Statement of accounting policies - continued

3. Held to maturity investments.

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that Selwyn District Council and group entities have the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance.

Currently, Selwyn District Council holds bond investments in this category.

4. Financial assets at fair value through equity.

Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above.

This category encompasses:

- ▶ Investments that Selwyn District Council intends to hold long-term but which may be realised before maturity; and
- ▶ Shareholdings that Selwyn District Council holds for strategic purposes. Selwyn District Council's investment in its subsidiary and other equity investments that are not associates are included in this category.

After initial recognition, these investments are measured at their fair value with valuations performed by an independent valuer with sufficient regularity to ensure no investments are included at a valuation that is materially different from fair value. The valuation changes are recognised and held in a revaluation reserve.

The investment in Selwyn Investment Holdings Ltd (SIHL) is valued based on an independent valuation as at 30 June 2006 completed by Ernst & Young Corporate Finance Limited, Wellington dated 19 June 2007.

Selwyn District Council's investment in Orion Group Limited is valued based on an independent valuation as at 30 June 2006 completed by Ernst & Young Corporate Finance Limited, Wellington dated 18 August 2006. This valuation is based on the present value of the company's estimated future earnings.

Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the statement of financial performance. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in the statement of financial performance even though the asset has not been derecognised.

Impairment of financial assets

At each balance date, Selwyn District Council and group entities assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the statement of financial performance.

Property, plant and equipment

Property, plant and equipment of Selwyn District Council and group entities consist of:

Operational Assets - these include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

Financials

Statement of accounting policies - continued

Restricted Assets - restricted assets are parks and reserves owned by Selwyn District Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructural Assets - infrastructural asset are fixed utility systems and roading networks owned by Selwyn District Council. Each asset class includes all items that are required for the network to function.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses. Farm land, land under roads and other land are not depreciated.

Additions

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the statement of financial performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Financials

Statement of accounting policies - continued

Depreciation

Selwyn District Council

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:

| | | |
|---|-----------------|---------------|
| Buildings | 20 - 180 years | (0.6% - 5%) |
| Heritage | 20 - 180 years | (0.6% - 5%) |
| Heavy Plant & Machinery | 10 years | (10%) |
| Other Plant & Machinery | 5 years | (20%) |
| Motor Vehicles | 4 years | (25%) |
| Furniture & Fittings | 10 years | (10%) |
| Library Books | 7 years | (14.3%) |
| Computer Equipment | 4 years | (25%) |
| Roads | | |
| Formation/Sub Grade | Not depreciated | |
| Sub Base - Sealed Roads Only | Not depreciated | |
| Base Course | 13 - 99 years | (1.0% - 7.7%) |
| Surface - Sealed Roads | 1 - 18 years | (5.6% - 100%) |
| Surface - Unsealed Roads | 40 years | (2.5%) |
| Kerb & Channelling | 50 years | (2%) |
| Footpaths Base and Surface | 40 years | (2.5%) |
| Culverts | 50 - 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%) |
| Water Races - Structure | | |
| | 30 - 122 years | (0.8% - 3.3%) |
| Water Races - Race | | |
| | Not depreciated | |
| Land Drainage & Storm Water- Structure | | |
| | 9 - 100 years | (1% - 11%) |
| Land Drainage & Storm Water - Drain | | |
| | Not depreciated | |
| Water supplies | | |
| Wells | 40 years | (2.5%) |
| Pump Stations | 10 - 100 years | (1% - 10%) |
| Reservoirs | 50 - 75 years | (1.3% - 2%) |
| Valves Service Connections | 20 - 50 years | (2% - 5%) |
| Pipes & Fire Hydrants | 33 - 75 years | (1.3% - 3%) |
| Sewerage Systems | | |
| Manholes | 75 years | (1.3%) |
| Pipes | 50 - 75 years | (1.3% - 2%) |
| Pump Stations | 10 - 100 years | (1% - 10%) |
| Sewerage Treatment Stations | 10 - 75 years | (1.3% - 10%) |
| Service Connection | 75 years | (1.3%) |

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Financials

Statement of accounting policies - continued

Selwyn Investment Holdings Limited

Depreciation is provided on all property, plant and equipment on a diminishing value basis at rates allowed by the Inland Revenue for that class of asset.

SICON Limited (SICON)

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 association depreciation rates of major classes of assets have been estimated as follows:

| | | |
|----------------------|---------------|---------------|
| Buildings | 10 - 33 years | (3% - 10%) |
| Improvements | 10 - 50 years | (2% - 10%) |
| Plant & Machinery | 2 - 12 years | (8.3% - 50%) |
| Motor Vehicles | 6 - 10 years | (10% - 16.7%) |
| Furniture & Fittings | 3 - 10 years | (10% - 33%) |
| Computer Equipment | 3 years | (33%) |

Selwyn Plantation Board Ltd (SPBL)

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 association depreciation rates of major classes of assets have been estimated as follows:

| | | |
|-------------------------|---------------|------------|
| Buildings | | |
| ▶ Wooden | 40 years | (2.5%) |
| ▶ Brick | 50 years | (2%) |
| Improvements | 10 - 50 years | (2% - 10%) |
| Heavy Plant & Machinery | 5-10 years | (10%-20%) |
| Other Plant & Machinery | 5 years | (20%) |
| Motor Vehicles | 5 years | (20%) |
| Furniture & Fittings | 5 years | (20%) |
| Computer Equipment | 5 years | (20%) |

KB Irrigation Limited (KB Irrigation)

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 association depreciation rates of major classes of assets have been estimated as follows:

| | | |
|----------------------|---------------|-------------|
| Buildings | 12 - 20 years | (5% - 8.3%) |
| Plant & Machinery | 5 years | (20%) |
| Motor Vehicles | 5 years | (20%) |
| Furniture & Fittings | 5 years | (20%) |
| Computer Equipment | 5 years | (20%) |

Revaluation

Those asset classes that are revalued are valued either on a three yearly or yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

If there is a material difference, then the relevant classes are revalued.

Financials

Statement of accounting policies - continued

Farm land -Selwyn District Council and SPBL

Farm land is revalued annually at fair value as determined from market-based evidence by an independent valuer. The valuation of Selwyn District Council was performed by R O Chapman B Com (VPM) SPINZ (ANZIV) AREINZ MIPMV Registered Valuer and S E J Newberry B Com (VPM) SPINZ (ANZIV) Registered Valuer of FordBaker Limited and the valuation is effective as at 30 June 2007. The valuation of SPBL was performed by KC Hagan Dip VFM ANZIV Registered Valuer and the valuation is effective as at 31 March 2007. Under NZ IFRS SPBL has elected to use fair value of farm land as at 31 March 2005 as deemed cost.

Other land and buildings

Other land and buildings are valued on a three yearly basis at fair value as determined from market-based evidence by an independent valuer. The most recent valuation of Selwyn District Council, KB Irrigation and SICON was performed by R O Chapman B Com (VPM) SPINZ (ANZIV) AREINZ MIPMV Registered Valuer and S E J Newberry B Com (VPM) SPINZ (ANZIV) Registered Valuer of FordBaker Limited and the valuation is effective as at 30 June 2007. The most recent valuation of SPBL was performed by KC Hagan Dip VFM ANZIV Registered Valuer and the most recent valuation is effective as at 31 March 2007. Under NZ IFRS SPBL has elected to use fair value of other land and buildings as at 31 March 2005 as deemed cost. Under NZ IFRS SICON has elected to use fair value of other land and buildings as at 30 June 2005 as deemed cost.

Infrastructural asset classes: roads, water reticulation, sewerage reticulation, stormwater, land drainage and water race systems.

These classes of assets are valued at fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date, Selwyn District Council assesses the carrying values of its infrastructural assets to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. The most recent valuation of the roading network, were valued as at 1 July 2005 by Marvin Clough (BE (Elec), MPINZ) who is a senior valuer with Beca Valuation Ltd. Water, sewerage, stormwater, land drainage and water race assets were valued as at 30 June 2007 by John Vessey (BE (Civil), BA (Econs) Transitional Certificate (Econs), MIPENZ a partner of Opus International Consultants Limited.

Under NZ IFRS1 Selwyn District Council has elected to use the fair value of infrastructural assets as at 1 July 2005 as deemed cost.

Land under roads

Land under roads, are valued based on fair value of adjacent land determined by the Council's finance staff effective 30 June 2005. Under NZ IFRS 1 Selwyn District Council has 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.

Accounting for revaluations

Selwyn District Council (SDC) accounts for revaluations of property, plant and equipment on a class by class basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset for SDC and for each asset for SPBL, SICON and KB Irrigation. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of financial performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Financials

Statement of accounting policies - continued

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the statement of financial performance.

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 (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Gains and losses on sale are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the statement of financial performance.

Investment property

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 at its cost, including transaction costs.

After initial recognition, Selwyn District Council measures all investment property at fair value as determined annually by an independent valuer. The most recent valuation was performed by S E J Newberry B Com (VPM) SPINZ (ANZIV) Registered Valuer of FordBaker Limited and the valuation is effective as at 30 June 2007.

Gains or losses arising from a change in the fair value of investment property are recognised in the statement of financial performance.

Development property

Development properties are properties that are being developed for sale. Development properties are measured at cost. They are transferred to non-current assets held for sale once they are ready for and being marketed for sale.

Forestry assets

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. The Selwyn District Council forest was independently revalued as at 30 June 2007 by Terry O'Neill, Qualified Forester. The SPBL forest was revalued as at 31 March 2007 pursuant to a Directors' valuation. SPBL forest is independently revalued every three years with the most recent valuation being effective as at 31 March 2007 and completed by H Corbett of Chandler Fraser Keating Ltd.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the statement of financial performance.

The costs to maintain the forestry assets are included in the statement of financial performance.

Financials

Statement of accounting policies - continued

Intangible assets

Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the acquisition over Selwyn District Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill on acquisition of subsidiaries is included in intangible assets by applying the purchase method.

Goodwill arising in business combinations is not amortised. Instead, goodwill is tested for impairment annually. After initial recognition, Selwyn District Council measures goodwill at cost less any accumulated impairment losses. An impairment loss recognised for goodwill will not be reversed in any subsequent period.

Software acquisition

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

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

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 period is recognised in the statement of financial performance.

The useful lives and associated amortisation rates for software have been estimated as follows:

| | | |
|---------------------------------|---------|-----|
| Selwyn District Council | 4 years | 25% |
| SICON Limited | 3 years | 33% |
| Selwyn Plantation Board Limited | 5 years | 20% |
| KB Irrigation Limited | 5 years | 20% |

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment 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 value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

If an asset's carrying amount exceeds its recoverable amount, the asset is 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 the statement of financial performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

Financials

Statement of accounting policies - continued

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss of that class of asset was previously recognised in the statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

For assets not carried at a revalued amount (other than goodwill), the reversal of an impairment loss is recognised in the statement of financial performance.

Goods and services tax (GST)

For Selwyn District Council's and SIHL's subsidiaries, all items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (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 the 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.

Employee benefits

Short-term benefits

Employee benefits that Selwyn District Council and group entities expect to be settled within 12 months of balance date are measured at nominal values 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, retiring and long service leave entitlements expected to be settled within 12 months, bonus accruals and sick leave.

Selwyn District Council and group entities recognise a liability for sick leave 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 that Selwyn District Council and group entities anticipate it will be used by staff to cover those future absences.

Selwyn District Council and group entities recognise a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term benefits

Long service leave and retirement leave

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave have been calculated on an actuarial basis. The calculations are based on:

- ▶ Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- ▶ The present value of the estimated future cash flows. A discount rate and an inflation factor were used in this calculation.

Financials

Statement of accounting policies - continued

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of financial performance as incurred.

Defined benefit schemes

Selwyn District Council, SPBL and SICON Limited belong to the 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.

Provisions

Selwyn District Council and group entities recognise a provision for future expenditure of uncertain or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Landfill aftercare provision

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 statement of financial performance 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.

Restricted and Council created 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 Selwyn District Council.

Restricted reserves are those subject to specific conditions accepted as binding by Selwyn District Council and which may not be revised by Selwyn District 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 specified conditions are met.

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

Financials

Statement of accounting policies - continued

Selwyn District Council objectives, policies and processes for managing capital are described in note 40.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, Selwyn District Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Selwyn District Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

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.

Budget figures

The budget figures are those approved by the Council at the beginning of the year in the Annual Budget. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Selwyn District Council for the preparation of the financial statements.

Cost allocation

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

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which 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.

Critical accounting estimates and assumptions

In preparing these financial statements Selwyn District Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements 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 discussed below:

Note 25 discloses an analysis of the exposure of Selwyn District Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Other Financial Assets - Fair Value Through Equity

There are assumptions and estimates used when performing valuations of investments about the future maintainable earnings of investments and the earnings multiple used in these valuations.

Financials

Statement of accounting policies - continued

Infrastructural assets

There are a number of assumptions and estimates used when performing valuations over infrastructural assets. These include:

- ▶ The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- ▶ Estimating any obsolescence or surplus capacity of an assets; and
- ▶ Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted 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 Selwyn District Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of financial performance. To minimise this risk Selwyn District Council's infrastructural asset useful lives have been determined with reference to the NZ 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 the Selwyn District Council's asset management planning activities, which gives Selwyn District Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

Note 1 - Explanation of transition to NZ IFRS

Transition to NZ IFRS

Selwyn District Council's financial statements for the year ended 30 June 2007 are the first financial statements that comply with NZ IFRS. The Council has applied NZ IFRS 1 in preparing these financial statements.

The Council's transition date is 1 July 2005. The Council prepared its opening NZ IFRS statement of financial position at that date. The reporting date of these financial statements is 30 June 2007. The Council's NZ IFRS adoption date is 1 July 2006.

In preparing these consolidated financial statements in accordance with NZ IFRS 1, the Council has applied mandatory exceptions and certain optional exemptions from full retrospective application of NZ IFRS.

Exemptions from full retrospective application elected by the Council

The group has elected to apply the following optional exemptions from full retrospective application:

1. Business combinations exemption

The group has applied the business combinations exemption in NZ IFRS 1 and uses that fair value as the deemed cost as at 1 July 2005.

2. Fair value as deemed cost exemption

The Council has elected to measure the following asset classes at fair value as at 30 June 2005 and use that fair value as deemed cost at 1 July 2005 (transition date):

- Roothing network (including land under roads)
- Water supplies
- Sewerage schemes
- Land drainage
- Water races

SIHL subsidiary, Selwyn Plantation Boards Ltd has elected to measure farm land, other land and buildings at fair value as at 1 April 2005 (their transitional date) and use that fair value as deemed cost at that date.

SIHL subsidiary, SICON Limited has elected to measure other land and buildings at fair value as at 1 July 2005 (transitional date) and use that fair value at that date.

The group is required to make the following mandatory exception from retrospective application:

Estimates exception - estimates under NZ IFRS at 1 July 2005 are consistent with estimates made for the same date under previous GAAP.

Financials

Notes to the financial statements - continued

Reconciliation of equity

The following tables show the changes in equity, resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 July 2005 and 30 June 2006.

1. Council reconciliation of equity

| | Note | Previous NZ GAAP 1-Jul-05 | Effect on transition to NZ IFRS 1-Jul-05 | NZ IFRS 1-Jul-05 | Previous NZ GAAP 30-Jun-06 | Effect on transition to NZ IFRS 30-Jun-06 | NZ IFRS 30-Jun-06 |
|---------------------------------------|-------------------|---------------------------------|---|---------------------|----------------------------------|--|----------------------|
| Current assets | | | | | | | |
| Cash and cash equivalents | a | 3,060 | 5,894 | 8,954 | 3,826 | 25,944 | 29,770 |
| Trade and other receivables | a,b | 7,810 | 8 | 7,818 | 5,190 | (49) | 5,141 |
| Other financial assets | a | 28,498 | (5,894) | 22,604 | 35,515 | (25,911) | 9,604 |
| Income taxation receivable | | (7) | - | (7) | (1) | - | (1) |
| Assets held for sale | | 352 | - | 352 | 1,373 | - | 1,373 |
| Total current assets | | 39,713 | 8 | 39,721 | 45,903 | (16) | 45,887 |
| Non-current assets | | | | | | | |
| Trade and other receivables | c | - | 124 | 124 | - | 150 | 150 |
| Other financial assets | c,d | 64,663 | 44,430 | 109,093 | 65,050 | 42,018 | 107,068 |
| Investment in associates | | - | - | - | - | - | - |
| Investment property | e | 482 | 18 | 500 | 492 | 18 | 510 |
| Forestry assets | f | 202 | - | 202 | 202 | 99 | 301 |
| Property, plant and equipment | g | 365,185 | 77,720 | 442,905 | 462,231 | 1,875 | 464,106 |
| Development property | g | - | 3,689 | 3,689 | - | 2,779 | 2,779 |
| Intangible assets | g | - | 71 | 71 | - | 184 | 184 |
| Total non-current assets | | 430,532 | 126,052 | 556,584 | 527,975 | 47,123 | 575,098 |
| TOTAL ASSETS | | 470,245 | 126,060 | 596,305 | 573,878 | 47,107 | 620,985 |
| Current liabilities | | | | | | | |
| Trade and other payables | h | 7,557 | - | 7,557 | 6,661 | (18) | 6,643 |
| Employee benefit liabilities | h | 683 | 12 | 695 | 837 | 30 | 867 |
| Total current liabilities | | 8,240 | 12 | 8,252 | 7,498 | 12 | 7,510 |
| Non-current liabilities | | | | | | | |
| Employee benefit liabilities | | 69 | - | 69 | 69 | - | 69 |
| Other provisions | | 284 | - | 284 | 309 | - | 309 |
| Deferred tax | i | - | 39 | 39 | - | 46 | 46 |
| Total non-current liabilities | | 353 | 39 | 392 | 378 | 46 | 424 |
| Equity | | | | | | | |
| General reserve | b,c,d,e,f,g,h,i,j | 314,915 | 175,033 | 489,948 | 332,219 | 176,669 | 508,888 |
| Fair value through equity reserve | d | - | 44,270 | 44,270 | - | 42,145 | 42,145 |
| Special funds | | 29,083 | - | 29,083 | 37,383 | - | 37,383 |
| Revaluation reserve | j | 117,654 | (93,294) | 24,360 | 196,400 | (171,765) | 24,635 |
| Total equity | | 461,652 | 126,009 | 587,661 | 566,002 | 47,049 | 613,051 |
| TOTAL LIABILITIES & EQUITY | | 470,245 | 126,060 | 596,305 | 573,878 | 47,107 | 620,985 |

Financials

Notes to the financial statements - continued

Explanatory notes for reconciliation of Council equity:

- a *Cash and cash equivalents* - term deposits with maturities less than three months have been reclassified as cash and cash equivalents (transition date \$5,894,000 and 30 June 2006 \$25,911,000). The 2006 financial statements also included a classification error between cash and trade receivables of \$33,000 which has been corrected in these financial statements.
- b *Current trade and other receivables* - Building levies are collected on behalf of the Building Industry Association. The receipt and payment of these levies were previously treated as revenue and expenditure. Under NZ IFRS the receipts and payments are reflected in the statement of financial position reflecting the agency nature of the transactions (transition date \$8,000 and 30 June 2006 \$34,000).
- c *Non current trade and other receivables* - Community loans were previously disclosed as investments (transition date \$174,000 and 30 June \$160,000). The Council has loaned this money at interest rates lower than market value. Under previous GAAP community loans had been valued at the original loan principal amount, less any loan repayments made. NZ IAS 39 requires receivables to be initially recognised at fair value and subsequently measured at amortised cost. The effect of this plus the write off of irrecoverable loan was at transition date (\$50,000) and at 30 June 2006 (\$10,000).
- d *Non current other financial assets*
- ▶ The Council's investments in Selwyn Investment Holdings Limited and Transwaste Limited were recognised at cost under previous GAAP. The Council has designated these investments as fair value through equity under NZ IAS 39. The effect on transition to NZ IFRS is an increase in the carrying value of the investments and fair value through equity reserve of \$44,270,000 and as at 30 June 2006 of \$42,145,000.
 - ▶ Recognition of an embedded derivative as required by NZ IAS 39 at fair value (transition date \$334,000 and 30 June 2006 \$33,000).
- e *Investment property* was previously recognised at net current value. NZ IFRS require investment property to be valued at fair value. Therefore disposal costs of \$18,000 at transition date and 30 June 2006 have been added to the value of investment property.
- f *Forestry assets* are required to be fair valued annually. The valuation was not completed under NZ GAAP in 2006 and the forestry assets increased by \$99,000 as at 30 June 2006.
- g *Property, plant and equipment adjustments* consist of the following:
- ▶ The Council has applied the *deemed cost exemption* that is available under NZ IFRS 1 for infrastructural assets. This exemption allows the Council to measure an item of property, plant and equipment at its fair value, and use that fair value as its deemed cost on transition to NZ IFRS. The effect is to transfer the revaluation reserves attributed to infrastructural assets of \$78,861,000 to general funds as at transition date.

The Council valued its infrastructure assets at 1 July 2005 and accounted for the valuation result in 2005/2006. The exemption can only be applied on transition date; therefore the Council has reversed the effect of the valuation in the 2005/2006 financial year and reflected it in the opening transition balances.

There is no change to the carrying value of infrastructural assets at 30 June 2006 as a result of applying this exemption. However, the opportunity to clear the revaluation reserves was taken to better align the Council's asset management and financial systems.

Financials

Notes to the financial statements - continued

- ▶ *Intangible assets* - computer software was classified as part of property, plant and equipment under previous NZ GAAP. It is now classified as an intangible asset under NZ IFRS. (Transition date \$71,000 and 30 June 2006 \$184,000).
- ▶ *Farm land* - the Council owns two farms as strategic land held for potential infrastructure needs in the future. The group has elected to create a new asset class for farm land which will be revalued annually. Therefore, the Council has separately identified the farms and now conducts annual revaluations of this land. (Transition date \$500,000 and 30 June 2006 \$900,000).
- ▶ *Assets held for sale and development property* - the Council has been developing an industrial park, Izone Southern Business Hub at Rolleston for a number of years. This property was treated as current or non-current property intended for sale under NZ GAAP. NZ IFRS requires the industrial park to be classified as development property or assets held for sale.

The park is being developed in stages and will be classified as development property in the non-current assets while development is undertaken. Once development is completed and the stage is being actively marketed it will be classified as assets held for sale as required by NZ IFRS 5.

At transition date \$3,689,000 was transferred to development property (30 June 2006: \$2,779,000).

- ▶ *Stormwater vested assets* - When the Council acquires assets from developers at nil consideration it recognises the fair value of the assets as revenue in the statement of financial performance and assets within the statement of financial position. On transition to NZ IFRS the Council has recognised the fair value of stormwater assets acquired at nil consideration. This has resulted in an increase to equity on transition and increases in vested assets revenue, depreciation expenditure and Property Plant and Equipment assets since transition. These adjustments are the correction of a prior period error as the vested assets should have been recognised in prior periods.

At transition date \$2,119,000 was added to Property Plant and Equipment (30 June 2006 \$3,939,000).

- h *Employee benefit liabilities* are required by NZ IAS 19 to include a provision for sick leave. The Council has recognised employees unused sick leave entitlement than can be carried forward at balance date, to the extent that it is anticipated it will be used by staff to cover future absences. Previous NZ GAAP did not require the Council to have a provision for sick leave. The effect at transition date and 30 June 2006 is to increase employee benefit liabilities by \$12,000.

A classification error of \$18,000 between trade and other payables and employee benefit liabilities has also been corrected as at 30 June 2006.

- i *Deferred tax* - deferred tax is required to be recognised on a comprehensive basis for Council's taxable activities. The effect of this was to create a \$39,000 liability at transition date and \$46,000 liability at 30 June 2006.

- j *Revaluation reserve adjustments* consist of the following:

- i. *Deemed cost* adjustment to infrastructural assets as described in note (g) above has resulted in the transfer of the infrastructural asset revaluation reserve at 1 July 2005 to general funds (transition date \$46,261,000 and 30 June 2006 \$46,261,000).
- ii. *Investment property* revaluation movements under previous NZ GAAP were taken to a revaluation reserve. NZ IAS 40 requires movements to be recognised in the statement of financial performance. The investment property revaluation reserve has therefore been transferred to general funds (transition date \$140,000 and 30 June 2006 \$149,000).

Financials

Notes to the financial statements - continued

- iii. *General funds* - when the Council's investment in Selwyn Plantation Board Ltd was purchased by Selwyn Investment Holdings Limited the revaluation reserves associated with this investment was not transferred to general funds (transition date and 30 June 2006 \$47,393,000).
- iv. The revaluation of farm land increased as discussed in note (g) has increased by \$500,000 at transition date and \$900,000 at 30 June 2006.

Financials

Notes to the financial statements - continued

2. Group reconciliation of equity

| | Note | Previous NZ GAAP 1-Jul-05 | Effect on transition to NZ IFRS 1-Jul-05 | NZ IFRS 1-Jul-05 | Previous NZ GAAP 30-Jun-06 | Effect on transition to NZ IFRS 30-Jun-06 | NZ IFRS 30-Jun-06 |
|---------------------------------------|---------------------|---------------------------------|---|---------------------|----------------------------------|--|----------------------|
| Current assets | | | | | | | |
| Cash and cash equivalents | a | 3,511 | 7,894 | 11,405 | 4,757 | 34,309 | 39,066 |
| Trade and other receivables | a,b | 11,658 | 8 | 11,666 | 13,642 | (49) | 13,593 |
| Inventories & WIP | | 1,766 | - | 1,766 | 3,792 | - | 3,792 |
| Livestock | | 464 | - | 464 | 420 | - | 420 |
| Other financial assets | a | 37,925 | (7,894) | 30,031 | 53,881 | (34,275) | 19,606 |
| Income taxation receivable | | 1,731 | - | 1,731 | 2,610 | - | 2,610 |
| Assets held for sale | c | 8,444 | - | 8,444 | 7,095 | (5,722) | 1,373 |
| Total current assets | | 65,499 | 8 | 65,507 | 86,197 | (5,737) | 80,460 |
| Non-current assets | | | | | | | |
| Trade and other receivables | d | - | 124 | 124 | - | 150 | 150 |
| Other financial assets | d,f | 55,926 | 6,917 | 62,843 | 64,208 | 735 | 64,943 |
| Investment property | g | 482 | (482) | - | 492 | (492) | - |
| Forestry assets | h | 15,785 | - | 15,785 | 9,402 | 99 | 9,501 |
| Property, plant and equipment | c,g,i | 415,941 | 78,165 | 494,106 | 512,963 | 5,195 | 518,158 |
| Development property | i | - | 3,689 | 3,689 | - | 2,779 | 2,779 |
| Intangible assets | i | - | 126 | 126 | 1,646 | 309 | 1,955 |
| Total non-current assets | | 488,134 | 88,539 | 576,673 | 588,711 | 8,775 | 597,486 |
| TOTAL ASSETS | | 553,633 | 88,547 | 642,180 | 674,908 | 3,038 | 677,946 |
| Current liabilities | | | | | | | |
| Trade and other payables | f,j,k | 10,436 | (66) | 10,370 | 12,212 | (214) | 11,998 |
| Employee benefit liabilities | k | 2,156 | 68 | 2,224 | 2,700 | 90 | 2,790 |
| Other provisions | j | - | 239 | 239 | - | 218 | 218 |
| Borrowings | l | 1,809 | - | 1,809 | 3,455 | (1,060) | 2,395 |
| Total current liabilities | | 14,401 | 241 | 14,642 | 18,367 | (966) | 17,401 |
| Non-current liabilities | | | | | | | |
| Employee benefit liabilities | m | 185 | 83 | 268 | 186 | 87 | 273 |
| Other provisions | | 284 | - | 284 | 309 | - | 309 |
| Deferred taxation | e | (196) | 2,356 | 2,160 | (292) | 804 | 512 |
| Borrowings | l | 2,427 | - | 2,427 | 2,716 | 1,060 | 3,776 |
| Total non-current liabilities | | 2,700 | 2,439 | 5,139 | 2,919 | 1,951 | 4,870 |
| Equity | | | | | | | |
| General reserve | b,d,e,g, h,i,m,n | 340,448 | 184,520 | 524,968 | 362,264 | 185,213 | 547,477 |
| Fair value through equity reserve | f | - | 16,792 | 16,792 | - | 18,622 | 18,622 |
| Special funds | | 29,083 | - | 29,083 | 37,383 | - | 37,383 |
| Revaluation reserve | n | 138,740 | (114,380) | 24,360 | 224,271 | (200,335) | 23,936 |
| Minority interest | e,f,k,m, n | 28,261 | (1,065) | 27,196 | 29,704 | (1,447) | 28,257 |
| Total equity | | 536,532 | 85,867 | 622,399 | 653,622 | 2,053 | 655,675 |
| TOTAL LIABILITIES & EQUITY | | 553,633 | 88,547 | 642,180 | 674,908 | 3,038 | 677,946 |

Financials

Notes to the financial statements - continued

Explanatory notes for reconciliation of group equity

- a) *Cash and cash equivalents* - term deposits with maturities less than three months have been reclassified as cash and cash equivalents (transition date \$7,894,000 and 30 June 2006 \$34,276,000). The 2006 financial statements also included a classification error between cash and trade receivables of \$33,000 which has been corrected in these financial statements.
- b) *Current trade and other receivables* - building levies are collected on behalf of the Building Industry Association. The receipt and payment of these levies were previously treated as revenue and expenditure. Under NZ IFRS the receipts and payments are reflected in the statement of financial position reflecting the agency nature of the transactions (transition date \$8,000 and 30 June 2006 \$34,000).
- c) *Assets held for sale* - reclassification of property intended for sale to property, plant and equipment because the criteria for recognising an asset held for sale under NZIFRS 5 were not met at 30 June 2006.
- d) *Non current trade and other receivables* - community loans were previously disclosed as investments (transition \$174,000 and 30 June \$160,000). The Council has loaned this money at interest rates lower than market value. Under previous GAAP community loans had been valued at the original loan principal amount, less any loan repayments made. NZ IAS 39 requires receivables to be initially recognised at fair value and subsequently measured at amortised cost. The effect of this plus the write off of irrecoverable loan was at transition date (\$50,000) and at 30 June 2006 (\$10,000).
- e) *Deferred tax* - deferred tax that is required to be recognised on a comprehensive basis as the partial basis is not permitted. Deferred tax is recognised on a gross basis showing the asset and liability. The key change was the result of the recognition of deferred tax on the forestry balances. Deferred tax assets increased by \$28,000 at transition date and \$19,000 at 30 June 2006. Deferred tax liability increased by \$2,384,000 at transition date and \$823,000 at 30 June 2006.
- f) *Non current other financial assets*
- ▶ The Group's investment Transwaste Limited was recognised at cost, and Orion Group Limited was recognised at the revalued amount under previous GAAP. The Council has designated these investments as fair value through equity under NZ IAS 39. The effect on transition to NZ IFRS is an increase in the carrying value of the investment and fair value through equity reserve of \$6,930,000 at transition date and as at 30 June 2006 of \$1,020,000.
- The investment in Central Plains Water Limited shares was fair valued as required under NZ IAS 39. These shares were fair value at nil.
- ▶ Recognition of an embedded derivative as required by NZ IAS 39 at fair value (transition: \$334,000 and 30 June 2006 \$33,000).
- g) *Investment property (SICON Building)* has been reclassified correctly as property, plant and equipment under NZ IFRS, as it does not meet the definition under NZ IAS 40.
- h) *Forestry assets* are required to be fair valued annually. The valuation was not completed for the Council under NZ GAAP in 2006 and the forestry assets increased by \$99,000 as at 30 June 2006.

Financials

Notes to the financial statements - continued

i) *Property, plant and equipment adjustments* consist of the following:

- ▶ The Council has applied the *deemed cost exemption* that is available under NZ IFRS 1 for infrastructural assets. This exemption allows the Council to measure an item of property, plant and equipment at its fair value, and use that fair value as its deemed cost on transition to NZ IFRS. The effect is to transfer the revaluation reserves attributed to infrastructural assets of \$78,861,000 to general funds as at transition date.

The Council valued its infrastructure assets at 1 July 2005 and accounted for the valuation result in 2005/2006. The exemption can only be applied on transition date; therefore the Council has reversed the effect of the valuation in the 2005/2006 financial year and reflected it in the opening transition balances.

There is no change to the carrying value of infrastructural assets at 30 June 2006 as a result of applying this exemption. However, the opportunity to clear the revaluation reserves was taken to better align the Council's asset management and financial systems.

- ▶ As a result of the reclassification under point (c) the property reclassified, under the accounting policy in place, was required to be revalued. An independent valuation has been obtained resulting in a valuation decrement of \$2,775,000 of which \$681,000 was recognised in the Statement of Financial Performance.
- ▶ *Intangible assets* - computer software was classified as part of property, plant and equipment under previous NZ GAAP. It is now classified as an intangible asset under NZ IFRS. (Transition date \$126,000 and 30 June 2006 \$309,000).
- ▶ *Farm land* - the group has elected to create a new asset class for farm land which will be revalued annually. The effect of this is to increase farm land at transition date by \$500,000 and 30 June 2006 \$900,000.
- ▶ *Assets held for sale and development property* - the Council has been developing an industrial park, Izone Southern Business Hub at Rolleston for a number of years. This property was treated as current or non-current property intended for sale under NZ GAAP. NZ IFRS requires the industrial park to be classified as development property or assets held for sale.

The park is being developed in stages and will be classified as development property in the non-current assets while development is undertaken. Once development is completed and the stage is being actively marketed it will be classified as assets held for sale as required by NZ IFRS 5.

At transition date \$3,689,000 was transferred to development property (30 June 2006: \$2,779,000).

- ▶ *Stormwater vested assets* - When the Council acquires assets from developers at nil consideration it recognises the fair value of the assets as revenue in the statement of financial performance and assets within the statement of financial position. On transition to NZ IFRS the Council has recognised the value of stormwater assets acquired at nil consideration. This has resulted in an increase to equity on transition and increases in vested assets revenue, depreciation expenditure and Property Plant and Equipment assts since transition. These adjustments are the correction of a prior period error as the vested assets should have been recognised in prior periods.

At transition date \$2,119,000 was added to Property Plant and Equipment (30 June 2006 \$3,939,000).

Financials

Notes to the financial statements - continued

- j) *Other provisions* - reclassification of provision for maintenance contracts that were previously included in trade and other payables under NZ GAAP.
- k) *Current employee benefit liabilities* are required by NZ IAS 19 to include a provision for sick leave. The group has recognised employees unused sick leave entitlement that can be carried forward at balance date, to the extent that it is anticipated it will be used by staff to cover future absences. Previous NZ GAAP did not require the group to have a provision for sick leave. The effect at transition date is to increase employee benefit liabilities by \$68,000 and 30 June 2006 of \$92,000.

A classification error of \$18,000 between trade and other payables and employee benefit liabilities has also been corrected as at 30 June 2006.

- l) *Borrowings* - to comply with NZ IFRS the borrowing facility has been reclassified to non-current borrowings. NZ IAS 1 requires if an entity expects and has the discretion to roll over an obligation for at least twelve months after balance date under an existing loan facility, it should be classified as non-current, even if it would otherwise be due within a shorter period.
- m) *Non-current employee benefit liabilities* - long service leave was only recognised under previous NZ GAAP to the extent that long service leave had crystallised by balance date but had not been fully or partially taken at that date. NZ IAS 19 requires the group to recognise a further liability based on the estimated probability of future long service leave payments occurring.
- n) *Revaluation reserve adjustments* consist of the following:
- ▶ *Deemed cost adjustment* to infrastructural assets as described in note (i) above has resulted in the transfer of the infrastructural asset revaluation reserve at 1 July 2005 to general funds (transition date \$125,122,000 and 30 June 2006 \$125,122,000).

The group has applied the deemed cost exemption that is available under NZ IFRS 1 for certain farm land, other land and buildings as at transitional date.

This exemption allows the group to measure an item of property, plant and equipment at its fair value and use that fair value as its deemed cost on transition to NZ IFRS. The effect of this change is to transfer revaluation reserves attributed to farm land, other land and buildings of \$11,224,000 to retained earnings at transition date and \$9,293,000 at 30 June 2006.

- ▶ *Investment property revaluation movements* under previous NZ GAAP were taken to a revaluation reserve. NZ IAS 40 requires movements to be recognised in the statement of financial performance. The investment property revaluation reserve has therefore been transferred to general funds (transition date \$140,000 and 30 June 2006 \$149,000).
- ▶ *General funds* - when the Council's investment in Selwyn Plantation Board Ltd was purchased by Selwyn Investment Holdings Limited the revaluation reserves associated with this investment was not transferred to general funds (transition date and 30 June 2006 \$47,393,000).
- ▶ *General funds* - when the Council's investment in Orion New Zealand Limited was purchased by Selwyn Investment Holdings Limited the revaluation reserve associated with the investment was not transferred to general funds (transition date \$15,772,000 and 30 June 2006 \$17,602,000).

Financials

Notes to the financial statements - continued

Reconciliation of surplus for the year ended 30 June 2006

The following table shows the changes in surplus after tax, resulting from the transition from previous NZ GAAP to NZ IFRS as at 30 June 2006.

| | | Council | | | Group | | |
|--------------------------------------|-------|---------------------|---------------------------------------|---------------|---------------------|---------------------------------------|---------------|
| | Note | Previous NZ GAAP | Effect on transition to NZ IFRS | NZ IFRS | Previous NZ GAAP | Effect on transition to NZ IFRS | NZ IFRS |
| | | 30-Jun-06 | 30-Jun-06 | 30-Jun-06 | 30-Jun-06 | 30-Jun-06 | 30-Jun-06 |
| Income | | | | | | | |
| Rates revenue | a | 13,656 | 221 | 13,877 | 13,582 | 221 | 13,803 |
| Other revenue | a,b | 40,550 | 599 | 41,149 | 86,056 | 599 | 86,655 |
| Other gains/losses | c,d,e | 2,633 | 222 | 2,855 | 4,885 | 12 | 4,897 |
| Total income | | 56,839 | 1,042 | 57,881 | 104,523 | 832 | 105,355 |
| Expenditure | | | | | | | |
| Employee benefit expenses | f | 5,992 | - | 5,992 | 21,488 | 8 | 21,496 |
| Depreciation and amortisation | g | 8,309 | 66 | 8,375 | 10,245 | 77 | 10,322 |
| Finance costs | | 7 | - | 7 | 451 | - | 451 |
| Other expenses | b,h | 17,001 | (667) | 16,334 | 42,357 | (576) | 41,781 |
| Total operating expenditure | | 31,309 | (601) | 30,708 | 74,541 | (491) | 74,050 |
| Operating surplus/(deficit) | | 25,530 | 1,643 | 27,173 | 29,982 | 1,323 | 31,305 |
| Share of associate surplus/(deficit) | | - | - | - | - | - | - |
| Surplus/(deficit) before tax | | 25,530 | 1,643 | 27,173 | 29,982 | 1,323 | 31,305 |
| Income tax expense | i | 53 | 7 | 60 | 636 | (1,552) | (916) |
| Surplus/(deficit) after tax | | 25,477 | 1,636 | 27,113 | 29,346 | 2,875 | 32,221 |
| <i>Attributable to:</i> | | | | | | | |
| Council | | 25,477 | 1,636 | 27,113 | 27,888 | 2,624 | 30,512 |
| Minority Interest | | - | - | - | 1,458 | 251 | 1,709 |
| | | 25,477 | 1,636 | 27,113 | 29,346 | 2,875 | 32,221 |

Explanatory notes for reconciliation of surplus for the year ended 30 June 2006:

Council

- a) *Rates revenue* has been amended to reclassify rates penalties and water by meter charges. The published 2006 financial statements included rates penalties and water by meter charges as other revenue.
- b) *Other revenue* has been adjusted for the following:
- *Building levies* are collected on behalf of the Building Industry Association. The receipt and payment of these levies was previously treated as revenue and expenditure. Under NZ IFRS the receipts and payments are reflected in the statement of financial position reflecting the agency nature of the transactions. The effect of this is to reduce revenue by \$655,000 and expenditure by \$681,000.

Financials

Notes to the financial statements - continued

- ▶ *The NZ Government Bond* interest calculation is based on the face value of the bond plus inflation since the bond was purchased. The difference between the face value and the inflated value is the gain on fair value of financial derivative. Under NZ GAAP the gain for several periods was recognised as interest revenue.
- ▶ *Stormwater vested assets* revenue of \$1,501,000 has been recognised for the first time. This adjustment is the correction of a prior period error as the revenue should have been recognised in the prior periods.

c) *Other gains/losses have been adjusted for the following:*

- ▶ *Investment property and forestry valuation* movements were directly taken to the appropriate revaluation reserve. NZ IFRS requires revaluation movements for investment property and forestry assets to be recognised in the statement of financial performance. The effect of this was to increase other gains by \$109,000.
- ▶ *The NZ government bond* interest calculation is based on the face value of the bond plus inflation since the bond was purchased. The difference between the face value and the inflated value is the gain on fair value of financial derivative. The effect of this is to increase other gains by \$113,000.

g) *Depreciation* of \$66,000 has been charged on stormwater vested assets. These assets were not previously recognised and this adjustment is the correction of a prior period error.

i) As a result of deferred tax being recognised on a comprehensive basis as the partial basis is not permitted under NZ IFRS, a reduction in the current income tax expense has occurred.

Group

a) *Rates revenue* has been amended to reclassify rates penalties and water by meter charges. The published 2006 financial statements included rates penalties and water by meter charges as other revenue.

b) *Other revenue* has been adjusted for the following:

- ▶ *Building levies* are collected on behalf of the Building Industry Association. The receipt and payment of these levies was previously treated as revenue and expenditure. Under NZ IFRS the receipts and payments are reflected in the statement of financial position reflecting the agency nature of the transactions. The effect of this is to reduce revenue by \$655,000 and expenditure by \$681,000.
- ▶ *The NZ Government Bond* interest calculation is based on the face value of the bond plus inflation since the bond was purchased. The difference between the face value and the inflated value is the gain on fair value of financial derivative. Under NZ GAAP the gain for several periods was recognised as interest revenue. The effect of this is to reduce other revenue by \$415,000.
- ▶ *Stormwater vested assets* revenue of \$1,501,000 has been recognised for the first time. This adjustment is the correction of a prior period error as the revenue should have been recognised in the prior periods.

c) *Other gains/losses* have been adjusted for the following:

- ▶ *Forestry* valuation movements were directly taken to the appropriate revaluation reserve. NZ IFRS requires revaluation movements for investment property and forestry assets to be recognised in the statement of financial performance. The effect of this was to increase other gains by \$99,000.

Financials

Notes to the financial statements - continued

- ▶ *The NZ government bond* interest calculation is based on the face value of the bond plus inflation since the bond was purchased. The difference between the face value and the inflated value is the gain on fair value of financial derivative. The effect of this is to increase other gains by \$113,000.
- d) The shares in Central Plains Water Limited attached water rights to specific blocks of land. Blocks of land that had water rights attached were sold during 2006 giving a gain on sale of Central Plains Water Limited shares of \$257,000.
- e) With the Group revaluing land, buildings and farm land, there was a downwards movement in excess of the revaluation reserve resulting in a revaluation decrement of \$681,000 for the year.
- f) This recognises the increase in sick leave provision which was not recognised under NZ GAAP.
- g) Depreciation has been adjusted as follows:
 - a. As a result of reclassifying properties intended for sale to property, plant and equipment, an additional depreciation expense of \$11,000 resulted.
 - b. Depreciation of \$66,000 has been charged on stormwater vested assets. These assets were not previously recognised and this adjustment is the correction of a prior period error.
- h) This represents the amount written off the investments for fair value treatment under NZ IFRS of acquisition costs capitalised of \$91,000.
- i) As a result of deferred tax being recognised on a comprehensive basis as the partial basis is not permitted under NZ IFRS, a reduction in the current income tax expense has occurred.

Statement of cash flows

On transition to NZ IFRS the Council and group statement of cash flows for the year ended 30 June 2006 presents the increase and decrease in short-term deposits with maturities of 4-12 months on a gross rather than net basis and short-term deposits with maturities less than 3 month are now included as part of cash and cash equivalents. This change impacted on the Cash Flow Statement for the year ended 30 June 2006 by decreasing cash and cash equivalent in the parent by \$9,571,000 (transition: \$22,604,000) and group by \$19,572,000 (transition: \$30,031,000).

Financials

Notes to the financial statements - continued

Note 2 - Summary cost of services

| | Council 2007 \$000 | Council Budget \$000 | Council 2006 \$000 |
|---|--------------------------|----------------------------|--------------------------|
| Income | | | |
| Democracy | 390 | 349 | 189 |
| Community services and other activities | 6,801 | 2,672 | 6,915 |
| Environmental services | 3,368 | 2,385 | 2,628 |
| Transportation and townships | 8,951 | 5,647 | 9,727 |
| Waste management | 2,849 | 2,544 | 2,163 |
| Waste water services | 11,296 | 6,998 | 11,838 |
| Water supplies | 6,316 | 5,366 | 7,575 |
| Izone southern business hub | 3,670 | 4,299 | 2,666 |
| Total activity income | 43,641 | 30,260 | 43,701 |
| Less internal revenue | (2,162) | - | - |
| General rates | 7,181 | 7,176 | 6,660 |
| Rates penalties | 131 | 100 | 62 |
| Other corporate revenue | 9,388 | 5,966 | 7,458 |
| Total income | 58,179 | 43,502 | 57,881 |
| Expenditure | | | |
| Democracy | 2,253 | 2,240 | 2,223 |
| Community services and other activities | 5,853 | 6,507 | 5,042 |
| Environmental services | 5,311 | 5,095 | 4,469 |
| Transportation and townships | 12,288 | 11,627 | 10,332 |
| Waste management | 2,752 | 2,703 | 2,329 |
| Waste water services | 3,111 | 3,615 | 2,184 |
| Water supplies | 4,499 | 4,520 | 3,833 |
| Izone southern business hub | 2,351 | 2,869 | 296 |
| Other corporate expenditure | - | 246 | - |
| Total activity expenditure | 38,418 | 39,422 | 30,708 |
| Less internal expenditure | (2,162) | - | - |
| Total operating expenditure | 36,256 | 39,422 | 30,708 |

Each significant activity includes targeted rates attributable to a particular activity (refer to note 3). Other corporate revenue includes income sources which are not directly attributable to a significant activity, for example dividends and interest. Other corporate revenue is included in the support services cost statement (refer page 127).

Financials

Notes to the financial statements - continued

Note 3 - Rates Revenue

| | Council Actual 2007 \$000 | Council Actual 2006 \$000 | Group Actual 2007 \$000 | Group Actual 2006 \$000 |
|---|------------------------------------|------------------------------------|----------------------------------|----------------------------------|
| General rates | 7,181 | 6,660 | 7,113 | 6,586 |
| Rates penalties | 131 | 62 | 131 | 62 |
| Targeted rates | | | | |
| Democracy | 375 | 163 | 375 | 163 |
| Community services and other activities | 1,736 | 1,535 | 1,736 | 1,535 |
| Waste management | 2,223 | 1,865 | 2,223 | 1,865 |
| Waste water services | 1,594 | 1,302 | 1,594 | 1,302 |
| Water supplies | 2,354 | 2,131 | 2,354 | 2,131 |
| Water meter charges | 173 | 159 | 173 | 159 |
| Total rates revenue | 15,767 | 13,877 | 15,699 | 13,803 |

Rates revenue is shown net of rates remissions. The Council's Rates Remission Policy provides rates to be remitted on properties including:

- ▶ 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.

The Rates Remission Policy can be found in Volume 3 pages 49 to 54 of the Selwyn Community Plan 2006-2016.

| | Council Actual 2007 \$000 | Council Actual 2006 \$000 | Group Actual 2007 \$000 | Group Actual 2006 \$000 |
|---|------------------------------------|------------------------------------|----------------------------------|----------------------------------|
| Total rates revenue | 15,813 | 13,918 | 15,745 | 13,844 |
| Rates remissions | | | | |
| Sports bodies | 13 | 11 | 13 | 11 |
| Churches | 29 | 26 | 29 | 26 |
| Other social and cultural organisations | 4 | 4 | 4 | 4 |
| Total remissions | 46 | 41 | 46 | 41 |
| Rates revenue net of remissions | 15,767 | 13,877 | 15,699 | 13,803 |

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.

Financials

Notes to the financial statements - continued

Note 4 - Other revenue

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|------------------------------------|--------------------------|--------------------------|------------------------|------------------------|
| Building consents | 2,391 | 1,947 | 2,391 | 1,947 |
| Connection and irrigation fees | 348 | 989 | 348 | 989 |
| Development contributions | 7,273 | 9,001 | 7,273 | 9,001 |
| Dividend revenue | 5,976 | 3,732 | 5,045 | 2,912 |
| Dog registration | 227 | 184 | 227 | 184 |
| Forest product sales - SPBL | - | - | 13,932 | 11,970 |
| Grants | 55 | 104 | 55 | 104 |
| Gravel royalties | 75 | 118 | - | - |
| Interest revenue | 2,760 | 2,639 | 4,190 | 3,872 |
| Land Transport New Zealand subsidy | 4,299 | 3,265 | 4,299 | 3,265 |
| Leases | 186 | 219 | 67 | 40 |
| Lump sum contributions | 726 | 1,142 | 726 | 1,142 |
| Petroleum tax | 124 | 172 | 124 | 172 |
| Rental and hire charges | 371 | 287 | 431 | 323 |
| Resource consent fees | 592 | 380 | 592 | 380 |
| Vested assets | 10,267 | 13,293 | 10,267 | 13,293 |
| Other trading income - Council | 2,965 | 3,677 | 2,965 | 3,677 |
| Other trading income - SICON | - | - | 30,967 | 32,496 |
| Other trading income - SPBL | - | - | 529 | 324 |
| Other trading income - KB | - | - | 8,996 | 564 |
| Total other revenue | 38,635 | 41,149 | 93,424 | 86,655 |

There are no unfulfilled conditions and other contingencies attached to government grants recognised.

Note 5 - Other gains/(losses)

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|--|--------------------------|--------------------------|------------------------|------------------------|
| Gain on disposal of property, plant & equip. | 3,611 | 2,633 | 3,726 | 11,268 |
| Gain on changes in fair value of forestry | 37 | 99 | 1,037 | (6,284) |
| Gain on fair value of embedded derivative | 74 | 113 | 74 | 113 |
| Gain on sale of Investments | - | - | - | 257 |
| Gain on changes in fair value of investment property (note 18) | 55 | 10 | - | - |
| Land and buildings decrement | - | - | (29) | (457) |
| Total other gains/(losses) | 3,777 | 2,855 | 4,808 | 4,897 |

Financials

Notes to the financial statements - continued

Note 6 - Employee benefit expenses

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|--|--------------------------|--------------------------|------------------------|------------------------|
| Salaries and wages | 7,687 | 5,823 | 25,282 | 21,030 |
| Employer contributions to superannuation plans | 15 | 15 | 98 | 100 |
| Employer contributions to other plans & benefits | - | - | 47 | 66 |
| Increase/(decrease) in employee liabilities | (273) | 154 | (174) | 300 |
| Total employee expenses | 7,429 | 5,992 | 25,253 | 21,496 |

Note 7 - Depreciation

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|-------------------------------|--------------------------|--------------------------|------------------------|------------------------|
| Operational assets | 1,369 | 1,224 | 4,258 | 3,522 |
| Infrastructural assets | 8,047 | 7,125 | 8,047 | 7,125 |
| | 9,416 | 8,349 | 12,305 | 10,647 |
| Intangible assets | 51 | 26 | 101 | 53 |
| | 9,467 | 8,375 | 12,406 | 10,700 |
| Less capitalised depreciation | - | - | (561) | (378) |
| | 9,467 | 8,375 | 11,845 | 10,322 |

Financials

Notes to the financial statements - continued

Note 8 - Other expenses

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|---|--------------------------|--------------------------|------------------------|------------------------|
| Impairment of property, plant & equipment | 327 | 191 | 327 | 191 |
| Auditors' fee | | | | |
| - Audit | 86 | 70 | 208 | 149 |
| - IFRS transition audit | 14 | - | 39 | - |
| - LTCCP audit and other work | - | 39 | - | 39 |
| Bad debts written off | 38 | 4 | 47 | 34 |
| Cost of production - SPBL | - | - | 8,882 | 8,359 |
| Cost of sales - materials | - | - | 6,596 | 436 |
| Directors' and members' remuneration | 388 | 365 | 862 | 742 |
| Donations | - | - | 23 | 2 |
| Grants | 118 | 92 | 118 | 92 |
| Impairment of trade receivables | (27) | (24) | 86 | (4) |
| Impairment of other financial assets | 98 | 92 | 98 | 92 |
| Lease payments under operating leases | - | - | 1,064 | 806 |
| Loss on sale of assets | - | 2 | - | 2 |
| Plantation expenses | - | - | 491 | 544 |
| Refuse contract payments | 994 | 885 | 994 | 885 |
| Refuse transfer station operations | 1,249 | 1,072 | 1,249 | 1,072 |
| Roading | 3,531 | 3,237 | 3,531 | 3,237 |
| Valuation services | 105 | 128 | 105 | 128 |
| General operating expenses | 12,439 | 10,181 | 25,214 | 24,975 |
| Total other expenses | 19,360 | 16,334 | 49,934 | 41,781 |

Financials

Notes to the financial statements - continued

Note 9 - Finance costs

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|---------------------|--------------------------|--------------------------|------------------------|------------------------|
| Interest Expense | | | | |
| - Bank overdraft | - | 7 | - | 7 |
| - Loan interest | - | - | 467 | 403 |
| - Finance lease | - | - | 66 | 41 |
| Total finance costs | - | 7 | 533 | 451 |

Note 10 - Tax

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|---|--------------------------|--------------------------|------------------------|------------------------|
| Tax expense and accounting profit relationship | | | | |
| Surplus/(deficit) before tax | 21,923 | 27,173 | 26,366 | 31,305 |
| Taxation at 33% | 7,235 | 8,967 | 8,701 | 10,331 |
| Non-assessable income | (7,186) | (8,902) | (8,052) | (11,233) |
| Non-deductible expenditure | - | - | - | - |
| Prior year adjustment | 1 | (5) | (42) | (14) |
| Total taxation expense | 50 | 60 | 607 | (916) |
| Tax expense components | | | | |
| Current tax expense | 37 | 58 | 643 | 686 |
| Prior year adjustments | 1 | (5) | (42) | (14) |
| Deferred tax expense | 12 | 7 | 6 | (1,588) |
| Total taxation expense | 50 | 60 | 607 | (916) |
| Taxation receivable/(provision) | | | | |
| Opening balance 1 July | (1) | (7) | 2,610 | 1,731 |
| /less Current taxation expense | (37) | (58) | (643) | (686) |
| /less Taxation refund | - | - | (2,650) | (1,951) |
| Prior period adjustments | (1) | 5 | 46 | (47) |
| plus Taxation paid | 80 | 59 | 3,994 | 3,563 |
| Total taxation receivable/(provision) | 41 | (1) | 3,357 | 2,610 |

Financials

Notes to the financial statements - continued

Deferred tax assets/(liabilities)

| | Opening Balance 1 July 2006 | Charged to Surplus | Charged to Equity | Closing Balance 30 June 2007 |
|--------------------------------------|-----------------------------------|-----------------------|----------------------|------------------------------------|
| Parent | | | | |
| Deferred tax liabilities | | | | |
| Investment property | (46) | (18) | - | (64) |
| Property, plant and equipment | - | 6 | (26) | (20) |
| | (46) | (12) | (26) | (84) |
| Deferred Tax Assets | | | | |
| Trade and other payables | - | - | - | - |
| Employee benefits and other accruals | - | - | - | - |
| | - | - | - | - |
| Balance at 30 June 2007 | (46) | (12) | (26) | (84) |

| | Opening Balance 1 July 2005 | Charged to Surplus | Charged to Equity | Closing Balance 30 June 2006 |
|--------------------------------------|-----------------------------------|-----------------------|----------------------|------------------------------------|
| Parent | | | | |
| Deferred tax liabilities | | | | |
| Investment property | (39) | (7) | - | (46) |
| Property, plant and equipment | - | - | - | - |
| | (39) | (7) | - | (46) |
| Deferred Tax Assets | | | | |
| Trade and other payables | - | - | - | - |
| Employee benefits and other accruals | - | - | - | - |
| | - | - | - | - |
| Net Deferred Tax Balance | (39) | (7) | - | (46) |

Financials

Notes to the financial statements - continued

| | Opening Balance 1 July 2006 | Charged to Surplus | Charged to Equity | Closing Balance 30 June 2007 |
|---|-----------------------------------|-----------------------|----------------------|------------------------------------|
| Group | | | | |
| Deferred tax liabilities | | | | |
| Property, Plant & Equipment | (890) | (977) | (81) | (1,948) |
| Trade and other receivables | (185) | (23) | (26) | (234) |
| | (1,075) | (1,000) | (107) | (2,182) |
| Deferred Tax Assets | | | | |
| Trade and other payables | 69 | (4) | - | 65 |
| Employee benefits and other accruals | 494 | 84 | - | 578 |
| Benefit of tax losses (future income tax benefit) | - | 914 | - | 914 |
| | 563 | 994 | - | 1,557 |
| Balance at 30 June 2007 | (512) | (6) | (107) | (625) |
| | | | | |
| | Opening Balance 1 July 2005 | Charged to Surplus | Charged to Equity | Closing Balance 30 June 2006 |
| Group | | | | |
| Deferred tax liabilities | | | | |
| Property, Plant & Equipment | (2,480) | 1,590 | - | (890) |
| Trade and other receivables | (223) | 38 | - | (185) |
| | (2,703) | 1,628 | - | (1,075) |
| Deferred Tax Assets | | | | |
| Trade and other payables | 84 | (15) | - | 69 |
| Employee benefits and other accruals | 459 | 35 | - | 494 |
| | 543 | 20 | - | 563 |
| Net Deferred Tax Balance | (2,160) | 1,648 | - | (512) |

On 17 May 2007 the Government has announced that the company tax rate will reduce from 33% to 30% effective for the years commencing on or after 1 April 2008. Any change to deferred tax arising from the change in the corporate tax rate is not considered material.

Imputation credit account balances

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|------------------------------------|--------------------------|--------------------------|------------------------|------------------------|
| Selwyn Investment Holdings Limited | - | - | 6,502 | 5,504 |

Financials

Notes to the financial statements - continued

Note 11 - Cash and cash equivalents

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|---|--------------------------|--------------------------|------------------------|------------------------|
| Cash at bank | 4,297 | 3,826 | 5,092 | 6,099 |
| Short term deposits (maturity 3 mths or less) | 17,266 | 25,944 | 23,227 | 32,967 |
| Total cash and cash equivalents | 21,563 | 29,770 | 28,319 | 39,066 |

Note 12 - Trade and other receivables

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|---|--------------------------|--------------------------|------------------------|------------------------|
| Rates receivables | 1,077 | 885 | 1,077 | 885 |
| Other receivables | 1,615 | 989 | 11,448 | 10,479 |
| Related party receivables (note 34) | 174 | 5 | - | - |
| Community loans | 154 | 150 | 154 | 150 |
| Dividend Receivable | 2,789 | 1,675 | - | - |
| Sundry debtors & prepayments | 2,171 | 1,615 | 2,993 | 2,272 |
| | 7,980 | 5,319 | 15,672 | 13,786 |
| <i>less</i> Provision for impairment of receivables | (27) | (28) | (167) | (43) |
| Total Trade and other receivables | 7,953 | 5,291 | 15,505 | 13,743 |
| <i>less</i> Non-current community loans | (154) | (150) | (154) | (150) |
| Current portion | 7,799 | 5,141 | 15,351 | 13,593 |

Community loans have been valued at amortised cost which has been used as an approximation of fair value. The face value of community loans is \$192,000 (2006 \$189,000).

The carrying value of trade and other receivables (excluding community loans) approximates their fair value.

There is no concentration of credit risk with respect to receivables outside the group, as the group has a large number of customers.

The Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place they are for a short term therefore debts have not been discounted to the present value of future repayments.

These powers allow the Council to commence legal proceeding to recover any rates that remain unpaid four months after the due dates for payment. If payment has not been made within three months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Financials

Notes to the financial statements - continued

As of 30 June 2007 and 2006, all overdue receivables, except for rates receivable, have been assessed for impairment and appropriate provisions applied. The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for the Council's pool of debtors. Expected losses have been determined base on review of specific debtors at balance date.

Note 13 - Inventory and Work in Progress

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|------------------------|--------------------------|--------------------------|------------------------|------------------------|
| Gravel Stocks | - | - | 1,174 | 887 |
| Minor Forest Produce | - | - | - | 3 |
| Other Direct Materials | - | - | 407 | 511 |
| Stores | - | - | 201 | 163 |
| Finished Goods | - | - | 1,018 | 1,054 |
| Work in Progress | - | - | 1,226 | 1,174 |
| | - | - | 4,026 | 3,792 |

There is no inventory pledged as security for liabilities. There is no inventory subject to retention of title clauses.

The write down of inventory is \$107,000 (2006: nil)

Note 14 - Livestock (Group)

| | 2007 Head | 2007 \$000 | 2006 Head | 2006 \$000 |
|--------------------------------------|--------------|---------------|--------------|---------------|
| Sheep | | | | |
| Stock on Hand - 1 July | 3,210 | 227 | 2,866 | 260 |
| Plus purchases and natural increases | 8,243 | 386 | 2,134 | 5 |
| Less sales and deaths | (3,024) | (150) | (1,790) | (90) |
| Other movements | | 56 | | 52 |
| Closing Balance - 30 June | 8,429 | 519 | 3,210 | 227 |
| Cattle | | | | |
| Stock on Hand - 1 July | 333 | 193 | 326 | 204 |
| Plus purchases and natural increases | 633 | 347 | 119 | 6 |
| Less sales and deaths | (191) | (81) | (112) | (49) |
| Other movements | | (75) | | 32 |
| Closing Balance - 30 June | 775 | 384 | 333 | 193 |
| Total Livestock | | 903 | | 420 |

Financials

Notes to the financial statements - continued

Note 15 - Other financial assets

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|---|--------------------------|--------------------------|------------------------|------------------------|
| Current portion | | | | |
| <i>Loans and receivables</i> | | | | |
| Short-term deposits (maturity 4-12 mths) | 2,500 | 9,604 | 7,977 | 19,606 |
| <i>Held to maturity</i> | | | | |
| Government bonds | 2,000 | - | 2,000 | - |
| Total current portion | 4,500 | 9,604 | 9,977 | 19,606 |
| Non-current portion | | | | |
| <i>Fair value through profit & loss</i> | | | | |
| Embedded derivatives - Principal | 542 | 493 | 542 | 493 |
| Embedded derivatives - Interest | 4 | 5 | 4 | 5 |
| | 546 | 498 | 546 | 498 |
| <i>Loans and receivables</i> | | | | |
| Central Plains Water Limited | 1,431 | 1,333 | 1,431 | 1,333 |
| less Provision for impairment | (1,431) | (1,333) | (1,431) | (1,333) |
| | - | - | - | - |
| <i>Fair value through equity</i> | | | | |
| Selwyn Investment Holdings Limited | 101,125 | 101,125 | - | - |
| Transwaste (Canterbury) Limited | 1,500 | 1,500 | 1,500 | 1,500 |
| Orion Group Limited | - | - | 59,000 | 59,000 |
| | 102,625 | 102,625 | 60,500 | 60,500 |
| <i>Held to maturity</i> | | | | |
| Government bonds | 1,953 | 3,945 | 1,953 | 3,945 |
| | 1,953 | 3,945 | 1,953 | 3,945 |
| Total non current portion | 105,124 | 107,068 | 62,999 | 64,943 |

The notes below refer to the investment balances above.

a) Selwyn Investment Holdings Limited (SIHL)

Selwyn Investment Holdings Limited (SIHL) has issued but uncalled capital of \$8,151,000 preference shares at 30 June 2007 (2006: \$8,151,000 preference shares).

b) Central Plains Water Limited loan

The Council entered into a loan agreement of \$1,030,000 with Central Plains Water Limited during the 2004 financial year to recognise the Council's share of scheme expenses incurred in the establishment of the company. Under the loan agreement, the funds will be treated as suspensory loans unless and until the scheme is commissioned (and in the event that the scheme is commissioned in stages, then from the commissioning of the first stage).

The Council provided an extension to the loan facility of \$154,723 on 28 February 2005. The extension was provided on the same terms and conditions as the original loan balance.

Financials

Notes to the financial statements - continued

Interest on the loan has accrued from 25 October 2004 and 28 February 2005 for the respective loan balances at an annual rate being the ten current interpolated 12 month Local Government Stock rates plus a margin of 50 basis points. Interest is calculated daily on the loan and shall be paid in arrears. Interest is included as part of the outstanding amount and is not capitalised.

If the company is not successful in gaining the necessary resource consents to proceed with construction of the scheme, the loan will be converted to ordinary shares in the company on a dollar for dollar basis.

The loans will not be repayable in cash until the scheme has been commissioned.

If the scheme proceeds and construction is funded by debt and equity finance, the Council will have the option to convert the loan into shares (of an agreed class) in any associated and/or related company which may be, or is to be, the infrastructure-owning entity which will be associated with Central Plains Water Limited. Rights to water do not attach to these shares. If the Council does not elect to convert their loan into shares, the loan shall be repaid in cash over an agreed period of time.

There are no specific maturity dates for the loan as repayment depends on the progress of the scheme and options chosen by Central Plains Water Limited and the Council.

At balance date, the Council owns one share in Central Plains Water Limited.

Provision for loan write-down.

The Council has provided support to the Central Plains Water scheme in the form of a suspensory loan to Central Plains Water Limited as described above plus an extension to the loan facility during 2004/2005. The Council has made a provision for the possible non-repayment of the loan and the accrued interest to recognise the suspensory nature of the loan. The Council will review the provision each year as the scheme progresses.

The Council, in providing this provision, has done so due to this being the appropriate technical accounting approach. The Council is extremely supportive of this project which has the potential to provide significant employment and economic benefits to the district.

c) Transwaste Canterbury Limited (TCL)

The TCL investment relates to the Council's contribution to the construction of a regional landfill. TCL has issued, but uncalled, capital of \$4 million of which the Council has a 3% holding.

Note 16 - Property held for sale

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|--|--------------------------|--------------------------|------------------------|------------------------|
| Balance at 1 July | 1,373 | 352 | 1,373 | 8,444 |
| Transfers from development property | 1,072 | 1,373 | 1,072 | 1,373 |
| Disposals | (515) | (352) | (515) | (8,444) |
| Total non-current assets held for sale | 1,930 | 1,373 | 1,930 | 1,373 |
| <i>Assets held for sale consists of:</i> | | | | |
| Izone Southern Business Hub | 856 | 109 | 856 | 109 |
| Springston residential subdivision | 1,074 | 1,264 | 1,074 | 1,264 |
| | 1,930 | 1,373 | 1,930 | 1,373 |

Financials

Notes to the financial statements - continued

Note 17 - Investments in associates

The Council has a 50% interest in Central Plains water Trust (Christchurch City Council hold the other 50%). The trust has a balance date of 30 June. The investment in the trust is carried at cost.

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|----------------------------|--------------------------|--------------------------|------------------------|------------------------|
| Central Plains Water Trust | - | - | - | - |

Summarised financial information of Central Plains Water Trust

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|--------------------|--------------------------|--------------------------|------------------------|------------------------|
| Assets | 75 | 112 | 75 | 112 |
| Liabilities | 71 | 112 | 71 | 112 |
| Net assets | 5 | - | 4 | - |
| Revenue | 67 | 40 | 67 | 40 |
| Surplus/(deficit) | 5 | - | 5 | - |
| Council's interest | 50% | 50% | 50% | 50% |

The trust has no contingent liabilities at 30 June 2007 (2006 \$nil).

Note 18 - Investment property

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|---|--------------------------|--------------------------|------------------------|------------------------|
| Balance at 1 July | 510 | 500 | - | - |
| Additions from acquisitions | - | - | - | - |
| Disposals | - | - | - | - |
| Fair value gains/(losses) on valuation* | 55 | 10 | - | - |
| Balance at 30 June | 565 | 510 | - | - |

* Refer to note 5

SICON Limited's head office in Darfield is owned by the Council and leased to the company. This building has been classified as an investment property. The Council's investment property is valued annually at fair value effective 30 June. The valuation was performed by S Newbury, B Com(VPM), SNZPI (ANZIV), a registered public valuer from Ford Baker Valuations Ltd, Christchurch.

Financials

Notes to the financial statements - continued

Note 19 - Forestry assets

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|---|--------------------------|--------------------------|------------------------|------------------------|
| Balance at 1 July | 301 | 202 | 9,501 | 15,785 |
| Increases due to purchases | - | - | - | - |
| Gains attributable to physical changes | - | - | 4,000 | 5,862 |
| Gains/(losses) from changes in fair value less point of sale costs | 37 | 99 | 1,037 | (8,686) |
| Decreases due to sales | - | - | - | - |
| Decreases due to harvest | - | - | (4,000) | (3,460) |
| Total forestry assets | 338 | 301 | 10,538 | 9,501 |

Selwyn Plantation Board Ltd (SPBL) has a total estate of 5,917 hectares made up of Radiata at 5,070 hectares and Douglas Fir at 847 hectares. Independent registered valuers Chandler Fraser Keating have valued the forestry assets as at 31 March 2006, and the same valuation methodology was used for a Directors' valuation as at 31 March 2007. A pre-tax discount rate of 9.5% has been used in discounting the present value of expected cash flows, a decrease of 1% on the rate applied in the prior year. The discount rate is based on market methodology and takes into account transaction price and specific forest risk.

Financial Risk Management Strategies

Council and group is exposed to financial risks arising from changes in timber prices. The Council and group are a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices. The Council and group reviews the outlook for timber prices regularly in considering the need for active financial risk management.

Note 20 - Property, Plant and Equipment

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|-------------------------------------|--------------------------|--------------------------|------------------------|------------------------|
| Operational assets | 116,748 | 57,553 | 182,313 | 111,605 |
| Infrastructural assets | 460,557 | 406,553 | 460,557 | 406,553 |
| Total property, plant and equipment | 577,305 | 464,106 | 642,870 | 518,158 |

Financials

Notes to the financial statements - continued

(a) Operational Assets - Parent

| | Land \$000 | Farm land \$000 | Buildings \$000 | Heritage Assets \$000 | Plant and Machinery \$000 | Library Books \$000 | Work in Progress \$000 | Total \$000 |
|---|---------------|--------------------|--------------------|-----------------------------|---------------------------------|---------------------------|------------------------------|----------------|
| Gross carrying amount: | | | | | | | | |
| Balance at 1 July 2005 | 32,640 | 3,160 | 15,486 | 357 | 5,702 | 1,311 | 550 | 59,206 |
| Additions | 2,043 | - | 702 | - | 739 | 126 | 1,192 | 4,802 |
| Disposals | (900) | - | - | - | (10) | - | - | (910) |
| Net revaluation increase/(decrease) | - | 400 | - | - | - | - | - | 400 |
| Transfers from WIP | - | - | 255 | - | 18 | - | (273) | - |
| Transfers to development property | - | - | - | - | - | - | - | 0 |
| Transfers to properties held for sale | - | - | - | - | - | - | - | 0 |
| Balance at 30 June 2006 | 33,783 | 3,560 | 16,443 | 357 | 6,449 | 1,437 | 1,469 | 63,498 |
| Additions | 6,940 | - | 551 | - | 899 | 135 | 8,946 | 17,471 |
| Disposals | (170) | - | - | - | (185) | - | - | (355) |
| Impairment | - | - | (89) | - | - | - | - | (89) |
| Net revaluation increase/(decrease) | 39,575 | 286 | 1,785 | - | - | - | - | 41,646 |
| Transfers from WIP | - | - | 379 | - | - | - | (379) | - |
| Transfers to development property | - | - | - | - | - | - | - | - |
| Transfers to assets held for sale | - | - | - | - | - | - | - | - |
| Balance at 30 June 2007 | 80,128 | 3,846 | 19,069 | 357 | 7,163 | 1,572 | 10,036 | 122,171 |
| Accumulated depreciation: | | | | | | | | |
| Balance at 1 July 2005 | - | - | (597) | (10) | (3,283) | (838) | - | (4,728) |
| Disposals | - | - | - | - | 7 | - | - | 7 |
| Net adjustments on asset revaluation | - | - | - | - | - | - | - | - |
| Depreciation expense | - | - | (558) | (5) | (522) | (139) | - | (1,224) |
| Balance at 30 June 2006 | - | - | (1,155) | (15) | (3,798) | (977) | - | (5,945) |
| Disposals | - | - | - | - | 148 | - | - | 148 |
| Net adjustments on asset revaluation | - | - | 1,743 | - | - | - | - | 1,743 |
| Depreciation expense | - | - | (588) | (5) | (648) | (128) | - | (1,369) |
| Balance at 30 June 2007 | - | - | - | (20) | (4,298) | (1,105) | - | (5,423) |
| Net carrying amount at 30-Jun-06 | 33,783 | 3,560 | 15,288 | 342 | 2,651 | 460 | 1,469 | 57,553 |
| Net carrying amount at 30-Jun-07 | 80,128 | 3,846 | 19,069 | 337 | 2,865 | 467 | 10,036 | 116,748 |

Impairment losses of \$89,000 (2006 \$nil) have been recognised for impairment of the Darfield learner swimming pool building which was damaged in the June 2006 snow event. The cost of replacing the building has been funded from an insurance claim and internal insurance reserves.

Financials

Notes to the financial statements - continued

(b) Operational Assets - Group

| | Land \$000 | Farm land \$000 | Buildings \$000 | Heritage Assets \$000 | Plant and Machinery \$000 | Library Books \$000 | Work in Progress \$000 | Total \$000 |
|---|---------------|--------------------|--------------------|-----------------------------|---------------------------------|---------------------------|------------------------------|-----------------|
| Gross carrying amount: | | | | | | | | |
| Balance at 1 July 2005 | 46,518 | 25,987 | 18,856 | 357 | 25,991 | 1,311 | 550 | 119,570 |
| Additions | 2,043 | 3,436 | 885 | - | 4,368 | 126 | 1,192 | 12,050 |
| Disposals | (1,360) | - | (70) | - | (850) | - | - | (2,280) |
| Net revaluation increase/(decrease) | - | (766) | 10 | - | - | - | - | (756) |
| Transfers from WIP | - | - | 255 | - | 18 | - | (273) | - |
| Transfers to development property | - | - | - | - | - | - | - | - |
| Transfers to assets held for sale | - | - | - | - | - | - | - | - |
| Balance at 30 June 2006 | 47,201 | 28,657 | 19,936 | 357 | 29,527 | 1,437 | 1,469 | 128,584 |
| Additions | 6,940 | 5,876 | 1,946 | - | 3,983 | 135 | 9,072 | 27,952 |
| Disposals | (170) | - | - | - | (1,331) | - | - | (1,501) |
| Impairment | - | - | (89) | - | - | - | - | (89) |
| Net revaluation increase/(decrease) | 43,515 | 210 | 1,992 | - | - | - | - | 45,717 |
| Transfers from WIP | - | - | 379 | - | - | - | (379) | - |
| Transfers to development property | - | - | - | - | - | - | - | - |
| Transfers to assets held for sale | - | - | - | - | - | - | - | - |
| Balance at 30 June 2007 | 97,486 | 34,743 | 24,164 | 357 | 32,179 | 1,572 | 10,162 | 200,663 |
| Accumulated depreciation: | | | | | | | | |
| Balance at 1 July 2005 | - | - | (643) | (10) | (12,401) | (838) | - | (13,892) |
| Disposals | - | - | - | - | 435 | - | - | 435 |
| Net adjustments on asset revaluation | - | - | - | - | - | - | - | - |
| Depreciation expense | - | - | (614) | (5) | (2,764) | (139) | - | (3,522) |
| Balance at 30 June 2006 | - | - | (1,257) | (15) | (14,730) | (977) | - | (16,979) |
| Disposals | - | - | - | - | 1,078 | - | - | 1,078 |
| Net adjustments on asset revaluation | - | - | 1,809 | - | - | - | - | 1,809 |
| Depreciation expense | - | - | (740) | (5) | (3,385) | (128) | - | (4,258) |
| Balance at 30 June 2007 | - | - | (188) | (20) | (17,037) | (1,105) | - | (18,350) |
| Net carrying amount at 30-Jun-06 | 47,201 | 28,657 | 18,679 | 342 | 14,797 | 460 | 1,469 | 111,605 |
| Net carrying amount at 30-Jun-07 | 97,486 | 34,743 | 23,976 | 337 | 15,142 | 467 | 10,162 | 182,313 |

Impairment losses of \$89,000 (2006 \$nil) have been recognised for impairment of the Darfield learner swimming pool building which was damaged in the June 2006 snow event. The cost of replacing the building has been funded from an insurance claim and internal insurance reserves. The net carrying amount of plant and equipment held under finance leases is \$704,164 (2006: \$791,359). There is no property, plant and equipment whose title is restricted. There is no property, plant and equipment pledged as security for liabilities.

Financials

Notes to the financial statements - continued

(c) Infrastructural Assets - Council & Group

| | Road network \$000 | Water supplies \$000 | Storm water \$000 | Sewerage schemes \$000 | Land drainage \$000 | Water races \$000 | Refuse disposal \$000 | Work in Progress \$000 | Total \$000 |
|---|--------------------------|----------------------------|-------------------------|------------------------------|---------------------------|-------------------------|-----------------------------|------------------------------|-----------------|
| Gross carrying amount: | | | | | | | | | |
| Balance at 1 July 2005 | 276,630 | 34,169 | 2119 | 33,989 | 20,642 | 18,218 | - | 2,661 | 388,428 |
| Additions | 10,524 | 3,600 | 1885 | 3,777 | - | 7 | 2,148 | 3,500 | 25,441 |
| Disposal | (191) | - | - | - | - | - | - | - | (191) |
| Net revaluation increase/(decrease) | - | - | - | - | - | - | - | - | - |
| Transfers from WIP | 285 | 154 | - | 28 | - | - | 1,552 | (2,019) | 0 |
| Balance at 30 June 2006 | 287,248 | 37,923 | 4,004 | 37,794 | 20,642 | 18,225 | 3,700 | 4,142 | 413,678 |
| Additions | 14,282 | 2,716 | 3514 | 7,449 | 71 | 17 | 55 | 1,378 | 29,482 |
| Disposal | (134) | (99) | - | - | - | - | - | - | (233) |
| Net revaluation increase/(decrease) | - | 5,546 | 131 | 4,195 | 2,269 | 16,038 | - | - | 28,179 |
| Transfers from WIP | 407 | 235 | - | 3,316 | 39 | - | - | (3,997) | - |
| Balance at 30 June 2007 | 301,803 | 46,321 | 7,649 | 52,754 | 23,021 | 34,280 | 3,755 | 1,523 | 471,106 |
| Accumulated depreciation: | | | | | | | | | |
| Balance at 1 July 2005 | - | - | - | - | - | - | - | - | - |
| Net adjustments on asset revaluation | - | - | - | - | - | - | - | - | - |
| Depreciation expense | (4,973) | (1,043) | (66) | (763) | (29) | (251) | - | - | (7,125) |
| Balance at 30 June 2006 | (4,973) | (1,043) | (66) | (763) | (29) | (251) | - | - | (7,125) |
| Net adjustments on asset revaluation | - | 2,162 | 191 | 1,708 | 58 | 502 | - | - | 4,621 |
| Net adjustments on impairment | 2 | - | - | - | - | - | - | - | 2 |
| Depreciation expense | (5,428) | (1,119) | (125) | (945) | (29) | (251) | (150) | - | (8,047) |
| Balance at 30 June 2007 | (10,399) | 0 | 0 | 0 | 0 | 0 | (150) | - | (10,549) |
| Net carrying amount at 30-Jun-06 | 282,275 | 36,880 | 3,938 | 37,031 | 20,613 | 17,974 | 3,700 | 4,142 | 406,553 |
| Net carrying amount at 30-Jun-07 | 291,404 | 46,321 | 7,649 | 52,754 | 23,021 | 34,280 | 3,605 | 1,523 | 460,557 |

There has been no impairment of infrastructural assets in 2007 (2006: nil).

Financials

Notes to the financial statements - continued

Note 21 - Development property

Property is classified as development property where work is being completed by the Council to prepare the land for future sale. This may include subdivision, installation of infrastructure, etc. Once the property has been developed for sale and is being actively marketed it is reclassified as "property for sale" (refer note 15).

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|---|--------------------------|--------------------------|------------------------|------------------------|
| Balance at 1 July | 2,779 | 3,689 | 2,779 | 3,689 |
| Transfers from property, plant and equip. | - | - | - | - |
| Additions | 1,890 | 463 | 1,890 | 463 |
| Transfers to assets held for sale | (1,072) | (1,373) | (1,072) | (1,373) |
| Total development property | 3,597 | 2,779 | 3,597 | 2,779 |
| <i>Development property consists of:</i> | | | | |
| Izone Southern Business Hub land | 3,597 | 2,779 | 3,597 | 2,779 |
| Other industrial land | - | - | - | - |
| Residential land | - | - | - | - |
| | 3,597 | 2,779 | 3,597 | 2,779 |

Financials

Notes to the financial statements - continued

Note 22 - Intangible assets

| | Council Computer Software \$000 | Group Computer Software \$000 | Group Goodwill \$000 | Group Total \$000 |
|---|--|--|----------------------------|-------------------------|
| Opening Cost at 1 July 2006 | 248 | 516 | 1,646 | 2,162 |
| Accumulated amortisation/impairment | (64) | (207) | - | (207) |
| Opening carrying amount at 1 July 2006 | 184 | 309 | 1,646 | 1,955 |
| Additions | 133 | 162 | - | 162 |
| Amortisation Change | (51) | (101) | - | (101) |
| Closing balance at 30 June 2007 | 266 | 370 | 1,646 | 2,016 |
| Closing cost at 30 June 2007 | 381 | 678 | 1,646 | 2,324 |
| Accumulated amortisation/impairment | (115) | (308) | - | (308) |
| Closing balance at 30 June 2007 | 266 | 370 | 1,646 | 2,016 |
| | | | | |
| | Council Computer Software \$000 | Group Computer Software \$000 | Group Goodwill \$000 | Group Total \$000 |
| Opening Cost at 1 July 2005 | 109 | 279 | - | 279 |
| Accumulated amortisation/impairment | (38) | (154) | - | (154) |
| Opening carrying amount at 1 July 2005 | 71 | 125 | - | 125 |
| Additions | 139 | 237 | 1,646 | 1,883 |
| Amortisation Change | (26) | (53) | - | (53) |
| Closing balance at 30 June 2006 | 184 | 309 | 1,646 | 1,955 |
| Closing cost | 248 | 516 | 1,646 | 2,162 |
| Accumulated amortisation/impairment | (64) | (207) | - | (207) |
| Closing balance at 30 June 2006 | 184 | 309 | 1,646 | 1,955 |

During the year, the Council group assessed the recoverable amount of goodwill which arises from consolidation of the group's position, and determined that there has been no impairment of goodwill.

Note 23 - Trade and other payables

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|---|--------------------------|--------------------------|------------------------|------------------------|
| Trade payables | 5,448 | 2,918 | 10,886 | 8,513 |
| Deposits, retentions and accrued expenses | 3,677 | 2,367 | 5,132 | 3,385 |
| Amounts due to related parties | 1,618 | 1,258 | 0 | - |
| Rates in advance | 95 | 100 | 95 | 100 |
| Total trade and other payables | 10,838 | 6,643 | 16,113 | 11,998 |

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

Financials

Notes to the financial statements - continued

Note 24 - Employee benefit liabilities

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|---|--------------------------|--------------------------|------------------------|------------------------|
| Accrued wages and salaries | 208 | 320 | 838 | 900 |
| Annual leave | 475 | 448 | 1,756 | 1,624 |
| Provision for long service leave | 93 | 69 | 217 | 200 |
| Provision for retirement gratuities | 75 | 87 | 195 | 247 |
| Provision for sick leave | 12 | 12 | 103 | 92 |
| Total employee benefit liabilities | 863 | 936 | 3,109 | 3,063 |
| Comprising: | | | | |
| Current | 770 | 867 | 2,820 | 2,790 |
| Non-current | 93 | 69 | 289 | 273 |
| Total employee benefit liabilities | 863 | 936 | 3,109 | 3,063 |

Note 25 - Provisions

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|---|--------------------------|--------------------------|------------------------------|------------------------------|
| <i>Current provisions are represented by:</i> | | | | |
| Maintenance Provision | - | - | 88 | 218 |
| Total current provisions | - | - | 88 | 218 |
| <i>Non-current provisions are represented by:</i> | | | | |
| Landfill provision | 309 | 309 | 309 | 309 |
| Total non-current provisions | 309 | 309 | 309 | 309 |
| Council and group | Landfill | Landfill | Maintenance Costs | Maintenance Costs |
| | 2007 \$000 | 2006 \$000 | 2007 \$000 | 2006 \$000 |
| Opening balance | 309 | 284 | 218 | 239 |
| Additional provisions made during the year | - | 25 | 7 | 158 |
| Amounts used during the year | - | - | (137) | (179) |
| Closing balance | 309 | 309 | 88 | 218 |

Financials

Notes to the financial statements - continued

Council

The landfill provision reflects the cost of closing and rehabilitating the Killinchy and Hawkins landfills and was initially recognised as a current liability of \$300,000 at 30 June 2002. With the introduction of NZ IFRS the landfill provision was reclassified as a non current provision with no expenditure being charged against the provision in 2007 (2006: nil) however in 2006 the provision was increased by \$25,122 to reflect movements in the CPI (Construction Price) for that year.

Group

In general the group calculates the value of the provision for maintenance contracts based on 50% of the retention value held over the contract at the end of each financial year. Only contracts that have achieved practical completion and have not fulfilled the defects liability period stipulated in the individual contracts are assessed.

Note 26 - Borrowings

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|------------------------------|--------------------------|--------------------------|------------------------|------------------------|
| Current | | | | |
| Bank overdraft | - | - | - | - |
| Secured loans | - | - | 1,212 | 2,260 |
| Finance lease liabilities | - | - | 149 | 135 |
| Total current borrowings | - | - | 1,361 | 2,395 |
| Non-current | | | | |
| Secured loans | - | - | 2,774 | 3,183 |
| Finance lease liabilities | - | - | 445 | 593 |
| Total non-current borrowings | - | - | 3,219 | 3,776 |

SICON Limited

Overdraft

The overdraft facility is secured by debenture. The maximum amount that can be drawn down against the overdraft facility is \$50,000 (2006: \$50,000). There are no restrictions on the use of this facility.

Committed Cash Advance Facility (CCAF)

Drawdowns can be made for terms between 1-364 days, provided such term does not extend beyond the expiry date of 22 November 2011. There is a maximum limit of \$3.6m (2006: \$3.6m). Interest is charged at the Market Connect Term Loan Base Rate prevailing at the date of drawdown plus a margin of 0.65%.

CCAF loans amounting to \$920,000 that were owing at 30 June 2007 were rolled over into new loans on 30 July 2007. Further, a CCAF loan amounting to \$400,000 was paid back in full on 30 July 2007.

Term Loans

- i) \$1,500,000 term loan raised on 24 September 2004 with closing balance of \$862,500 (2006: \$1,237,500). Interest only for the first 12 months, then amortising over remaining term. Expiry date is 24 September 2007 and the current interest rate is 8.20% (2006: 8.20%).

Financials

Notes to the financial statements - continued

- ii) \$775,000 term loan raised on 24 September 2006 with closing balance of \$650,741. Interest and principal is payable monthly. Expiry date is 24 September 2009 and the current interest rate is 8.70%.
- iii) \$300,000 term loan raised on 4 December 2006 with closing balance of \$153,329. Interest and principal is payable monthly. Expiry date is 4 December 2007 and the current interest rate is 8.82%.

Finance Leases

SICON Limited has entered into finance leases for various items of plant and equipment. The net carrying amount of the leased items is shown below.

There are no restrictions placed on SICON by any of the finance leasing arrangements.

Security

Registered debentures secured over all the assets and undertakings of SICON have been executed in favour of the Bank of New Zealand.

Analysis of Finance Lease

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|--|--------------------------|--------------------------|------------------------|------------------------|
| <i>Present value of minimum future lease payments</i> | | | | |
| No later than 1 year | - | - | 149 | 135 |
| Later than 1 year but not later than 5 years | - | - | 445 | 593 |
| Later than 5 years | - | - | - | - |
| | - | - | 594 | 728 |
| <i>made up of:</i> | | | | |
| Current Borrowings | - | - | 149 | 135 |
| Non-Current Borrowings | - | - | 445 | 593 |
| | - | - | 594 | 728 |
| <i>Minimum future lease payments</i> | | | | |
| No later than 1 year | - | - | 200 | 201 |
| Later than 1 year but not later than 5 years | - | - | 496 | 696 |
| Later than 5 years | - | - | - | - |
| <i>Minimum Lease Payments</i> | - | - | 696 | 897 |
| Less future finance charges | - | - | (102) | (169) |
| | - | - | 594 | 728 |

Financials

Notes to the financial statements - continued

Note 27 - General funds

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|---|--------------------------|--------------------------|------------------------|------------------------|
| Opening balance 1 July | 508,888 | 489,948 | 547,477 | 524,968 |
| <i>Transfers to:</i> | | | | |
| Special funds | (13,170) | (11,922) | (13,170) | (11,922) |
| <i>Transfers from:</i> | | | | |
| Revaluation reserve on disposal of property, plant and equipment | 77 | 127 | 77 | 127 |
| Special funds | 5,202 | 3,622 | 5,202 | 3,622 |
| Fair value through equity reserve | - | - | - | 170 |
| Surplus for the year attributable to parent | 21,873 | 27,113 | 24,319 | 30,512 |
| Closing balance at 30 June | 522,870 | 508,888 | 563,905 | 547,477 |

Note 28 - Fair value through equity reserve

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|--|--------------------------|--------------------------|------------------------|------------------------|
| Opening balance 1 July | 42,145 | 44,270 | 18,622 | 16,792 |
| Valuation gains/(losses) taken to equity | - | (2,125) | - | 2,000 |
| Transfers to general reserves | - | - | - | (170) |
| Closing balance 30 June | 42,145 | 42,145 | 18,622 | 18,622 |

Note 29 - Special funds

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|------------------------------|--------------------------|--------------------------|------------------------|------------------------|
| Opening balance 1 July | 37,383 | 29,083 | 37,383 | 29,083 |
| Transfers to general funds | (5,202) | (3,622) | (5,202) | (3,622) |
| Transfers from general funds | 13,170 | 11,922 | 13,170 | 11,922 |
| Closing balance at 30 June | 45,351 | 37,383 | 45,351 | 37,383 |

Financials

Notes to the financial statements - continued

Note 30 - Asset revaluation reserves

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|------------------------------|--------------------------|--------------------------|------------------------|------------------------|
| Opening balance 1 July | 24,635 | 24,360 | 23,936 | 24,360 |
| Current year movements | 76,190 | 402 | 78,771 | (297) |
| Less tax effect on buildings | (26) | - | (77) | - |
| Transfer to general reserves | (77) | (127) | (77) | (127) |
| | <u>100,722</u> | <u>24,635</u> | <u>102,553</u> | <u>23,936</u> |

The balance in this account relates to the revaluation of the following property, plant and equipment classes:

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|--------------------|--------------------------|--------------------------|------------------------|------------------------|
| Land and buildings | 65,394 | 22,507 | 67,999 | 22,517 |
| Farm land | 2,528 | 2,128 | 1,754 | 1,419 |
| Water supplies | 7,708 | - | 7,708 | - |
| Stormwater | 322 | - | 322 | - |
| Sewerage | 5,903 | - | 5,903 | - |
| Land drainage | 2,327 | - | 2,327 | - |
| Water races | 16,540 | - | 16,540 | - |
| | <u>100,722</u> | <u>24,635</u> | <u>102,553</u> | <u>23,936</u> |

Note 31 - Minority interest

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|-------------------------------|--------------------------|--------------------------|------------------------|------------------------|
| Opening balance 1 July | - | - | 28,257 | 27,196 |
| Share in surplus | - | - | 1,440 | 1,709 |
| Share in dividend | - | - | (471) | (648) |
| Share in revaluation movement | - | - | 1,556 | - |
| Closing balance at 30 June | <u>-</u> | <u>-</u> | <u>30,782</u> | <u>28,257</u> |

Financials

Notes to the financial statements - continued

Note 32 - Reconciliation of net surplus after tax to net cash flow from operating activities

| | Council 2007 \$000 | Council 2006 \$000 | Group 2007 \$000 | Group 2006 \$000 |
|--|--------------------------|--------------------------|------------------------|------------------------|
| Surplus after taxation | 21,873 | 27,113 | 25,759 | 32,221 |
| Add /(deduct) non-cash items | | | | |
| Vested assets revenue | (10,267) | (13,293) | (10,267) | (13,293) |
| (Gains)/losses on fair value of investment property | (55) | (10) | - | - |
| (Gains)/losses on fair value of forestry assets | (38) | (99) | (1,037) | 6,284 |
| Fair value increase of embedded derivative | (74) | (113) | (74) | (113) |
| Fair value decrease on community loans | 4 | 14 | 4 | 14 |
| Community loan notional interest | (6) | (5) | (6) | (5) |
| Depreciation | 9,467 | 8,375 | 11,845 | 10,322 |
| Assets written-off | 327 | 191 | 327 | 191 |
| Provision for loan write down | 98 | 92 | 98 | 92 |
| Non current employee benefits | 24 | - | 24 | - |
| Non current provisions | - | 25 | - | 25 |
| Land & buildings revaluation (increment)/decrement | - | - | 29 | 457 |
| Movement in deferred taxation | - | - | (6) | (1,653) |
| | 21,353 | 22,290 | 26,696 | 34,542 |
| <i>Movement in working capital items</i> | | | | |
| Trade and other receivables | (2,662) | 2,651 | (1,762) | (1,927) |
| Income tax receivable | (42) | (6) | (747) | (882) |
| Inventory & work in progress | - | - | (234) | (2,027) |
| Trade and other payables | 4,195 | (914) | 4,121 | 1,475 |
| Employee benefit liabilities | (73) | 172 | 47 | 566 |
| Other Provisions - Current | - | - | (130) | (21) |
| Livestock | - | - | (483) | 44 |
| | 22,771 | 24,193 | 27,508 | 31,770 |
| <i>Items classified as investing activities</i> | | | | |
| Net gain on sale of property, plant and equipment | (3,610) | (2,633) | (3,655) | (11,434) |
| Reclassification of community loan | - | (50) | - | (50) |
| Deposit paid/(received) for land purchase | - | - | (457) | 278 |
| Movement in capital creditors | (1,174) | 200 | (1,175) | 200 |
| Central Plains Water Limited loan interest | (98) | (92) | (98) | (92) |
| Net Cash Flow - Operating Activities | 17,889 | 21,618 | 22,123 | 20,672 |

Financials

Notes to the financial statements - continued

Note 33 - Commitments and operating leases

a) Council

The total funds the Council is committed to spending in the future on maintenance and capital projects is \$17,925,000 (2006 \$22,348,000). Detailed below are the activities in which commitments from 1 July 2007 occur.

Commitments represent contracts entered into but the services have not been delivered.

| | 1 Year \$000 | 1-2 Years \$000 | 2-5 Years \$000 | Total \$000 |
|--|-----------------|--------------------|--------------------|----------------|
| <i>Maintenance & operating lease contracts</i> | | | | |
| Road maintenance * | 3,896 | - | - | 3,896 |
| Road Marking | 227 | - | - | 227 |
| Piped water/sewerage/water races * | 1,442 | 1,442 | - | 2,884 |
| Reserves * | 754 | 754 | 1,508 | 3,016 |
| Rating valuations | 140 | 35 | - | 175 |
| Reserve Management Plans | 7 | - | - | 7 |
| Refuse | 686 | 686 | - | 1,372 |
| Refuse Resource Recovery Park * | 169 | 169 | - | 338 |
| RH Developments | 275 | - | - | 275 |
| Total operating commitments | 7,596 | 3,086 | 1,508 | 12,190 |

* these commitments are with SICON Limited and do not represent commitments external to the group.

| | 1 Year \$000 | 1-2 Years \$000 | 2-5 Years \$000 | Total \$000 |
|---------------------------|-----------------|--------------------|--------------------|----------------|
| <i>Capital contracts</i> | | | | |
| Izone Development | 221 | - | - | 221 |
| Leeston Sewer | 37 | - | - | 37 |
| The Council Headquarters | 5,447 | - | - | 5,447 |
| Total capital commitments | 5,735 | - | - | 5,735 |

b) Group

The Council's subsidiaries have the following lease commitments at balance date (2006: \$1,359,000). These commitments exclude any commitments between the Council and subsidiaries:

| | Within 1 Year \$000 | 1-5 Years \$000 | Total \$000 |
|-----------------------------|---------------------------|--------------------|----------------|
| Total operating commitments | 686 | 1,898 | 2,584 |

The Council's subsidiaries have no capital commitments as at 30 June 2007 (2006 \$68,000).

Note 34 - Contingent liabilities and contingent assets

a) *General*

- i) A problem has been identified with the concrete components of the Resource Recovery Park. The extent and cost of repairs is currently being assessed by an external consultant. The problem can be remedied but the Council do not believe it is liable for the repair cost. It should be noted that the issue does not pose a health and safety risk for the public visiting, or staff working on, the site but may potentially reduce the useful life of the affected area if not repaired.
- ii) The Council has acted as guarantor for one sports club loan to the total value of \$75,000 (2006: \$75,000). This sports club is the Lincoln Bowling Club. The loan which was guaranteed has actually been refinanced with the Council but the guarantee continues for two years until December 2007 as per the provision of the Insolvency Act 1967.
- iii) The Council has no contingent assets at 30 June 2007 (2006: Nil).

b) *Landfills located within Selwyn district*

The Council operates no landfills in the district. The Council has recognised the costs of closing and rehabilitating the Killinchy and Hawkins landfills which were the two largest when operated.

The cost of closing the other landfills and ongoing 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.

c) *Group*

- i) The Council, SICON Limited and Selwyn Plantation Board Ltd are participating employers in the National Provident Fund's Defined Benefit Plan Contributors' Scheme (the Scheme) which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the Scheme, the Council, SICON Limited and Selwyn Plantation Board Ltd could be responsible for an increased share of the deficit.
- ii) SICON Limited has performance bonds and bonds in lieu of retention to third parties from time to time, \$1,266,424 (2006 \$1,393,505) was committed to 30 June 2007.
- iii) In the event that Selwyn Plantation Board Ltd's harvesting programme in relation to the lease back titles is not completed then Selwyn Plantation Board Ltd will be liable for the costs of removing any remaining trees over 20 years old. Selwyn Plantation Board Ltd considers that the harvesting programme will be completed by 31 December 2007.
- iv) Property that Selwyn Plantation Board Ltd owns contains the Bankside Fuel Depot. This large pit was constructed during World War 2 and is of historical interest. The Fuel Depot has been a rubbish dump (by unknown parties and not Selwyn Plantation Board Ltd) for a range of items including large amounts of chemicals. A firm of environmental consultants have been commissioned to provide a preliminary assessment of the site and Selwyn Plantation Board Ltd is unable to estimate any clean-up costs that may arise.

Financials

Notes to the financial statements - continued

Note 35 - Related party transactions

During the reporting period the Council entered into financial transactions with related parties as detailed below:

a) *Selwyn Plantation Board Ltd*

The Council entered into normal commercial transactions with Selwyn Plantation Board Ltd.

The Council received money for:

| | 2007 | 2006 |
|---------------------|--------------|--------------|
| | \$000 | \$000 |
| ▶ Rates | 63 | 69 |
| ▶ Water connections | 6 | - |
| ▶ Other | 1 | - |

The Council paid for:

| | 2007 | 2006 |
|----------------------------|--------------|--------------|
| | \$000 | \$000 |
| ▶ Chemical cleanup | - | 3 |
| ▶ Hire and survey services | 7 | 2 |
| ▶ Land clearing | 4 | - |

There were no amounts outstanding at 30 June 2007 (2006: Nil).

b) *SICON Limited*

The Council entered into normal commercial transactions with SICON Limited:

The Council:

| | 2007 | 2006 |
|--|--------------|--------------|
| | \$000 | \$000 |
| ▶ Received payment for rates, royalties and leases | 228 | 365 |
| ▶ Paid for contract services | 12,263 | 9,798 |
| ▶ At balance date Council owed | 1,582 | 1,252 |
| ▶ At balance date Council was owed | 15 | 5 |

c) *Selwyn Investment Holdings Limited (SIHL)*

The Council received payments from SIHL for:

| | 2007 | 2006 |
|-------------|--------------|--------------|
| | \$000 | \$000 |
| ▶ Dividends | 5,919 | 3,717 |

The Council was owed money from SIHL at balance date for:

| | 2007 | 2006 |
|----------------------------------|--------------|--------------|
| | \$000 | \$000 |
| ▶ Accounts paid on SIHL's behalf | 139 | 216 |
| ▶ Final dividend payable | 2,789 | 1,675 |

Financials

Notes to the financial statements - continued

d) *Central Plains Water Trust*

The Council undertakes accounting services for Central Plains Water Trust for which no charge is made.

The Council makes payments to suppliers on behalf of the Trust who then reimburse the Council. These payments total \$45,791 for the reporting period (2006: \$63,475). The Council is owed \$0 at balance date (2006: Nil).

e) *Elected members and key management*

The following transactions (excluding rates) with Councillors and key management were at arms length, on normal business terms and conditions (all figures are GST exclusive unless otherwise stated):

- ▶ Councillor Jens Christensen is a director/shareholder of Kajens Trading and Development Limited. The company undertakes subdivision development in the Selwyn district and, as part of this process, enters into transactions with the Council in relation to resource and building consents.

| | 2007 \$000 | 2006 \$000 |
|--|---------------|---------------|
| a) Items paid by Kajens Trading to the Council | | |
| o Resource and building consents | - | 4 |
| o Roothing development contribution | - | - |
| o Water development contribution | - | 156 |
| o Sewerage development contribution | - | 510 |
| o Reserve development contribution | - | 707 |
| o other | - | - |
| b) Items paid by the Council to Kajens Trading | | |
| o Sewer easement | | 10 |
| o Contributions to roading | 47 | - |
| o Contribution to water main capacity | - | 12 |
| o Contribution to waste water pipeline capacity* | - | 64 |
| o Refund of sewerage and water development contributions | 65 | - |
| c) At balance date the Council owed (including GST) | 47 | - |
| d) At balance date the Council was owed (including GST) | - | - |

* approval from Office of the Controller and Auditor-General received.

- ▶ Councillor Jack Percy is part owner of a business from which the Council purchased goods and services totalling \$32,727 (approval from Office of the Controller and Auditor-General received) (2006: \$21,349)
- ▶ Councillor Lindsay Philps is owner of a business from which the Council purchased landscaping services totalling \$0 (2006: \$360).
- ▶ The following elected members entered into transactions with the Council for less than \$1,000. These transactions relate primarily to building and resource consent applications and small asset purchases:
 - i. Councillor Annette Foster
 - ii. Councillor Paul Stewart
 - iii. Mrs Dorothy Oakley (Selwyn Central Community Board)
 - iv. Mr Brian Redfern (Malvern Community Board)
 - v. Mrs Mary Ireland (Malvern Community Board)
 - vi. Mr Allan Thorne (Malvern Community Board)

Financials

Notes to the financial statements - continued

Other than the transactions detailed above, no other elected members or senior management have entered into contracts with the Council.

Key management personnel compensation

Key management personnel include the mayor, Councillors, Chief Executive, business unit board and other senior management personnel.

| | Council & Group | Council & Group |
|--|----------------------------|----------------------------|
| | 2007 | 2006 |
| | \$000 | \$000 |
| Salaries and other short term benefits | 1,055 | 1,096 |
| Termination benefits | 79 | - |

Note 36 - Remuneration

a) *Elected members*

Schedule 10 of the Local Government Act 2002 requires the Council to report on the remuneration of elected members to the Council. The following table shows the remuneration received by all elected members from 1 July to 30 June.

| | 2007 | 2006 |
|--|-------------|-------------|
| | \$ | \$ |
| <i>Council</i> | | |
| Mayor Michael McEvedy | 71,566 | 67,353 |
| Councillor Kelvin Coe (Deputy Mayor) | 32,360 | 32,418 |
| Councillor Jens Christensen | 27,247 | 22,270 |
| Councillor Gary Doyle | 24,977 | 22,270 |
| Councillor Debra Hasson | 25,465 | 23,230 |
| Councillor Jack Percy | 26,327 | 24,744 |
| Councillor Annette Foster | 24,925 | 24,685 |
| Councillor Malcolm Lyall | 23,387 | 22,270 |
| Councillor John Morten | 23,387 | 22,270 |
| Councillor Lindsay Philips | 24,588 | 23,410 |
| Councillor Paul Stewart | 23,387 | 22,270 |
| <i>Malvern Community Board</i> | | |
| Chris McSherry (Chairperson) | 9,000 | 8,500 |
| Mary Ireland | 6,100 | 5,875 |
| Warwick Judd | 6,100 | 5,875 |
| Brian Redfern | 6,100 | 5,875 |
| Allan Thorne | 6,100 | 5,875 |
| <i>Selwyn Central Community Board</i> | | |
| Dorothy Oakley (Chairperson) | 8,375 | 8,000 |
| Mark Alexander | 6,275 | 6,000 |
| Marian Powell | 6,275 | 6,000 |
| Bruce Russell | 6,275 | 6,000 |

Financials

Notes to the financial statements - continued

The following Councillors also received directors' fees as directors of the Council's subsidiary companies:

| | Company | 2007 | 2006 |
|-----------------------|------------------------------------|----------|----------|
| Councillor Kelvin Coe | Selwyn Investment Holdings Limited | \$24,000 | \$12,000 |

b) Chief Executive

The Chief Executive of Selwyn District Council is appointed under section 42(1) of the Local Government Act 2002.

The total remuneration paid to the Chief Executive position was \$196,498 (2006 \$173,439). There were no non-cash components related to remuneration for the Chief Executive's position.

c) Severance payments

Schedule 10 of the Local Government Act 2002 requires the Council to disclose any severance payments to staff. Severance payments include any consideration (monetary or non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with Council.

There was one severance payment made during the year of \$79,258 (2006 \$nil).

Note 37 - Purchase of investment (2006)

Selwyn Investment Holdings Limited (SIHL) purchased Plains Laminates Limited from Selwyn Plantation Board Ltd for a consideration of \$1. SIHL increased the share capital of this company to \$1,650,000 and provided a loan of \$1,100,000 to enable them to purchase the assets of an irrigation company for a cash price of \$2,750,000 on 31 May 2006. The company was renamed KB Irrigation Limited. The acquisition had the following effect on the group financial position:

| | 2006 |
|--|--------------|
| | \$000 |
| Net property, plant and equipment acquired | 404 |
| Net inventory acquired | 700 |
| | 1,104 |
| Cash paid | 2,750 |
| Goodwill arising on acquisition | 1,646 |

Note 38 - Events after balance date

Selwyn Investment Holdings Limited purchased 75.1% shareholding in Ferguson Brothers Limited (total share capital of \$4,500,000) for \$3,379,500. This is to enable Ferguson Brothers Limited to purchase the assets and business of a roading contracting company for a cash price of \$9,000,000 on 31 August 2007. The company obtained a bank loan of \$4,500,000 to complete this purchase. The group has estimated that the acquisition has had the following effect on the group financial position:

Financials

Notes to the financial statements - continued

| | |
|--|--------------|
| | \$000 |
| Net property, plant and equipment acquired | 6,700 |
| Net inventory acquired | 150 |
| | <u>6,850</u> |
| Cash price paid | 9,000 |
| Goodwill arising from acquisition | <u>2,150</u> |
| Bank loan obtained to complete purchase | 4,500 |

Ferguson Brothers Limited commenced trading on 1 September 2007.

Note 39 - Financial instrument risks

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council's treasury policy provides the parameters for investment and liability management under which the Council must operate.

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The group is not exposed to price risk, as its investments are not publicly traded.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. KB Irrigation Limited is subject to currency risk, on exchange fluctuations on ANZ foreign currency bank accounts and on forward contracts totalling US\$170,000 in place at 30 June 2007.

Interest rate risk

Selwyn District Council is subject to fluctuations in short term deposits. These fluctuations are minimised as short term deposits are for a maturity period of less than one year.

SICON Limited is subject to fluctuations in the market interest rate in relation to its term loan.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council or Group causing the Group to incur a loss. The maximum exposure to credit risk at balance date is the fair value of the financial instruments as stated in the Statement of Financial Position.

Significant concentrations of credit risk apply principally in respect of cash, dividends receivable and accounts receivable. The group reduces the risk by investing in high credit rating institutions and limiting the investment with any one institution.

Liquidity risk

Liquidity risk is the extent to which the group 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 group aims to maintain flexibility in funding by keeping committed credit lines available.

Financials

Notes to the financial statements - continued

In meeting its liquidity requirements, the group maintains a target level of bank deposits that are on call or short term. SICON Limited and Selwyn Plantation Board Ltd have a minimum amount that can be drawn down against their overdraft facility of \$50,000 (2006 \$50,000). There are no restrictions on the use of this facility.

Note 40 - Capital management

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

The Local Government Act 2002 (the Act) 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. Equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted by the Act and applied by the Council. Intergenerational equity requires today's to meet the costs of utilising the Council's asset 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 ratepayer in future generation are not required to meet the full cost of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in the Selwyn Community Plan (LTCCP) and its annual budget to meet the expenditure needs identified in those plans. And the Act 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 LTCCP.

Selwyn District Council has the following Council created reserves:

- ▶ reserves for different areas of benefit (e.g. specific communities/townships);
- ▶ self-insurance reserves; and
- ▶ trust and bequest reserves.

Reserves for targeted rate activities are used where surpluses (or deficits) from the years transactions are accumulated for use in the future by that group of ratepayers. Interest is added to the capital reserves and deductions are made where the funds are used for the purpose they were collected.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by the Council.

Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

Financials

Notes to the financial statements - continued

Note 41 - Funding for depreciation

The Council, in the Selwyn Community Plan (LTCCP) 2006-2016, has recognised the cost of depreciation on all of its assets. In preparing the 2006/2007 budget the Council consulted with its community and decided not to fund depreciation via targeted rates for water and wastewater functions. The decision was made on the basis that many of the district's water and wastewater assets are relatively new, with the ratepayers receiving those services, having either paid lump sum contributions or loan charges for the construction. By paying for depreciation via their rates, those same ratepayers would have been paying for the construction of the asset and replacement of the asset in the future at the same time, which is inequitable. In future, as assets age, ratepayers may decide to pay increased separate rates to fund the replacement of water and waste water systems.

Note 42 - Statutory Deadline for Adoption of Annual Report

The Local Government Act 2002 requires a Council to adopt its Annual Report by the 31st of October immediately after the year ending 30 June. For the year ending report 30 June 2007 this means the Annual Report must be adopted by the 31st October 2007.


Due to the complexities of the introduction of the International Financial Reporting Standards (IFRS) the Council has not been able to meet that statutory deadline. In addition it has found in the finalising of the Annual Report, that the value of the Council's Water and Sewerage Infrastructure was significantly undervalued.

Due to the volume of work required to complete a revaluation, the Council deferred adopting its Annual Report until 22 October 2008.

This deferral was also undertaken for two reasons:

1. a valuation of water and sewerage was required at 30 June 2007; but
2. a valuation was also required at 30 June 2008 for the undertaking of the 2009/2019 Selwyn Community Plan (LTCCP) and as part of the Council's three yearly revaluation cycle for its assets.

Due to the cost of each valuation being in the order of \$40,000 the Council decided that it would be unreasonable to have to undertake two separate valuations, particularly when incurring additional cost when the Council's view was that no additional value would result.



How we performed

This section provides information on how the Council has performed over the past year.

In this section

Functions

- Community Services
- Environmental Services
- Transportation & Townships
- Waste Management
- Waste Water Services
- Water Supplies
- Support Services
- Izone Southern Business Hub & Property Sales

How we performed

Introduction

For each of its significant activities, the Selwyn District Council sets out its intentions for the period under review in the Selwyn Community Plan (LTCCP) 2006-2016. Significant activities are the areas of the Council's operations where it delivers key services and outputs to ratepayers.

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.

For each significant activity, the following information is disclosed:

- ▶ brief description of its nature and scope;
- ▶ statement of objectives and service performance (non-financial performance reporting);
- ▶ financial operating statement for the activity.

Measurement of progress towards community outcomes

Schedule 10 of the Local Government Act 2002 requires the Council to report on progress towards achieving the community outcomes detailed in the Selwyn Community Plan (LTCCP) 2006-2016. It also requires the Council to describe any effects that any activity has had on the social, economic, environmental, or cultural wellbeing of the community.

The Council has not undertaken any measurement of progress towards the first set of community outcomes. It has focussed its efforts on refining its community outcomes with the Selwyn communities as part of the preparation of the 2006-2016 Selwyn Community Plan (LTCCP) via its individual community surveys and enhancing the Council and communities' linkages with Government Departments and other organisations that can assist in community outcome achievement.

How we performed

Community Services

Community Services

Activity description

This area includes a wide range of activities oriented generally to the development and maintenance of community facilities and services. It includes the following:

- ▶ reserves and domains;
- ▶ library services;
- ▶ property and office buildings;
- ▶ rural fire protection;
- ▶ civil defence;
- ▶ playgrounds;
- ▶ halls and community centres;
- ▶ swimming pools;
- ▶ public toilets;
- ▶ pensioner housing and rental units;
- ▶ rental housing;
- ▶ cemeteries;
- ▶ forestry;
- ▶ business development and promotion.

The district has:

| Function | | |
|---------------------------|---|---|
| Reserves and domains | 20 recreational reserves managed by local community committees. | Book value 30 June 2007 \$15,828,980 |
| Libraries | 4 libraries in Darfield, Leeston, Lincoln and Rolleston which are supplemented by the mobile library and two volunteer libraries. | Book Value 30 June 2007 \$587,000 |
| Halls & community centres | 24 community centres/halls managed by local community committees. | Book value 30 June 2007 \$10,917,894 |
| Swimming pools | 5 swimming pools managed by local community committees. | Not separately valued |
| Cemeteries | 17 cemeteries managed by the Council. | Not separately valued |

How we performed

Community Services

The Council contribution to community outcomes

The Council's community service activity is a contribution to the following community outcomes:

- ▶ access to community and public health services;
- ▶ coordination of community/social services;
- ▶ a safe living environment;
- ▶ business-friendly environment;
- ▶ an ability to experience cultural activities.

Accordingly, the Council will ensure that:

- ▶ It advocates with the appropriate community organisations and governmental agencies to ensure adequate health and police services are available within the district.
- ▶ Implement the Council policies and procedures that maximise the positive effect of the Council on business activities.
- ▶ Provide libraries and in conjunction with local community committees, recreational reserves, community centres and swimming pools that not only allow cultural activities but also recreational activities be they passive or physical.

Statement of service performance

| Service Target | What will the Council do to achieve the target? | How will we know if we have met the target? | Our achievement in 2006/2007 | | |
|--|--|--|----------------------------------|---------|----------|
| Provide a quality and accessible, yet affordable library service to all residents in the District. | The Council operates five libraries at Darfield, Leeston, Lincoln, Mobile and Rolleston. | Annual membership numbers increase by greater than 5%. | | 2006/07 | 2005/06 |
| | | | Membership Numbers | 14,847 | 14,440 |
| | | | Movement between years | 407 | 859 |
| | | | Not Achieved | | |
| | | | Movement between years as a % | 2.8% | 6.3% |
| | | | | | |
| | Annual book issues increase by greater than 5%. | Annual book issues increase by greater than 5%. | Books Issued | 262,269 | 259,729 |
| | | | Movement between years | 2,540 | (10,718) |
| | | | Not Achieved | | |
| | | | Movement between years as a % | 1.0% | (4.0)% |
| | | | | | |
| | Book issues per staff member exceed 27,000 per annum. | Book issues per staff member exceed 27,000 per annum. | Books Issued Per Employee | 26,227 | 25,973 |
| | | | Movement between years | 254 | (1,072) |
| | | | Not Achieved | | |
| | | | Movement between years as a % | 1.0% | (4.0)% |
| | | | | | |

How we performed

Community Services

| Service Target | What will the Council do to achieve the target? | How will we know if we have met the target? | Our achievement in 2006/2007 |
|---|--|---|--|
| | | Operating cost per book issued does not exceed \$3.31 per book in 2006/2007 | <p>Not Achieved</p> <p>The operating cost per book in 2006/07 was \$3.67 (2006: \$3.58) per book. This increase in costs per book issue is due to the lower than expected growth (1.0% compared to budgeted 5.0%) in books issued in 2006/07 compared to 2005/06.</p> <p>The LTCCP when adopted assumed budgeted annual costs for 2006/07 of \$987,000 (actual costs of \$961,000) and book issues of 298,168.</p> |
| Effectively monitor and control rural fire risks. | The Council has a Principal Rural Fire Officer, 18 Rural Fire Officers and has three Volunteer Rural Fire Forces to respond to rural fire incidents. | Rural fire management meets the full requirements of the Forest & Rural Fires Act 1977, the Forest & Rural Fires Regulations 2005 and National Standards. | <p>Achieved</p> <p>During 2006/2007, the Council met the full requirements of the legislation and standards. Response capability was maintained with the appointment of a Principal Rural Fire Officer, 22 Rural Fire Officers, and the continuation of three Volunteer Rural Fire Forces.</p> |
| A District that is able to respond to an emergency situation. | The Council will appoint appropriately qualified individuals to its Civil Defence organisation. | Local controllers and key appointments fully trained to meet the requirements of the Canterbury Group Civil Defence Emergency Management (CDEM) Plan. | <p>Achieved</p> <p>The Council met the requirements of the CDEM plan during 2006/2007.</p> <p>The Council's ability to respond was tested by:</p> <ul style="list-style-type: none"> ▶ The annual regional Civil Defence exercise Pandora on 6 October 2006 ▶ National Pandemic planning exercises conducted on 10,16 & 17 May 2007 ▶ A high rainfall event which caused minor flooding issues at Arthur's Pass and Rakaia Huts on 14 November 2006. |

How we performed

Community Services

| Service Target | What will the Council do to achieve the target? | How will we know if we have met the target? | Our achievement in 2006/2007 |
|--|--|--|--|
| | | | All exercises and actual responses were managed effectively. Council continues to seek community volunteers and encourage residents to be self reliant if a major event occurs within our District. |
| | In conjunction with the Government provide education material to the community so that they know what to do in an emergency. | 70% of residents who know what to do in an emergency as measured by the two yearly Council residents' survey. | This indicator could not be measured in 2006/2007 as the next survey will not be completed until 2007/2008. |
| Provide enhanced recreational facilities. | Undertake a covered community pool feasibility study. | Feasibility study complete by 30 June 2007. | The Draft 2006/2016 Selwyn Community Plan (LTCCP) asked residents to comment on whether they would like to see a covered swimming pool constructed in the district. 92 submissions on the pool were received. The majority indicated that the estimated cost of \$115 per property per annum was too expensive. On this basis the Council did not undertake a feasibility study. |
| Reserves provide recreational opportunities. | The Council will ensure its parks and reserves are well maintained. | Ratepayers' satisfaction with their reserves is greater than 76%, as measured by the two yearly Council residents' survey. | This indicator could not be measured in 2006/2007 as the next survey will not be completed until 2007/2008. |

How we performed

Community Services

Community Services Activity Operating Statement

Financial summary for the year ended 30 June

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2007 |
|---|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Activity revenue | | | | | |
| Targeted rates | 1,736 | 1,701 | 1,535 | 1 | |
| Development contributions | 3,383 | 50 | 4,085 | 2 | 17 |
| Vested Assets | 164 | - | - | 3 | 18 |
| Other revenue | 1,518 | 921 | 1,295 | 4 | 19 |
| Total activity revenue | 6,801 | 2,672 | 6,915 | | |
| Operating expenditure | | | | | |
| Business development/district promotion | 419 | 413 | 362 | | |
| Cemeteries | 218 | 215 | 229 | | |
| Civil defence | 178 | 172 | 161 | | |
| Community centres and facilities | 817 | 1,114 | 733 | 5 | 20 |
| Community development | 317 | 382 | 147 | 6 | |
| Elderly housing | 21 | 35 | 24 | | |
| Forestry | 29 | 43 | 35 | | |
| Library services | 960 | 849 | 961 | | 21 |
| Medical centres | 14 | 19 | 24 | | |
| Property and buildings | 588 | 421 | 427 | 7 | 22 |
| Public toilets | 494 | 348 | 162 | 8 | 23 |
| Recreation reserves | 1,226 | 1,993 | 1,291 | | 24 |
| Rural fire protection | 271 | 236 | 280 | | |
| Safer community council | 16 | 45 | 23 | | |
| Sports and culture grants | 56 | 46 | 52 | | |
| Swimming pools | 229 | 176 | 131 | 9 | |
| Total operating expenditure | 5,853 | 6,507 | 5,042 | | |
| Surplus/(deficit) | 948 | (3,835) | 1,873 | | |

How we performed

Community Services

Community Services Activity Capital and Reserves Funding Statement

Financial summary for the year ended 30 June

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2007 |
|---|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Capital expenditure | | | | | |
| Business development/district promotion | - | 40 | - | | |
| Cemeteries | 12 | 23 | 8 | | |
| Civil defence | - | 15 | 15 | | |
| Community centres and facilities | 274 | 4,842 | 912 | 10 | 25 |
| Library services | 135 | 138 | 126 | | |
| Medical centres | 5 | 1,248 | - | | 26 |
| Property and buildings | 6,341 | - | 15 | 11 | 27 |
| Council headquarters | 7,224 | 13,554 | 798 | 12 | 28 |
| Public toilets | 1,712 | 1,651 | 35 | 13 | |
| Recreation reserves | 579 | 2,491 | 162 | 14 | 29 |
| Rural fire protection | 109 | 122 | 203 | 15 | |
| Swimming pools | 166 | 87 | 3 | 16 | 30 |
| Total funding required | 16,557 | 24,211 | 2,277 | | |

How we performed

Community Services

Financial commentary (actual 2007 compared to actual 2006)

1. *Targeted rates income* increased by \$201,000 in 2007 compared to 2006 due to:
 - a. An increase in the library rate of \$5 from \$80 to \$85 which collected an extra \$66,200.
 - b. An increase in the number of properties paying the library rate of 784 from 12,457 to 13,241 which collected an extra \$67,000.
 - c. Increases in the number of properties paying rates towards the Rolleston Community Centre and Rolleston reserve which respectively increased the rates levied by \$26,400 and \$17,300.
 - d. A new swimming pool rate in Prebbleton in which the rates levied for the first time were \$13,800.
2. *Development contributions* collected vary from year to year depending on the amount of subdivision activity within the district.
3. *Vested Assets* recognised vary from year to year depending on the amount of subdivision activity within the district.
4. *Other revenue* in 2007 is higher than in 2006 due to funds received from the Department of Conservation, \$300,000 and Transit New Zealand, \$150,000 towards the construction of the Arthur's Pass public toilet and tourist facility.
5. *Community centre and facility operating expenditure* is higher in 2007 compared to 2006 due to:
 - a. Increases in insurance premiums and valuations of \$35,000.
 - b. Higher depreciation - \$26,000.
 - c. Building condition assessments not previously undertaken - \$20,000.
 - d. Increased staffing costs at the Rolleston Community Centre due to the higher levels of activity and use of \$38,000.
6. *Community development operating expenditure* in 2007 includes the cost of:
 - a. Recreation and youth projects - \$46,000.
 - b. The effect of having all staff in this area employed compared to the previous year (2006) when the unit had just been established - \$82,000.
 - c. The full allocation of overhead costs - \$54,000.
7. *Property and building operating expenditure* in 2007 includes a number of costs that will not be repeated in future years:
 - a. Leeston service centre roof improvements - \$32,000.
 - b. Rental/fit out costs for two temporary buildings in Leeston due to extra staff employed (note that these costs are funded from the headquarters budget) - \$107,000.
8. *Public toilet operating expenditure* in 2007 includes costs associated with the building of the Arthur's Pass public toilet and tourist facility of \$309,000.
9. *Swimming pools operating expenditure* in 2007 includes a write off of \$ 89,000 of the book value of the Darfield swimming pool building destroyed in the 2006 snow storm.

How we performed

Community Services

10. *Community centres capital expenditure* in 2006 includes the completion of the Darfield recreation centre \$360,000 upgrade, completion of the rebuilding of the Glentunnel community hall, \$464,000 and the addition of a storage room to the Springston hall, \$58,000.
11. *The Council* made a significant number of strategic land purchases in 2007 including:
- | | | |
|----|---|-------------|
| a. | 15 West Belt, Lincoln | \$370,000 |
| b. | 16 Lyttelton Street, Lincoln | \$423,000 |
| c. | 18 Lyttelton Street, Lincoln | \$342,000 |
| | <i>All purchases above made to allow for the option of a commercial development in Lincoln.</i> | |
| d. | 156 North Belt, Lincoln | \$343,000 |
| e. | 'Vege Block', North Belt, Lincoln | \$2,013,000 |
| | <i>All purchases above allow for the option of the construction of a new community centre in Lincoln.</i> | |
| f. | 5.2 hectare Southfield Drive, Lincoln | \$2,752,000 |
| | <i>This purchase allows for road and infrastructure linkages in southern Lincoln and residential subdivision activity.</i> | |
12. *The Council headquarters project* commenced in 2005 and will be completed in November 2007.
13. *Construction of new public toilet and tourist facility* at Arthur's Pass \$1,605,000.
14. *Higher costs* in 2007 compared to 2006 reflect the development of recreational and passive reserves in Rolleston - \$403,000.
15. *Rural fire capital costs* in 2006 reflect the purchase of two vehicles. Lake Coleridge (appliance) and Dunsandel (replacement tanker) while in 2007 the Lincoln tanker was replaced.
16. *Capital expenditure on swimming pools* in 2007 is mainly due to the replacement of the Darfield learner's swimming pool building which collapsed in the June 2006 snow storm. This replacement is funded by insurance.

Financial commentary (actual 2007 compared to budget 2007)

17. *The actual revenue from development contributions* in 2007 is higher than budget due to the difficulty in being able to accurately estimate when developers will complete their developments and pay their contributions.
18. *The actual revenue from vested assets* is difficult to accurately estimate due to the uncertainty as to when developers will complete their developments.
19. Refer to Note 4.
20. *This variance* of relates to a number of items:
- ▶ Dunsandel Community Centre - \$16,000 for the upgrade to the main hall floor which did not proceed
 - ▶ Glenroy Hall upgrade - \$24,000 of budgeted operating expenditure which was more correctly defined as capital expenditure when the expenditure was incurred.
 - ▶ Rolleston Community Centre - \$17,000 for 3 projects which did not proceed
 - ▶ \$47,000 of budgeted expenditure relating to building condition gradings, floor plans and asset management plans which was not spent

The balance of the variance is due to numerous smaller variances.

How we performed

Community Services

21. *The full cost of depreciation on library books* was not budgeted for and this accounts for \$105,000 of the \$111,000 variation. This had no impact on the annual rates calculation as the rates charge includes the capital cost of library book purchases rather than the depreciation expense.
22. *Refer note 7.* Item (a) was not budgeted for but needed to occur to fix roof leakage problems while item (b) is funded from the Headquarters capital budget.
23. *The actual 2007 costs* is higher than budget as no allowance had been budgeted for the under grounding of lines for the Arthur's Pass public toilet and tourist facility which proceeded due to:
 - e. The provision of an Orion subsidy
 - f. Funds being provided from the Council under grounding special fund - \$200,000.
24. The actual cost of recreation reserves is below budget due to the delay in completing of a number of projects, including Youth Parks (\$300,000), stage 1 cycleway and footpath (\$120,000), gravel pit development (\$91,000), Rolleston Reserves management plan (\$50,000). The rest of the variance is due to numerous smaller variations.
25. *The following budgeted Community Centre capital projects* did not proceed:
 - g. Lincoln Community Centre upgrade - \$4,000,000. A community survey in July 2007 decided that a new community centre will be constructed on the 'Vege block'. Construction is expected to commence during the 2009 calendar year.
 - h. Darfield Recreation Centre changing room showers & toilets, carparks and playground upgrades - \$195,000
 - i. Rolleston Community Centre health and fitness centre - \$340,000
26. *The Darfield Medical Centre upgrade* project is still in a feasibility stage.
27. Refer note 11.
28. When the 2007 budget was established, an assumption was made that the new Council headquarters would be substantially completed by June 2007. A delay in commencing the project means that part of the budgeted cost will be carried forward to the 2008 financial year for completion in November 2007.
29. *A number of projects* not undertaken in 2007 will be completed in 2008, including land purchases (\$640,000), Rolleston reserves development projects (\$456,000) Prebbleton sports field development (\$198,000) and Rolleston Youth Park (\$100,000).
30. *Completion of the rebuild of the Darfield Swimming Pool building* destroyed in the 2006 snow event.

Significant capital expenditure

The significant capital projects during the year were:

- ▶ The first part of the construction of the new Council Headquarters to provide adequate space for Council staff and allow most Council staff to work in the same building and make it easier to plan and co-ordinate Council activities - \$7,224,000
- ▶ A number of strategic asset acquisitions as described in note 10 above - \$6,243,000.
- ▶ The construction of much needed new toilet facilities at Arthur's Pass - \$1,605,000

How we performed

Democracy

Democracy

Overall activity goal

To provide effective and efficient representation for ratepayers in a fair and equitable manner.

Activity description

This activity covers the costs associated with the Council's democratic process through making provision for advice and support to the Mayor, Councillors and Community Board Members.

The major reports that guide the direction of the Council and the district are the District Plan, the Selwyn Community Plan (LTCCP) and the Annual Report.

The Council contribution to community outcomes

For many of the community outcomes, the Council has an advocacy role with Government Departments and other organisations. The Council will ensure that it takes every practical opportunity to undertake this role to achieve the community outcomes whether it is through formal meetings, submissions or informal gatherings at elected member or staff level to the appropriate organisations.

The Council discretionary grants

The Council administers a number of discretionary grants to assist Selwyn community groups. Information on each of the grants can be obtained from any of the Council Service Centres.

| | |
|--|----------|
| ▶ Discretionary fund - \$10,000 per ward) | \$30,400 |
| ▶ Discretionary fund - budget of the Council | \$9,600 |
| ▶ Discretionary fund - Councillors | \$11,200 |
| ▶ Community special events | \$14,300 |
| ▶ Sports and cultural | \$18,400 |
| ▶ Creative New Zealand | \$31,600 |
| ▶ Community Special Events | \$14,200 |
| ▶ Waihora Ellesmere Trust - symposium | \$22,000 |
| ▶ Subscription to Local Government New Zealand | |
| | \$28,500 |
| ▶ Other minor grants | \$14,900 |

The Council also provides grants on an annual basis to the following organisations:

| | |
|--|------------------|
| ▶ Canterbury Museum Trust (as per the Canterbury Museum Trust Board Act) | \$166,700 |
| ▶ Life Education Trust | \$3,000 |
| ▶ Community Law Canterbury | \$2,700 |
| ▶ Banks Peninsula Trotting | \$2,500 |
| ▶ Summit Road Protection Authority | \$2,000 |
| ▶ Summit Road Society | \$2,000 |
| ▶ Lincoln Envirotown Trust - admin grant | \$15,000 |
| ▶ Waihora Ellesmere Trust - admin grant | \$20,000 |
| ▶ Council staff support | \$25,000 |
| Total budgeted grant funding & associated staff support | <u>\$434,000</u> |

Note: In 2007, the **actual** value of grants distributed was \$368,000 as per the Democracy Activity Statement and \$66,000 as per the Community Services Activity Statement. The total grant funding for 2007 cost \$434,000. Central Government agencies provide \$42,000 of this funding.

How we performed

Democracy

Statement of service performance

| Service Target | What will the Council do to achieve the target? | How will we know if we have met the target? | Our achievement in 2006/2007 |
|--|--|--|---|
| Implement an agreed programme of elected member's meetings | All meetings of elected members will be held in compliance with the Local Government (Official Information and Meetings) Act 1987 (the Act). | Conduct less than 5% (by item) of the Council business in a public excluded meeting. | <p>During the period there were:</p> <p>28 Council meetings (2006:32)</p> <p>23 Community Board meetings (2006: 24)</p> <p>34 Portfolio / subcommittee meetings (2006: 54)</p> <p>All meetings were conducted in accordance with the Act.</p> <p>Not Achieved</p> <p>9.5% (by item) of the Council's business being conducted in public excluded meetings.</p> |
| Annual Report prepared | Produce an Annual Report that meets best practice. | Prepared within statutory timeframe and with an unqualified opinion. | <p>Achieved</p> <p>The 2005/2006 Annual Report was adopted on the 27 October 2006 with an unqualified auditors report.</p> |
| Selwyn Community Plan (LTCCP)/ Annual Budget | Produce a document that allows for easy input from ratepayers and residents. | Prepared within statutory timeframes with a minimum of 200 submissions. | <p>Achieved</p> <p>The 2007/2008 Annual Budget was adopted on the 27 June 2007. 219 submissions were received.</p> |

How we performed

Democracy

Democracy Activity Operating Statement

Financial summary for the year ended 30 June

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2007 |
|--|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Activity revenue | | | | | |
| Targeted rates | 375 | 349 | 163 | 1 | |
| Other revenue | 15 | - | 26 | | |
| Total activity revenue | 390 | 349 | 189 | | |
| Operating expenditure | | | | | |
| Mayoral | 167 | 153 | 171 | | |
| Council | 1,518 | 1,532 | 1,559 | | |
| Community boards | 192 | 181 | 186 | | |
| Grants and subscriptions | 376 | 374 | 307 | 2 | |
| Total operating expenditure | 2,253 | 2,240 | 2,223 | | |
| Surplus/(deficit) | (1,863) | (1,891) | (2,034) | | |
| Operating surplus transferred to: | | | | | |
| General funds | 0 | 0 | (1) | | |
| Targeted Rates funds | (38) | 0 | (1) | | |
| Operating deficit funded from: | | | | | |
| General rates | 1,861 | 1,857 | 2,034 | | |
| Depreciation not specifically rated | 0 | 0 | 0 | | |
| Transfers from general funds | 40 | 34 | 2 | | |
| Total | 1,863 | 1,891 | 2,034 | | |

Financial commentary (actual 2007 compared to actual 2006)

- The Council introduced a *new targeted rate* to fund the Canterbury Museum Trust Board annual levy. The rate levied collected \$200,000 which was previously funded from the Uniform Annual General Charge.
- Additional grants* in 2007 compared to 2006 include:
 - Lincoln Envirotown Trust \$15,000
 - Waihora Ellesmere Trust, increase in administration grant \$10,000
 - Waihora Ellesmere Trust, Symposium grant \$22,000

How we performed

Environmental Services (formerly Regulatory Services)

Environmental Services (formerly Regulatory Services)

Overall activity goal

To provide effective advice and services in an efficient manner to enable the Council to discharge its resource management, environmental health, building, animal control and general law enforcement.

Activity description

This activity ensures the sustainable management and protection of the district's resources while providing a framework for development within the district in accordance with the relevant legislation.

- ▶ *Resource Management*
This area discharges the Council's obligations under the Resource Management Act 1991 and other legislation.
- ▶ *Building, Plumbing and Drainage Consents and Inspections*
This area ensures compliance with building legislation and standards through the perusal of plans and inspection of building projects for fire safety, disabled persons' access, fencing of swimming pools and seismic risk.

The Council contribution to community outcomes

The Council's Environment Services activity is a contributor to the community outcomes:

- ▶ a living environment where the rural theme of Selwyn is maintained;
- ▶ a safe living environment;
- ▶ air, land, water and general environment are kept in a health condition.

Accordingly, the Council will ensure that:

- ▶ it has a District Plan that provides rules that maintain the rural theme of the district;
- ▶ it undertakes its compliance roles in building, resource management, environmental health and animal health in a manner that meets its statutory requirements and public expectations;
- ▶ consents issued are monitored to ensure that any breaches that will impact on residents and the community in general are corrected;
- ▶ cost - charges and rates must meet the annual operating costs and ensuring adequate funding is created which allows the environmental services systems to be upgraded or renewed without significant changes to the annual charge.

How we performed

Environmental Services (formerly Regulatory Services)

Statement of service performance

Service Target - Process all resource consents, building consents and other enquiries in accordance with approved procedures, legislative requirements and time constraints.

| Indicator | Quantity Estimate | Quantity Achieved | Working days target | Target within working days | Achieved within working days | Average processing days |
|--|-------------------|-------------------|---------------------|----------------------------|------------------------------|-------------------------|
| Subdivision consents - notified (with hearing) | } 15 | 12 | 70 | 90% | 42% | 73.9 |
| Subdivision consents - notified (no hearing) | | 1 | 50 | 90% | 100% | 45.0 |
| Subdivision consents - limited notification (with hearing) | } 4 | 1 | 70 | 90% | 0% | 74.0 |
| Subdivision consents - limited notification (no hearing) | | 4 | 50 | 90% | 25% | 49.5 |
| Subdivision consents - non-notified (with hearing) | } 210 | 0 | 40 | 90% | - | - |
| Subdivision consents - non-notified (no hearing) | | 166 | 20 | 90% | 46% | 25.4 |
| Land use consent - notified (with hearing) | } 15 | 16 | 70 | 90% | 25% | 78.3 |
| Land use consent - notified (no hearing) | | 8 | 50 | 90% | 50% | 53.1 |
| Land use consent - limited notification (with hearing) | } 8 | 11 | 70 | 90% | 27% | 84.6 |
| Land use consent - limited notification (no hearing) | | 7 | 50 | 90% | 57% | 44.4 |
| Land use consent - non-notified (with hearing) | } 250 | 1 | 40 | 90% | 100% | 34.0 |
| Land use consent - non-notified (no hearing) | | 203 | 20 | 90% | 60% | 19.6 |
| Land Information Memoranda | 1,600 | 1872 | 10 | 100% | 99% | 6.9 |
| Property information memoranda | 2,000 | 1793 | 10 | 90% | 84% | 15.6 |
| Building consents | 2,000 | 1974 | 20 | 90% | 34% | 33.0 |
| Building inspections | 12,000 | 6067 | 2 | 100% | Note 1 | Note 1 |
| Full code of compliance certificates | 2,000 | 1431 | 20 | 100% | 95% | 10.0 |

Note 1: Data was not captured with regard to these targets.

| Service Target | What will the Council do to achieve the target? | How will we know if we have met the target? | Our achievement in 2006/2007 |
|--|---|---|---|
| Applicants for building or resource consents are satisfied with the service. | Provide the best possible service to applicants for building and resource consents. | Undertake an annual survey (conducted by an independent organisation) of building and resource consent applicants with greater than 80% of applicants for building and resource consents who are very satisfied or satisfied. | <p>Not Achieved</p> <p>74% (79% in 2006) of the resource consent applicants surveyed were either very satisfied or satisfied with the service received.</p> <p>Not Achieved</p> <p>61% (52% in 2006) of the building consent applicants surveyed were either very satisfied or satisfied with the service received.</p> |

How we performed

Environmental Services (formerly Regulatory Services)

| Service Target | What will the Council do to achieve the target? | How will we know if we have met the target? | Our achievement in 2006/2007 |
|---|---|---|--|
| Ensure compliance with all relevant legislation and issue licences where necessary, regarding environmental health, liquor licensing, food quality and the safety of the community. | Inspect all premises registered under the Health Act during the year (approximately 180). | Licences issued in accordance with the prescribed statutory procedures and time limits. | <i>Not Achieved</i> Of the 146 premises, 135 were inspected and licences issued in accordance with the statutory procedures and timeframes (2006: 147 premises). |
| | Applications for liquor licences processed (approximately 270 per annum). | All processed within statutory procedures of the Liquor Licensing Act. | <i>Achieved</i> Liquor licences are required to be renewed the year after issue and then every three years. 322 liquor licences were issued or renewed during 2006/2007 within the statutory timeframes. (2006: 257 licences issued) |
| | Reported notifiable diseases investigated (approximately 80 per annum). | All investigations complete within five days by appropriately qualified staff/ contractors. | <i>Achieved</i> Council was advised of 162 (2006: 195) notified diseases. All were followed up within 5 working days by appropriately qualified staff/contractors. |
| | Dog and animal control nuisance complaints are investigated. | Complaints of an urgent nature investigated within four hours. | <i>Achieved</i> 272 complaints of an urgent nature were responded to within 4 hours. |
| | | Complaints of a non-urgent nature investigated within 72 hours. | <i>Achieved</i> 184 complaints of a non-urgent nature were responded to within 72 hours. <i>Note:</i> In 2006 urgent and non-urgent complaints were measured together totalling 529. |

How we performed

Environmental Services (formerly Regulatory Services)

Environmental Services Activity Operating Statement

Financial summary for the year ended 30 June

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2007 |
|--|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Activity revenue | | | | | |
| User charges - animal control | 249 | 192 | 201 | 1 | 7 |
| User charges - building | 2,391 | 1,665 | 1,947 | 2 | 8 |
| User charges - environmental health | 107 | 95 | 71 | | |
| User charges - resource management | 592 | 400 | 380 | 3 | 9 |
| User charges - RMA monitoring | 29 | 30 | 16 | | |
| User charges - resource policy | - | 3 | 13 | | |
| Total activity revenue | 3,368 | 2,385 | 2,628 | | |
| Operating expenditure | | | | | |
| Animal control | 269 | 255 | 226 | | |
| Building | 2,899 | 2,418 | 2,142 | 4 | 10 |
| Environmental health | 150 | 167 | 128 | | |
| Resource management | 949 | 761 | 658 | 5 | 11 |
| RMA monitoring | 138 | 139 | 145 | | |
| Resource policy | 906 | 1,355 | 1,170 | 6 | 12 |
| Total operating expenditure | 5,311 | 5,095 | 4,469 | | |
| Surplus/(deficit) | (1,943) | (2,710) | (1,841) | | |
| Operating surplus transferred to: | | | | | |
| General funds | - | - | - | | |
| Operating deficit funded from: | | | | | |
| General rates | 1,943 | 2,600 | 1,841 | | |
| Depreciation not specifically rated | - | - | - | | |
| Transfers from general funds | - | 110 | - | | |
| Total | 1,943 | 2,710 | 1,841 | | |

How we performed

Environmental Services (formerly Regulatory Services)

Financial commentary (actual 2007 compared to actual 2006)

1. *Animal control revenue* in 2007 is greater than actual revenue in 2006 as more dogs were registered in 2007 than in 2006. This is mainly due to the micro chipping of dogs which resulted in many dogs which were previously unregistered being registered.
2. *Building consent revenue* is higher in 2007 than in 2006 due to the increased in the number of building consents processed. It should be noted that 2007 was the first full year in which building certifiers were not processing within our district and accordingly, this increased the number of consents processed by the Council.
3. *Resource consent processing revenue* was higher in 2007 than 2006 by \$212,000. A significant part of this revenue is related to the 'one off' effect of Central Plains Water fees which in 2007 totalled \$159,900.
4. *Building expenditure* is higher in 2007 than 2006 due to the higher consent processing activity explained in note 2. The majority of this extra expenditure is funded by the extra building revenue received.
5. *Resource management expenditure* is over budget due to the higher than expected resource consent processing activity explained in note 3.
6. *Resource policy expenditure* In 2007 is lower than 2006 as the District Plan is almost complete except for one appeal. Accordingly District Plan expenditure in 2007 is lower than in 2006 by \$490,000. The council has increased its strategic planning efforts in 2007 though which has increased expenditure by \$248,000 above that in 2006. This extra expenditure has been mainly incurred in 2 items:
 - ▶ Employing more staff - \$153,000
 - ▶ Preparation of the Urban Development Strategy - \$49,000

Financial commentary (actual 2007 compared to budget 2007)

7. *Animal control revenue* is greater than budget as more dogs were registered than had been anticipated. This is mainly due to the micro chipping of dogs which resulted in many dogs which were previously unregistered being registered.
8. *Building consent revenue* is higher than budget due to the increased in the number of building consents processed. It should be noted that 2007 was the first full year in which building certifiers were not processing within our district and accordingly, this increased the number of consents processed by the Council.
9. *Resource consent processing revenue* was over budget by \$192,000. A significant part of this revenue is related to the 'one off' effect of Central Plains Water fees which in 2007 totalled \$159,900.
10. *Building expenditure* is over budget due to the higher than expected consent processing activity explained in note 8 but is funded by the additional revenue received.
11. *Resource management expenditure* is over budget due to the higher than expected resource consent processing activity explained in note 9.
12. *Resource policy expenditure* is under budget by \$449,000 reflecting:
 - a. Lower use of consultants with a saving of \$84,800.
 - b. The Lincoln Structure Plan was not complete as at 30 June 2007 and \$40,000 not spent at that date has been carried forward into the 2007/2008 financial year to fund the completion of the project.

How we performed

Environmental Services (formerly Regulatory Services)

- c. Legal expenses were lower than budgeted by \$101,000.
- d. Expenditure on the completion of the District Plan is lower than budgeted recognising that all but one appeal has been resolved. It is expected that this appeal will be resolved in 2007/2008 and \$55,000 has been carried forward to fund that work. It should also be noted that although the District Plan is expected to be adopted in 2007/2008, the Council has already identified a number of issues that require further work to improve aspects of the Plan for the future. This work will commence in 2007/2008.
- e. A number of projects not completed in 2006/2007 will be completed in 2007/2008. \$92,000 of funding has been carried forward.

Transportation and Townships

Overall activity goal

To ensure that the Council's network of roads, bridges, street lights, footpaths and other related infrastructure is maintained, renewed and provided for throughout the year within budget and in accordance with agreed performance measures, the Council policies and the goals and objectives of the New Zealand Transport Strategy. This includes the provisions of the National Land Transport Programme administered by Land Transport New Zealand (LTNZ) as it relates to the Selwyn District Land Transport Programme.

Activity description

Selwyn is predominantly a rural district and as such has an extensive network of roads and bridges consisting of 1,349km of sealed and 1,118km of unsealed roads, 120 bridges and 92km of footpaths.

A number of State Highways also pass through the district. These are:

- | | |
|--------------------|---|
| ▶ State Highway 1 | - Templeton to Rakaia River |
| ▶ State Highway 73 | - Yaldhurst to Arthur's Pass (Great Alpine Highway) |
| ▶ State Highway 75 | - Halswell to Motukarara |
| ▶ State Highway 77 | - Darfield to Rakaia Gorge (Part Scenic Route 72) |

Council Contribution to Community outcomes

The Council's roading activities are the major contributor to the community outcome 'effective and accessible transport system'. This reflects strongly in the goals of the New Zealand Transport Strategy that road controlling authorities such as this Council, are required to manage transportation activities to contribute to an integrated, safe, responsive and sustainable land transport system.

Accordingly, the Council will undertake routine maintenance incorporating payment repairs and gravelling, street cleaning, bridge repairs, traffic services, street lighting, minor safety works and footpath works.

In addition, it will actively promote road safety in conjunction with LTNZ and the New Zealand Police to ensure roads and related activities are managed and undertaken in accordance with the goals and objectives of the Council's Road Safety Management System which encompasses the '3 Es' of safety management, engineering, education and enforcement.

How we performed

Transportation and Townships

Statement of service performance

| Service Target | What will the Council do to achieve the target? | How will we know if we have met the target? | Our achievement in 2006/2007 |
|----------------------------------|--|---|--|
| Well maintained roading network. | Undertake maintenance programmes and review processes that minimise ratepayer complaints. | Number of public enquiries and concerns for routine general maintenance is less than 310. | <i>Not Achieved</i> 521 enquiries were received during 2006/2007. the largest percentage of the enquiries related to: - 43% potholes, 24% grading and maintenance of unsealed roads and 8% road sweeping. Enquiries (521) were significantly higher than the target (310) predominantly due to ongoing maintenance problems during July to September 2006 as a result of the June 2006 snow event. |
| | | Number of public enquiries and concerns for routine road signs and markings is less than 210. | <i>Not Achieved</i> 299 enquiries were received during 2006/2007 - 43% damaged signs, 22% request for new signs and marking and 13% missing signs and markings. |
| | | Target reseal programme length is 75km. | <i>Not Achieved</i> 74 km of rural and urban roads were completed. |
| | Undertake a roading maintenance programme that achieves a smooth road surface on sealed roads. | The two yearly roughness measure for sealed roads not to exceed 60. (The unit of measure is NAASRA counts/ km which is an industry based standard. This is measured by a specially calibrated vehicle which records the number of bumps in the road) | The next roughness measure will be completed in 2007/2008. |

How we performed

Transportation and Townships

| Service Target | What will the Council do to achieve the target? | How will we know if we have met the target? | Our achievement in 2006/2007 |
|--|--|--|---|
| Improve roading network. | Implement a roading upgrade programme that minimises roading congestion and improves safety. | Annual upgrade projects are generally complete by 30 April 2007. | <i>Not Achieved</i> 5 of 23 projects (roads) were completed after 30 April. |
| Roading activities provided to a satisfactory level. | Undertake to provide a well maintained and safe roading network for users and residents. | Residents' satisfaction with the District's urban and rural roads will be measured by the results of the two yearly Council resident's survey. | This indicator could not be measured in 2006/2007 as the next survey will not be completed until 2007/2008. |
| | | Number of serious casualties from road accidents within the District is less than 21 in 2006/2007. | <i>Not Achieved</i> There were 26 serious casualties from road accidents during 2006/2007. |

How we performed

Transportation and Townships

Transportation and Townships Activity Operating Statement

Financial summary for the year ended 30 June

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2007 |
|--|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Activity revenue | | | | | |
| LTNZ Subsidy | 4,299 | 4,211 | 3,265 | | 8 |
| Development contributions | 240 | 148 | 458 | 1 | 9 |
| Vested assets | 3,757 | 888 | 5,600 | 2 | 10 |
| Other revenue | 655 | 400 | 404 | 3 | 11 |
| Total activity revenue | 8,951 | 5,647 | 9,727 | | |
| Operating expenditure | | | | | |
| Subsidised roading | 4,227 | 4,030 | 3,966 | | |
| Non-subsidised roading | 702 | 336 | 202 | 4 | 12 |
| Townships | 1,755 | 1,796 | 1,091 | | |
| Traffic safety | 214 | 166 | 100 | 5 | 13 |
| Roading depreciation | 5,390 | 5,299 | 4,973 | | |
| Total operating expenditure | 12,288 | 11,627 | 10,332 | | |
| Surplus/(deficit) | (3,337) | (5,980) | (605) | | |
| Operating surplus transferred to: | | | | | |
| Special Funds | (240) | (148) | (458) | | |
| General funds | (6,322) | (3,221) | (7,270) | | |
| Operating deficit funded from: | | | | | |
| General rates | 4,496 | 3,345 | 3,360 | | |
| Depreciation not specifically rated | 5,390 | 5,299 | 4,973 | | |
| Special funds | 13 | 196 | 0 | | |
| General funds | 0 | 509 | 0 | | |
| Total | 3,337 | 5,980 | 605 | | |

How we performed

Transportation and Townships

Transportation and Townships Activity Capital and Reserves Funding Statement

Financial summary for the year ended 30 June

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2007 |
|--|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Capital expenditure | | | | | |
| Subsidised roading | 5,344 | 4,834 | 3,479 | 6 | 14 |
| Non-subsidised roading | 3,434 | 4,694 | 1,411 | 7 | 15 |
| Townships | 683 | 1,018 | 353 | 6 | 16 |
| Total capital expenditure | 9,461 | 10,546 | 5,243 | | |
| Internal loan repayments | | | | | |
| - Roding loan 2004/2005 | - | 90 | - | | |
| - Roding loan 2005/2006 | - | 147 | - | | |
| Total funding required | 9,461 | 10,783 | 5,243 | | |
| Funded by: | | | | | |
| General rates | 3,180 | 2,934 | 545 | | |
| External loans raised | - | - | - | | |
| Transfers from special funds | 322 | 15 | 449 | | |
| Transfers from general funds | | | | | |
| - Roding loan 2006/2007 | 2,178 | 2,178 | 1,508 | | |
| - Other | 3,781 | 5,656 | 2,741 | | |
| Total funding sources | 9,461 | 10,783 | 5,243 | | |
| Capital expenditure by type: | | | | | |
| Renewals and replacements | 4,518 | 3,500 | 3,247 | | |
| New works due to increased demand | 4,943 | 7,046 | 1,996 | | |
| New works due to improved service levels | | - | | | |
| Total capital expenditure | 9,461 | 10,546 | 5,243 | | |

Financial commentary (actual 2007 compared to actual 2006)

1. *Development Contributions revenue* is dependent on the amount of roading development contributions that subdividers have had to pay in any one year.
2. *Vested Assets revenue* recognises the roads constructed by land developers that transfer to the council when a development is complete. The amount of assets vested from year to year depends on the level of subdivision activity.
3. *Other Revenue income* in 2007 includes \$259,000 contributed by the Christchurch to Little River Cycleway Trust to construction of the cycleway between Lincoln and Prebbleton.
4. *Non-subsidised Roding expenditure* in 2007 includes a payment of \$322,000 toward the installation of traffic lights at the intersection of State Highway 1 and Rolleston Drive Rolleston. This cost is funded over time by contributions from land developers in Rolleston.

How we performed

Transportation and Townships

5. *Traffic safety operating expenditure* includes all direct staff costs and indirect staff costs associated with traffic safety in 2007, whereas the 2006 expenditure only included allocated costs.
6. *Subsidised Roding and Township capital expenditure* - expenditure on township capital projects is not directly comparable from year to year as the projects tend to be one-off in nature.
7. *Non-subsidised Roding capital expenditure* in 2007 is higher in 2006 by \$2,023,000 due to a number of major new construction projects including:
 - ▶ Bealey bridge (Hawkins) \$770,000
 - ▶ Bealey bridge (Waireka) \$791,000
 - ▶ A variety of road upgrades \$462,000.

Financial commentary (actual 2007 compared to budget 2007)

8. *LTNZ subsidy revenue* in 2007 is greater than actual revenue in 2006 as the approved programme agreed between the council and LTNZ was higher in 2007 than in 2006.
9. Refer note 1.
10. Refer note 2.
11. Refer note 3.
12. Refer note 4. Due to the uncertainty as to when the traffic light installation project would be undertaken by Land Transport New Zealand, the project was not budgeted for. Its funding does not impact on general rates.
13. Refer note 5.
14. *Subsidised roding capital expenditure* was greater than budget as actual expenditure on cyclical renewals was \$429,000 greater than budgeted.
15. *Capital expenditure for non-subsidised roding* is \$1,260,000 lower than budget largely because the budget figure includes an estimate of the value of vested assets of \$888,000. Vested assets are not included in the actual expenditure figure. The balance of the variance is due to projects that will be completed in 2007/08.
16. Capital expenditure in townships is under budget due to a number of projects being carried forward to 2008 for completion: The major items are listed below:
 - ▶ Springs Place undergrounding, Leeston \$125,000
 - ▶ Speed thresholds, West Melton \$12,000

Some projects came in under budget of which the most significant was:

- ▶ High Street and Volckman Road intersection \$53,000

Significant capital expenditure

The significant capital projects during the year were:

- ▶ Cyclical renewals to maintain the roding network - \$4,518,000
- ▶ Construction of the Lincoln to Prebbleton section of the Christchurch to Little River Cycleway to provided an important new recreational opportunity and transport link - \$573,000
- ▶ Construction of the Bealey Bridge (Hawkins) to improve the road network - \$770,000
- ▶ Construction of the Bealey Bridge (Waireka) to improve the road network - \$791,000

How we performed

Waste Management

Waste Management

Overall activity goal

To ensure the provision of an effective and efficient waste management system within the district, while having regard to the environment and the economic costs and benefits for the district. Key to this system is to ensure that the management of waste does not cause a nuisance or health risk.

Activity description

The Council provides collection services for recyclable materials and refuse that cannot be recycled. It operates a resource recovery park at Burnham School Road in Rolleston.

A new regional landfill has been constructed at Kate Valley. This landfill has a private shareholder (Canterbury Waste Services Limited) which owns 50% while five local authorities own the other 50% via their Council Controlled Trading Organisation (CCTO). Selwyn district owns 3% of this CCTO. The dividend of \$57,000 in 2007 was used to fund the general rates funded activities of the Council.

The Council has a policy of 'zero waste' by 2015. A review of this policy in terms of the Council's obligations under the Local Government Act is scheduled for 2010.

The Council contribution to community outcomes

The Council's waste management activity is a contributor to the community outcome 'air, land, water and general environment are kept in a healthy condition'.

Accordingly, the Council will ensure that all landfills and the resource recovery park are operated within their consent conditions.

How we performed

Waste Management

Statement of service performance

| Service Target | What will the Council do to achieve the target? | How will we know if we have met the target? | Our achievement in 2006/2007 |
|--|---|---|--|
| Refuse services are delivered in accordance with the Council's Solid Waste Management Plan and Policies. | The Council will ensure its refuse collection systems are operated to the scheduled frequency. | Ratepayers' satisfaction with their refuse collection is greater than 85%, as measured by the two yearly Council residents' survey. | This indicator could not be measured in 2006/2007 as the next survey will not be completed until 2007/2008. |
| | | Number of written complaints regarding refuse collection or disposal services does not exceed one per week. | Achieved Only 1 (2006: nil) written complaint was received with the majority of telephone calls being service enquires rather than complaints. |
| The natural environment is not polluted. | The Council will ensure its Resource Recovery Park and closed landfill are operated within their resource consent conditions. | There are no breaches of the resource consent conditions. | Not Achieved The Council operates four landfill sites and one resource recovery park which are all fully compliant. Only 1 (2006: nil) minor issue regarding unauthorised dumping at the Killinchy landfill was reported. This was addressed by the Council. |
| The Council has a policy of 'zero waste' by 2015. | Undertake a school education programme. | Annual school education programme complete by 30 June 2007. | Achieved The year's programme was completed as scheduled including 42 schools, preschools and playcentres. |
| | Commence an organics 240 litre wheelie bin collection in June 2006 | Volume of organic material collected to exceed 1,010 tonnes in 2006/2007. | Not Achieved The quantity of organic waste collected was 480 tonnes with the total waste processed 959 tonnes. |
| | Reduce residual waste sent to landfills. | Volume of residual waste collected to not exceed 7,200 tonnes in 2006/2007. | Achieved Residual waste collected was 6,627 tonnes with the total amount of waste sent to Kate Valley landfill 10,346 tonnes. |

How we performed

Waste Management

Waste Management Activity Operating Statement

Financial summary for the year ended 30 June

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2007 |
|--|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Activity revenue | | | | | |
| Targeted rates | 2,223 | 2,192 | 1,865 | 1 | |
| Other revenue | 626 | 352 | 298 | 2 | 5 |
| Total activity revenue | 2,849 | 2,544 | 2,163 | | |
| Operating expenditure | | | | | |
| Refuse collection | 1,237 | 1,095 | 1,051 | 3 | 6 |
| Refuse disposal | 1,515 | 1,608 | 1,278 | 3 | |
| Total operating expenditure | 2,752 | 2,703 | 2,329 | | |
| Surplus/(deficit) | 97 | (159) | (166) | | |
| Operating surplus transferred to: | | | | | |
| Special funds | 3 | (138) | 66 | | |
| General Funds | (100) | (100) | 100 | | |
| Operating deficit funded from: | | | | | |
| General funds | 0 | 397 | 0 | | |
| Total | (97) | 159 | 166 | | |

Waste Management Capital and Reserves Funding Statement

Financial summary for the year ended 30 June

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2007 |
|--|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Capital expenditure | | | | | |
| Refuse collection | - | - | - | | |
| Refuse disposal | 55 | 401 | 2,155 | 4 | 7 |
| Total funding required | 55 | 401 | 2,155 | | |
| Funded by: | | | | | |
| Transfers from special funds | - | 10 | - | | |
| Transfers from general funds | 55 | 391 | 2,155 | | |
| Total funding sources | 55 | 401 | 2,155 | | |
| Capital expenditure by type: | | | | | |
| Renewals and replacements | 55 | 401 | 2,155 | | |
| New works due to increased demand | - | - | - | | |
| New works due to improved service levels | - | - | - | | |
| Total capital expenditure | 55 | 401 | 2,155 | | |

How we performed

Waste Management

Financial commentary (actual 2007 compared to actual 2006)

1. *Targeted rates* are higher in 2007 compared to 2006 due to the population growth in the District. By way of example, 9,211 properties used the Council's collection service as at 1 July 2005 while 9,736 properties did as at 1 July 2006.
2. *Other Revenue in 2007* includes the first full year of charges levied at the Resource Recovery Park. These fees in 2007 total \$440,000 compared to \$93,000 in 2006.
3. *Refuse collection and refuse disposal costs* in 2007 reflect the population growth in the district which has resulted in an increase in costs for collection and disposal above that incurred in 2006. Refer to Note 1 for growth comparisons between 2007 & 2006.
4. *The Resource Recovery Park* opened in March 2006. Accordingly capital costs in 2007 were minimal.

Financial commentary (actual 2007 compared to budget 2007)

5. Refer note 2.
6. Refer note 3.
7. *Capital expenditure on the Resource Recovery Park* was not as high as expected in 2006/07 and the budget has been carried forward to 2007/08.

How we performed

Waste Water Services

Waste Water Services

Overall activity goal

To ensure the protection of the public health and property of the district by providing cost effective sewerage and land drainage systems relevant to the needs of the district townships in an environmentally sensitive manner.

Activity description

This activity provides systems for the collection, treatment and disposal of sewage for 12 townships in the district - Castle Hill, Doyleston, Lake Coleridge, Leeston, Lincoln, Prebbleton, Rolleston, Southbridge, Springston, Springston South Huts, Sunshine Terrace (Arthur's Pass) and Tai Tapu.

Overall there are 26 pump stations and 7 wastewater treatment and disposal plants and the total length of the reticulation is 140km. The Council's reticulated wastewater schemes currently service approximately 3,400 properties within the district.

The Council contribution to community outcomes

The Council's waste water activity is a contributor to the community outcome 'air, land, water and general environment are kept in a health condition'.

Accordingly, the Council will endeavour to ensure that sewage spills do not occur and that all sewerage systems will be operated within their consent conditions.

How we performed

Waste Water Services

Statement of service performance

| Service Target | What will the Council do to achieve the target? | How will we know if we have met the target? | Our achievement in 2006/2007 |
|--|---|---|--|
| Waste water is removed reliably from a ratepayer's property. | The Council will ensure its sewerage systems have adequate capacity, that there are no pipe blockages causing sewerage spills on roads and that infiltration flows are minimised. | Ratepayers' overall satisfaction with the sewerage system is greater than 85%, as measured by the two yearly Council residents' survey. | This indicator could not be measured in 2006/2007 as the next survey will not be completed until 2007/2008. |
| | | Ratepayers' satisfaction with their sewerage system reliability is greater than 80%, as measured by the two yearly Council residents' survey. | This indicator could not be measured in 2006/2007 as the next survey will not be completed until 2007/2008. |
| | | Number of times that temporary storage in manholes or chambers occurs no more than five times during the year. | Achieved Blockages occur in the Council systems infrequently. 5 incidents (2006: 8) required use of temporary storage. |
| The natural environment is not polluted. | The Council will ensure its sewerage systems do not have spillages into waterways or non-compliance with resource consent conditions. | There are no breaches of resource consent conditions. | Leeston/Doyleston: not achieved Under the resource consent conditions, nitrogen applications must not exceed a maximum of 200kg/hectare. In 2006/2007 the application was at a rate of 226-255 kg/hectare (2005/2006 212kg/hectare). |
| | | | The limit was exceeded due to snow and wet periods resulting in daily intakes increasing dramatically. Hay is cut from the disposal area. This removes a % of the nitrogen. |

How we performed

Waste Water Services

| Service Target | What will the Council do to achieve the target? | How will we know if we have met the target? | Our achievement in 2006/2007 |
|----------------|---|---|---|
| | | | <p>During 2006/2007 668kg/hectare of nitrogen was removed in this manner (128kg/hectare in 2005/2006).</p> <p>This suggests a nitrogen input into the land of $(255-668) = -413 \text{ kg / hectare}$.</p> |
| | | | <p><i>Rolleston: not achieved</i></p> <p>14 faecal coliform tests were carried out during 2006/2007 (12 in 2005/2006). 7 tests exceeded the consent conditions (5 in 2005/2006). Monthly nitrogen levels were exceeded in Blocks 1 and 2 in July, August and October 2006 and in Blocks 3 and 4 in November, December 2006, January, March, April and May 2007. This was due to the overloading of the Helpet plant. The new Pines plant has now been commissioned and this will ensure the potential for future overloading is significantly reduced.</p> <p>(Note: the current Helpet site resource consent limit is 150kg/hectare, while the currently being constructed Pines site has a resource consent limit of 204kg/hectare. The Helpet site is expected to close in 2010 at which time the Pines site will be fully operational)</p> |

How we performed

Waste Water Services

| Service Target | What will the Council do to achieve the target? | How will we know if we have met the target? | Our achievement in 2006/2007 |
|------------------------------|--|---|---|
| | | | (Note: Lincoln, Springston, Tai Tapu and Prebbleton sewage is pumped to Christchurch. Lake Coleridge, Castle Hill and Arthur's Pass (Sunshine Terrace) currently all produce low quantities of sewage. The effluent quality measures are met. |
| | The Council, in conjunction with Environment Canterbury and Canterbury District Health Board, will monitor the ground water around those settlements not serviced by a Council reticulated sewerage scheme for public health issues. | Monitoring programme to be determined by 30 June 2007. | A draft monitoring programme has been prepared. The programme is going through a final review process prior to being implemented early in the 2008 calendar year. |
| Improve waste water network. | Implement a waste water upgrade and renewal programme that ensures the Council's waste water systems continue to deliver the service demanded. | Annual upgrade programme is generally complete by 30 June 2007. | The 2007 upgrade/development programme was budgeted to spend \$6.549 million whereas \$6.410 million was spent. The main upgrades were at Rolleston and Leeston and these were completed as budgeted. |

How we performed

Waste Water Services

Waste Water Services Activity Operating Statement

Financial summary for the year ended 30 June

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2007 |
|--|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Activity revenue | | | | | |
| Targeted rates | 1,594 | 1,602 | 1,302 | 1 | |
| Lump sum rates payments | 726 | 515 | 1,142 | 2 | 9 |
| Development contributions | 3,918 | 3,956 | 2,478 | 3 | 10 |
| Vested assets | 4,900 | 787 | 4,917 | 4 | 11 |
| Other revenue | 158 | 138 | 1,999 | 5 | |
| Total activity revenue | 11,296 | 6,998 | 11,838 | | |
| Operating expenditure | | | | | |
| Land drainage (including stormwater) | 412 | 235 | 273 | 6 | 12 |
| Sewerage | 2,699 | 3,380 | 1,911 | 7 | 13 |
| Total operating expenditure | 3,111 | 3,615 | 2,184 | | |
| Surplus/(deficit) | 8,185 | 3,383 | 9,654 | | |
| Operating surplus transferred to: | | | | | |
| Special funds | (3,918) | (4,351) | (2,478) | | |
| General funds | (5,626) | (1,118) | (6,059) | | |
| Operating deficit funded from: | | | | | |
| General rates | 24 | 56 | 119 | | |
| Depreciation not specifically rated | 1,099 | 1,046 | 883 | | |
| Operating accounts | 236 | 984 | (2,119) | | |
| Total | (8,185) | (3,383) | (9,654) | | |

How we performed

Waste Water Services

Waste Water Services Activity Capital and Reserves Funding Statement

Financial summary for the year ended 30 June

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2006 |
|--|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Capital expenditure | | | | | |
| Land drainage | 20 | 123 | 27 | | 14 |
| Sewerage | 6,410 | 9,418 | 3,481 | 8 | 15 |
| Total funding required | 6,430 | 9,541 | 3,508 | | |
| Funded by: | | | | | |
| Transfers from operating accounts | - | 111 | - | | |
| Transfers from special funds | 6,403 | 8,643 | 3,508 | | |
| Transfers from general funds | 27 | 787 | - | | |
| Total funding sources | 6,430 | 9,541 | 3,508 | | |
| Capital expenditure by type: | | | | | |
| Renewals and replacements | 20 | 238 | - | | |
| New works due to increased demand | 6,410 | 6,549 | 3,489 | | |
| New works due to improved service levels | - | 2,754 | 19 | | |
| Total capital expenditure | 6,430 | 9,541 | 3,508 | | |

Financial commentary (actual 2007 compared to actual 2006)

1. *Targeted rates income* in 2007 is higher than in 2006 reflecting the increase in the number of properties serviced, for example as at 1 July 2005- 3,491 properties were serviced while at 1 July 2006 - 3,897 properties were serviced.
2. *Lump sum rates payments* vary from year to year depending on which schemes have been constructed/upgraded and require a ratepayer contribution.
3. *Development contributions revenue* is dependent on the amount of waste water development contributions that subdividers have had to pay in any one year.
4. *Vested assets revenue* recognises the value of sewer reticulation and stormwater assets installed by land developers that transfer to the Council when a development is complete. The amount of assets vested varies from year to year depending on the level of subdivision activity.
5. *Other revenue* in 2006 included a payment of \$1,875,000 from the Department of Corrections for connections to the Rolleston sewerage system.
6. *Operating expenditure for land drainage* in 2007 is higher than in 2006 due to:
 - ▶ Leeston bypass drain \$77,000
 - ▶ Increased stormwater depreciation charge \$59,000

How we performed

Waste Water Services

7. *Sewerage operating expenditure* in 2007 is higher than in 2006 due to a number of items of which the most significant are:

- ▶ Operating costs in Rolleston due to growth in the population \$245,000
- ▶ Higher depreciation costs due to the capital expenditure incurred in building the new Pines site at Rolleston \$182,000

8. *Sewerage capital expenditure* in 2007 is higher than in 2006 due to the expansion of the Rolleston sewerage treatment plant to cater for population growth

Financial commentary (actual 2007 compared to budget 2007)

9. *Refer note 2.*

10. *Refer note 3.*

11. *Refer note 4.*

12. *Operating expenditure for land drainage* in 2007 is higher than budget due to:

- ▶ Depreciation on stormwater assets that was not budgeted for \$125,000
- ▶ Leeston bypass drain \$77,000

13. *Sewerage operating costs* are higher in 2007 when compared to 2006 due to the increased number of properties being serviced as explained in note 1 above and the general rise in the cost of services.

14. *Land drainage capital expenditure* is under budget as the Leeston stormwater by-pass was delayed in construction while funding arrangements were reviewed.

15. *Sewerage capital expenditure was below budget* partly because the budget figure includes an estimate of the value of vested assets of \$787,000. Vested assets are not included in the actual expenditure figure. The other main reasons for the variance were lower than budgeted expenditure on the Rolleston scheme - \$1,818,000 and the delay in the completion of the Lincoln sewer upgrade - \$670,000.

Significant capital expenditure

The significant capital project during the year was:

- ▶ The expansion of the Rolleston waste water treatment plant to provide additional capacity to meet the demand of the growing population - \$5,747,000

How we performed

Water Services

Water Services

Overall activity goal

To provide a safe and sufficient network of potable water supplies which complies with the public health standards and water systems and meets with the current and likely future needs of the district.

To provide a water race network that meets the objectives of the consumers.

Activity description

The Council reticulated schemes currently supply potable water to 16,900 customers within the district. Those customers are represented via 26 reticulated water schemes and 3 rural reticulated supplies. Overall there are 54 source points including wells and intakes, 28 storage facilities and 42 pump stations and the total length of the reticulation is 852 km.

The Council also operates four water race schemes. These are the Ellesmere, Paparua, Malvern and Selwyn water race systems. Both the Ellesmere and Selwyn systems are at different stages of discussion with their users over the future operation of the system. The Paparua system in 2002 obtained all the necessary consents to continue operating and has completed the physical works required by the consent conditions. The Malvern system has applied for the consents required for its continued operation.

The Council contribution to community outcomes

The Council's water activity is a contributor to the community outcomes 'air, land, water and general environment are kept in a health condition'.

Accordingly, the Council will ensure that:

- ▶ water for human consumption is safe to drink;
- ▶ the water looks, smells and tastes good;
- ▶ there is adequate water for consumers' needs;
- ▶ breakages in any water supply are promptly fixed.

How we performed

Water Services

Statement of service performance

| Service Target | What will the Council do to achieve the target? | How will we know if we have met the target? | Our achievement in 2006/2007 |
|---|--|---|--|
| Water is safe to drink. | The Council will monitor its water supplies to ensure compliance with the New Zealand Drinking Water Standards 2005 and its Public Health Risk Management Plan (PLRMP). | Ratepayers' satisfaction with the water quality is greater than 80%, as measured by the two yearly Council residents' survey. | This indicator could not be measured in 2006/2007 as the next survey will not be completed until 2007/2008. |
| | The Council will ensure its water supplies comply with the New Zealand Drinking Water Standards 2005. | All 20 secure water supplies will meet the Standard Rating of 'B' for treatment and 'A' for reticulation. | The Ministry of Health's 'new' grading criteria has resulted in all of the Council's secure water supplies not complying with the technical standard. Council disputes the gradings and has objected to the Ministry. Despite this non-compliance, Council water supplies continue to provide water that is safe to drink. |
| | | All eight unsecure water supplies meeting the Standards Rating of 'B' for treatment and 'b' for reticulation | The Council plans to work towards this target over a three year period. None of the unsecure water supplies achieved this target in 2006/2007. |
| There is adequate water for consumer needs. | The Council will ensure its water supply systems have adequate capacity to met consumer needs. | Ratepayers' satisfaction with their water pressure is greater than 80%, as measured by the two yearly Council residents' survey. | This indicator could not be measured in 2006/2007 as the next survey will not be completed until 2007/2008. |
| Water is supplied continuously 24 hours a day, 7 days a week. | The Council monitors the majority of its water supply operations using a computer based radio telephone system to allow staff/ contractors to promptly respond to a problem. | Ratepayers' satisfaction with promptness and problem resolution is greater than 80%, as measured by the two yearly Council residents' survey. | This indicator could not be measured in 2006/2007 as the next survey will not be completed until 2007/2008. |
| | All disruptions on schemes not to exceed four hours without notice or 12 hours with at least 24 hours notice. | Number of occasions when disruption exceeds allowable timeframes is less than 5. | Achieved There were 3 (2006: 13) occasions when the response time to disruptions exceeded the allowable timeframes. |

How we performed

Water Services

| Service Target | What will the Council do to achieve the target? | How will we know if we have met the target? | Our achievement in 2006/2007 |
|---|---|--|---|
| Water looks, smells and tastes good. | The Council will monitor its water supplies to ensure compliance with the New Zealand Drinking Water Standards 2005 and its Public Health Risk Management Plan (PHRMP). | Ratepayers' satisfaction with the look, smell and taste of their water is greater than 80%, as measured by the two yearly Council residents' survey. | This indicator could not be measured in 2006/2007 as the next survey will not be completed until 2007/2008. |
| There is adequate fire fighting flow in the approved areas. | The Council annually tests its approved water supplies to ensure adequate fire fighting flow. | Number of times fire fighting code of practice not obtained is less than 20%. | 90.34% of fire hydrants tested met the fire fighting code of practice standards. |

How we performed

Water Services

Water Services Activity Operating Statement Financial summary for the year ended 30 June

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2007 |
|--|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Activity revenue | | | | | |
| Targeted rates | 2,354 | 2,410 | 2,131 | 1 | |
| Lump sum rates payments | - | 188 | - | | 7 |
| Development contributions | 1,898 | 1,693 | 1,981 | | 8 |
| Vested assets | 1,445 | 635 | 2,315 | 2 | 9 |
| Meter charges and connection fees | 322 | 154 | 928 | 3 | 10 |
| Other revenue | 297 | 286 | 220 | | |
| Total activity revenue | 6,316 | 5,366 | 7,575 | | |
| Operating expenditure | | | | | |
| Urban water supplies | 2,744 | 2,549 | 2,129 | 4 | |
| Rural water supplies | 454 | 527 | 452 | | |
| Water races | 1,301 | 1,444 | 1,252 | | |
| Central Plains Water Scheme | - | - | - | | |
| Total operating expenditure | 4,499 | 4,520 | 3,833 | | |
| Surplus/(deficit) | 1,817 | 846 | 3,742 | | |
| Operating surplus transferred to: | | | | | |
| Special funds | (1,898) | (1,898) | (1,981) | | |
| General funds | (1,445) | (696) | (2,315) | | |
| Operating deficit funded from: | | | | | |
| General rates | 96 | 106 | 25 | | |
| Depreciation not specifically rated | 1,370 | 1,399 | 1,294 | | |
| Operating accounts | 60 | 158 | (765) | | |
| General funds | 0 | 85 | 0 | | |
| Total | (1,817) | (846) | (3,742) | | |

How we performed

Water Services

Water Services Activity Capital and Reserves Funding Statement

Financial summary for the year ended 30 June

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2007 |
|--|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Capital expenditure | | | | | |
| Urban water supplies | 786 | 3,994 | 1,600 | 5 | 11 |
| Rural water supplies | 252 | 667 | 17 | 6 | 12 |
| Water races | 17 | 1,248 | 7 | | 13 |
| Total funding required | 1,055 | 5,909 | 1,624 | | |
| Funded by: | | | | | |
| Transfers from operating accounts | 281 | 3,905 | - | | |
| Transfers from special funds | 774 | 1,369 | 1,624 | | |
| Transfers from general funds | - | 635 | - | | |
| Total funding sources | 1,055 | 5,909 | 1,624 | | |
| Capital expenditure by type: | | | | | |
| Renewals and replacements | 382 | 1,503 | 198 | | |
| New works due to increased demand | 349 | 1,049 | 1,124 | | |
| New works due to improved service levels | 324 | 3,357 | 302 | | |
| Total capital expenditure | 1,055 | 5,909 | 1,624 | | |

Financial commentary (actual 2007 compared to actual 2006)

1. *Targeted rates income* in 2007 is higher than in 2006 reflecting the increase in the number of properties serviced, for example as at 1 July 2005- 9,794 properties were connected while at 1 July 2006 - 10,548 properties were connected.
2. *Vested assets revenue* recognises the water reticulation installed by land developers that transfer to the Council when a development is complete. The amount of assets vested from year to year depends on the level of subdivision activity.
3. *Meter charges and connection fees* in 2007 were less than 2006 as revenue in 2006 included a \$668,000 fee paid by the Department of Corrections to connect to the Rolleston supply.
4. The increase in *operating expenditure* in 2007 compared to 2006 relates to:
 - ▶ Increased depreciation charges of \$79,000 due to a number of water supply extensions to cater for growth which increased the value of the water supply on which depreciation is calculated;
 - ▶ A lifeline risk assessment was undertaken in 2007 which allows the Council to identify which parts of the water supply may fail during a natural disaster. This assessment cost \$32,000 for the district water supplies.
 - ▶ The increased number of connections as explained in note 1 has a higher annual operating cost.
5. *Capital expenditure for urban water supplies* is lower by \$814,000 in 2007 than 2006 due to:
 - ▶ The upgrade programme for Rolleston being \$378,000 lower in 2007 than 2006.

How we performed

Water Services

- ▶ Prebbleton was lower in 2007 than in 2006 by \$261,000 because in 2006 the \$247,000 extension upgrade to Kingcraft Drive was undertaken.
- ▶ \$92,000 of water mains was replaced in Arthur's Pass in 2006 while there was no replacement in 2007.
- ▶ \$75,000 of new water main was installed in Southbridge in 2006 while none was installed in 2007.

6. *Rural water supply capital expenditure* is higher in 2007 than in 2006 by \$235,000 due to:

- ▶ The installation of a relay main in the Malvern Hills Water Supply of \$168,000.
- ▶ A variety of improvements to the Selwyn Rural Water Supply totalling \$65,000.

Financial commentary (actual 2007 compared to budget 2007)

7. It had been anticipated that lump sums would be charged for the Doyleston water supply installation. This charging will not occur until 2008.

8. *Development contributions revenue* is dependent on the level of development activity during the year.

9. Refer note 2.

10. *Meter charges and connection fees* are greater than budget as the budget did not include an estimate for connection fees as such fees are difficult to estimate. Actual connection fees were \$199,000.

11. Capital expenditure for urban water supplies was lower than budget due to work being deferred until future years as it was not required to be undertaken:

| | |
|-----------------|-----------|
| ▶ Armack Drive | \$82,000 |
| ▶ Arthur's Pass | \$102,000 |
| ▶ Castle Hill | \$93,000 |
| ▶ Darfield | \$217,000 |
| ▶ Dunsandel | \$103,000 |
| ▶ Edendale | \$90,000 |
| ▶ Taumutu | \$55,000 |
| ▶ Kirwee | \$248,000 |
| ▶ Lincoln | \$140,000 |
| ▶ Raven Drive | \$38,000 |
| ▶ Rakaia Huts | \$41,000 |
| ▶ Rolleston | \$232,000 |
| ▶ Sheffield | \$42,000 |
| ▶ Southbridge | \$40,000 |
| ▶ Springfield | \$40,000 |
| ▶ Springston | \$49,000 |
| ▶ Tai Tapu | \$26,000 |
| ▶ West Melton | \$34,000 |

Or work undertaken was lower than budgeted.

- ▶ West Melton \$119,000 (more work was completed in 2006 than was anticipated when the 2007 budget was established)

12. *Rural water capital expenditure* was below budget due to a number of upgrade and renewal projects being deferred until the work needs to be completed.

13. *Water races capital expenditure* is below budget as planned work on the Malvern scheme - \$970,000 was on hold pending renewal of the resource consent. Planned work on the Selwyn scheme - \$140,000 was not carried out due to the planned closure of the scheme.

How we performed

Internal Council Services - Support Services

Internal Council Services - Support Services

Internal support and administration functions exist to assist the Council's significant activities in the delivery of outputs 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 gross basis.

Support Services Activity Operating Statement

Financial summary for the year ended 30 June.

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2007 |
|---|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Activity revenue | | | | | |
| Corporate revenue | | | | | |
| - Dividends | 5,976 | 3,900 | 3,732 | 1 | 9 |
| - Interest | 2,760 | 1,670 | 2,634 | | 10 |
| - Commercial Property Leases | 44 | 43 | 40 | | |
| Sundry revenue | 608 | 353 | 1,052 | 2 | 11 |
| Total activity revenue | 9,388 | 5,966 | 7,458 | | |
| Operating expenditure | | | | | |
| Chief executive's department | 515 | 414 | 446 | 3 | 12 |
| Policy and communications unit | 145 | 181 | 164 | | |
| Administration | 903 | 795 | 827 | 4 | 13 |
| Corporate | 193 | 216 | 358 | 5 | |
| Finance | 892 | 742 | 699 | 6 | 14 |
| Information systems | 1,263 | 1,308 | 1,156 | 7 | |
| Vehicles/Infrastructure rates & insurance | 281 | 193 | 192 | | |
| Asset management | 1,270 | 1,316 | 1,000 | 8 | |
| Total operating expenditure | 5,462 | 5,165 | 4,842 | | |
| less Allocation to activity statements | (5,462) | (4,919) | (4,789) | | |
| Surplus/(deficit) | 9,388 | 5,720 | 7,405 | | |
| Operating surplus transferred to: | | | | | |
| Transfer to general rate reserve | (9,388) | (5,776) | (7,405) | | |
| Operating deficit funded from: | | | | | |
| Transfers from general funds | 0 | 56 | 0 | | |
| Total | (9,388) | (5,720) | (7,405) | | |

How we performed

Internal Council Services - Support Services

Support Services Activity Capital and Reserves Funding Statement

Financial summary for the year ended 30 June.

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2007 |
|--|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Capital Expenditure | | | | | |
| Vehicles | - | 220 | - | | 15 |
| Information services | 223 | 365 | 228 | | |
| Administration | 3 | 25 | 42 | | |
| Corporate | 9 | - | - | | |
| Finance | 11 | - | - | | |
| Total funding required | 246 | 610 | 270 | | |
| Funded by: | | | | | |
| General rates | - | - | - | | |
| Transfers from general funds | 246 | 610 | 270 | | |
| Total funding sources | 246 | 610 | 270 | | |
| Capital expenditure by type: | | | | | |
| Renewals and replacements | 246 | 610 | 270 | | |
| New works due to increased demand | - | - | - | | |
| New works due to improved service levels | - | - | - | | |
| Total capital expenditure | 246 | 610 | 270 | | |

Financial commentary (actual 2007 compared to actual 2006)

1. *Dividends* in 2007 are significantly higher than 2006 due to a special dividend paid by Orion to SIHL.
2. *The nature of sundry revenue* means that it varies from year to year.
3. *Chief executives operating expenses* in 2007 are higher than 2006 as consultant's costs were incurred as part of structure reviews to improve the delivery of services.
4. *Administration operating expenses* in 2007 included an additional \$30,000 for staffing at the Rolleston Service Centre to improve the service at that site.
5. *Corporate operating expenses* in 2006 included \$174,000 of costs associated with producing the Selwyn Community Plan (LTCCP) which reduced to \$64,000 in 2007. (The 2007 costs relate to the undertaking of surveys for community outcome review.)
6. *Finance operating expenses* in 2007 included additional staff to produce the Council's Annual Report and Selwyn Community Plan (LTCCP) obligations. In addition, consultants were employed to assist with meeting the production of these documents, meeting compliance with International Financial Reporting Standards (IFRS) that were introduced effective from 30 June 2007 and legal costs incurred with the various reviews of the Central Plains Water loans that were required during the financial year.
7. *Information services operating expenses* in 2007 include additional staff resources to improve service delivery to the Council's various units.

How we performed

Internal Council Services - Support Services

8. *Asset management operating expenses* in 2007 are higher than 2006. During 2006, a review of asset management services identified that an increase in staff numbers was required to ensure the growth of Selwyn could be managed on a more structured basis. In addition, service delivery issues with a growing district population required extra staff resources.

Financial commentary (actual 2007 compared to actual 2007)

9. *Refer note 1.*
10. *Corporate revenue - interest* is higher than budget due to higher than expected cash balances during the year.
11. *Sundry revenue* is above budget due to gains on investments of \$129,000 and higher rates penalties of \$31,000.
12. *Chief executive operating expenditure* is higher than budget due to consultant's reviews referred to in note 3 being more extensive than planned.
13. *Administration operating expenditure* is higher than budgeted due to extra staff employed to improve services at the Rolleston Service Centre and increased volume of phone calls through reception.
14. *Refer note 6.*
15. *The planned vehicle purchases* did not take place and the budget has been carried forward to 2007/08.

How we performed

Izone Southern Business Hub & Property Sales

Izone Southern Business Hub and Property Sales

Nature and scope

During 2001 the Council purchased 130 hectares north west of Rolleston for the establishment of an industrial park. The purchase was in response to issues identified in the economic development strategy, particularly those relating to employment opportunities within the district. This project will occur over the next 10-15 years.

A project team has been established to manage the development.

In 2006/2007 the Council will continue with any planning issues, project management and the administration and promotion of the Selwyn Industrial Park.

The project is self-funding with the cost of development being repaid by the sale of sections. The development will provide the Council with interest income as well as profits from the sale or lease of the land in the future.

Activity Operating Statement

Financial summary for the year ended 30 June

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2007 |
|--|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Activity revenue | | | | | |
| Izone Southern Business Hub sales | 2,459 | 4,299 | - | | |
| Other property gain on sale | 1,146 | - | 2,666 | | |
| Other revenue | 65 | - | - | | |
| Total activity revenue | 3,670 | 4,299 | 2,666 | 1 | 4 |
| Operating expenditure | | | | | |
| Property development | 189 | 2,837 | 296 | | |
| Izone development contributions | 2,162 | - | - | | |
| Infrastructure depreciation | - | 32 | - | | |
| Total operating expenditure | 2,351 | 2,869 | 296 | 2 | 5 |
| Surplus/(deficit) | 1,319 | 1,430 | 2,370 | | |
| Operating surplus transferred to: | | | | | |
| General rate reserve | (500) | (500) | - | | |
| Special funds | (819) | (962) | (2,370) | | |
| Operating deficit funded from: | | | | | |
| Depreciation not specifically rated | - | 32 | - | | |
| Total | (1,319) | (1,430) | (2,370) | | |

How we performed

Izone Southern Business Hub & Property Sales

Activity Capital and Reserves Funding Statement

Financial summary for the year ended 30 June.

| | Actual 2007 \$000 | Budget 2007 \$000 | Actual 2006 \$000 | Note Actual 2007 v Actual 2006 | Note Actual 2007 v Budget 2007 |
|--|-------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Capital expenditure | | | | | |
| Property development | 4,248 | 1,938 | 75 | 3 | 6 |
| Total funding required | 4,248 | 1,938 | 75 | | |
| Funded by: | | | | | |
| Transfers from special funds | 4,248 | 1,938 | 75 | | |
| Total funding sources | 4,248 | 1,938 | 75 | | |
| Capital expenditure by type: | | | | | |
| Renewals and replacements | - | - | - | | |
| New works due to increased demand | 4,248 | 1,938 | 75 | | |
| New works due to improved service levels | - | - | - | | |
| Total capital expenditure | 4,248 | 1,938 | 75 | | |

Financial commentary (actual 2007 compared to actual 2006)

1. *Property sales* in 2007 are higher than in 2006 recognising that Stage 2 titles were available and therefore settlement of these titles occurred. Sales contracts to the value of \$17.23 million were confirmed as at 30 June 2007 but deferred payment was agreed until 2008 and 2009.
2. *Operating expenditure* in 2007 is higher than in 2006 recognises stage 3 which was completed prior to 30 June. It was completed at a cost lower than expected.
3. *Capital expenditure* in 2007 is higher than in 2006 which recognises that stage 3 was completed.

Financial commentary (actual 2007 compared to budget 2007)

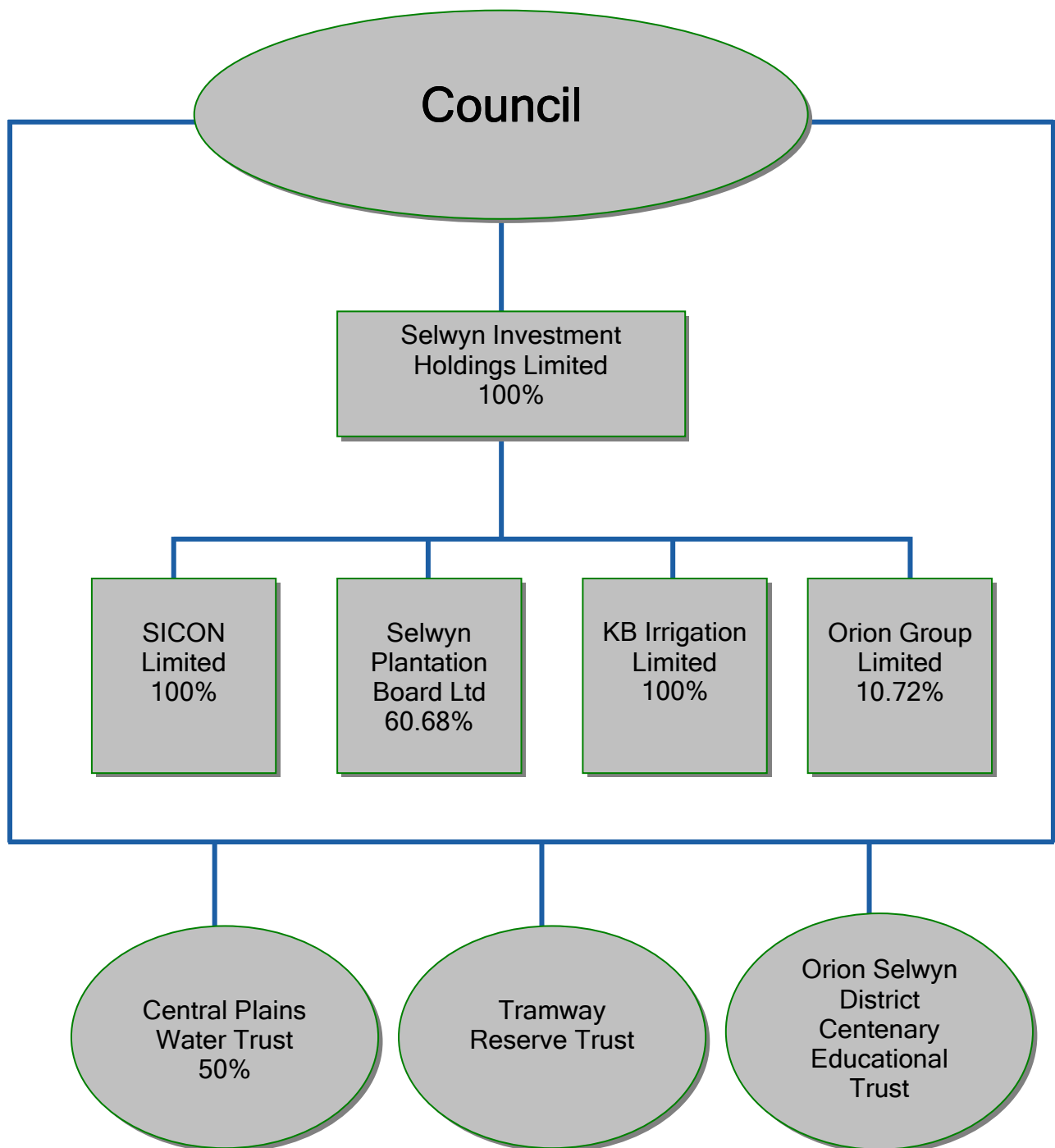
4. *Refer note 1.*
5. *Operating expenditure* in lower than budget as costs were lower than expected.
6. *Capital expenditure* in 2007 is higher than budget as development work undertaken was much larger than had been expected when the budget was set due to high sales enquiries and a desire to have lots that could be immediately sold rather than buyers having to wait for title.

Significant capital expenditure

The significant capital project during the year was:

- The Council completed construction of stage 3 of Izone to meet the demand for industrial land in the district and achieve a financial return for ratepayers - \$4,248,000

Financial Interests



Selwyn Investment Holdings Limited

Relationship to the Council

The Council retains control over the activities of the company through the company's annual Statement of Intent, the company's Constitution and the ability to appoint directors.

Nature and scope of the company

This enterprise is a company established to combine the Council's trading investments under one umbrella and thereby facilitate effective management of the Council's investments and cash flows. This arrangement is aimed at separating the trading investments from the ordinary operations of the Council and to ensure that the Council's relationship with its investment companies is handled in a commercial manner. The security provided by this ownership gives the Council a facility to efficiently borrow in commercial markets.

The company's revenue is in the form of dividends from Orion Group Limited, SICON Limited, Selwyn Plantation Board Ltd and KB Irrigation Limited. The surplus is distributed to the Council via a fixed dividend distribution policy.

Objective

To enable the efficient management of the Council's trading investments.

Statement of service performance for the year ended 30 June

Following is an analysis of performance relative to the financial performance targets outlined in Selwyn Investment Holdings Limited Statement of Intent for the year ended 30 June 2007.

| Indicators | Target | Achievement |
|-------------------------------|-------------|-------------|
| Surplus before tax | \$5,764,827 | \$6,581,001 |
| Surplus after tax | \$5,764,827 | \$6,576,771 |
| Proposed dividend | \$5,188,344 | \$5,919,093 |
| Debt/total assets | 5.7% | 0.0% |
| Return on total assets | 4.9% | 6.0% |
| Return to shareholders' funds | 5.4% | 6.2% |

Statement of financial performance

| | Actual 2007 \$000 | Actual 2006 \$000 |
|-------------------------|-------------------------|-------------------------|
| Revenue | 7,086 | 4,609 |
| Expenditure | 505 | 562 |
| Surplus before taxation | 6,581 | 4,047 |
| Surplus after taxation | 6,577 | 4,039 |
| Ordinary dividend | 5,919 | 3,717 |

SICON Limited

Relationship to the Council

The board appoints its own chief executive and the Council has no involvement in the day-to-day management of SICON Limited. The Council solely retains control over the activities of the company through ratification of its annual statement of intent. In this regard the operation of SICON Limited is no different from the other companies the Council has a majority shareholding in.

Nature and scope of the company

SICON Limited is in the business of management, construction and maintenance of South Island infrastructure, assets and amenity assets. Consistent with its objectives, the company will pursue activities designed to ensure the efficient and prudent utilisation of its capital assets.

Objective

To operate as a successful, growth focussed 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

- ▶ Provide a quality service as attested by maintaining accreditation to ISO 9001:2000 Quality Standard Certification.
- ▶ Provide a safe workplace as attested by maintaining ACC Workplace Safety Management Practices Certification to tertiary level.

Financial interests

Statement of service performance for the year ended 30 June

| Indicators | Target | Achievement |
|---|----------|-------------|
| Indicator 1 | | |
| <i>Return on total assets</i> | | |
| Return before interest & tax to total assets at start of period | 12.00% | 10.31% |
| Indicator 2 | | |
| <i>Return on shareholders' funds</i> | | |
| Return after tax to opening shareholders' funds | 15.00% | 15.06% |
| Indicator 3 | | |
| <i>Performance ratio</i> | | |
| Shareholders' consolidated funds to total assets (excluding deferred tax) | 40.00% | 45.98% |
| Indicator 4 | | |
| <i>Quality services</i> | | |
| ISO 9001: 2000 quality standard certification | Maintain | Maintained |
| Indicator 5 | | |
| <i>Health and safety</i> | | |
| ACC WSMP certification to tertiary level | Maintain | Maintained |
| Indicator 6 | | |
| <i>Environment</i> | | |
| NZS 14001 environmental standard certification | Maintain | Maintained |

Statement of financial performance for the year ended 30 June

| | Actual 2007 \$000 | Actual 2006 \$000 |
|-------------------------|-------------------------|-------------------------|
| Revenue | 43,399 | 40,855 |
| Expenditure | 41,715 | 39,418 |
| Surplus before taxation | 1,684 | 1,436 |
| Surplus after taxation | 1,174 | 977 |
| Ordinary dividend | 587 | 491 |

Selwyn Plantation Board Ltd

Relationship to the Council

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

Nature and scope of the company

The core business of the Selwyn Plantation Board Ltd is to manage its forests and land on a commercial basis using the most environmentally and commercially sustainable methods.

Selwyn Plantation Board Ltd will engage in any operations or industry relative to the planting, growing, silviculture, felling, cutting, extraction, removal, conversion, manufacture, transport, distribution, or sale of logs, timber or other forest products and any management practices relevant to maximising land utilisation including purchase and disposal.

Objective

The primary objective of the company is to operate a financially successful forestry and land utilisation business on the plains and foothills of Canterbury in an environmentally and socially sustainable manner.

Statement of service performance for the year ended 31 March

| Indicators | Achievement |
|---|---------------------|
| Indicator 1 | |
| Silviculture | |
| To establish 5 hectares of forest per annum | 4 hectares |
| To prune and thin 185 hectares | 148 hectares |
| Indicator 2 | |
| Production | |
| To produce a minimum of 220,000 tonnes of wood per annum (includes third party harvest volumes) | 275,519 tonnes |
| Indicator 3 | |
| Financial | |
| Debt to equity ratio of less than 40% | Present ratio is 0% |
| Operating surplus before revaluation decrement of \$1,035,600 | \$2,784,473 |

Financial interests

Statement of financial performance for the year ended 31 March

| | Actual 2007 \$000 | Actual 2006 \$000 |
|-------------------------|-------------------------|-------------------------|
| Revenue | 16,531 | 21,769 |
| Expenditure | 14,169 | 19,428 |
| Surplus before taxation | 2,362 | 2,341 |
| Surplus after taxation | 2,307 | 3,778 |
| Ordinary dividend | 1,200 | 1,650 |

The company's revenue for the year ended 31 March 2007 included a gain on sale of assets of nil (2006: \$8,699,000).

The company's revenue for the year ended 31 March 2007 included a revaluation increment of the forestry asset of \$1,000,000 (2006: a revaluation decrement of \$6,383,000).

KB Irrigation Limited

Relationship to the Council

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

Nature and scope of the company

The assets and business of an irrigation company was purchased on 31 May 2006. These assets were transferred to a limited liability company which changed its name to KB Irrigation Limited and commenced trading on 1 June 2006. This is the first full year of trading. The 2006 figures represent one month's trading.

The principal activity of the company is to provide quality irrigation services. The company pursues its activities in a manner designed to ensure the efficient and prudent utilisation of its capital assets and human resources.

Objective

The principal objective of the company is to operate as a successful, growth focused irrigation business and follow these key principles which are central to its business strategy:

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

Statement of service performance

| Indicators | Target | Achievement |
|-------------------------------|-----------|-------------|
| Debt/total assets | 40% | 30% |
| Return on total assets | 7.5% | (0.40%) |
| Return on shareholders' funds | 18.3% | (1.53%) |
| Dividend payable | \$199,705 | nil |

Statement of financial performance for year ended 30 June

| | Full Year 2007 \$000 | One Month 2006 \$000 |
|-------------------------|----------------------------|----------------------------|
| Revenue | 9,024 | 566 |
| Expenditure | 9,060 | 586 |
| Surplus before taxation | (36) | (20) |
| Surplus after taxation | (25) | (14) |
| Ordinary dividend | 0 | 0 |

Orion Group Limited

Relationship to the Council

Selwyn Investment Holdings Limited has a 10.725% shareholding in Orion Group Limited.

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

Nature and scope of the company

Orion plans, constructs and maintains a reliable and secure electricity distribution network in the Christchurch and Central Canterbury region. The network's capacity is matched as closely as possible to actual and forecast market demand for electricity.

Orion's networks consist of approximately 175,000 connections, 12,000 km of lines and cables and 9,500 distribution substations and pole-mounted transformers.

Overall goal

To operate as a successful business. Orion's priority is the efficient and effective management of its electricity network. The company aims to provide customers with a high level of service, a reliable and secure supply and competitive prices. Orion also aims to provide shareholders with an attractive risk adjusted return on their investment.

Financial interests

Statement of service performance for the year ended 31 March

| Indicators | Actual 2007 | Target 2007 | Gazetted NZ Average 2006 |
|--|----------------|----------------|--------------------------------|
| Surplus | 10.1 | 5.3 | |
| Electricity network regulatory return on investment (%) refer to note below. | 8.2 | 6.3 | |
| Debt (%) | 5 | 12 | |
| Equity (%) | 95 | 88 | |
| Equity/total assets (%) | 71 | 69 | |
| Dividends (\$m) | 38 | 28 | |
| <i>Electricity network reliability</i> | | | |
| <i>All interruptions:</i> | | | |
| The following targets include interruptions sourced from the Orion network, Transpower network and the generation companies. | | | |
| Duration of supply interruptions: | | | |
| ▶ SAIDI - minutes per year | | | |
| ○ Urban | 19 | 20 | |
| ○ Rural | 1,147 | 432 | |
| ○ Overall | 154 | 68 | 171 |
| Number of supply interruptions | | | |
| ▶ SAIFI - times per year | | | |
| ○ Urban | 0.3 | 0.5 | |
| ○ Rural | 3.8 | 4.0 | |
| ○ Overall | 0.7 | 0.9 | 2.5 |
| <i>Orion network interruptions only:</i> | | | |
| The following targets include interruptions sourced from the Orion network only. | | | |
| Duration of supply interruptions | | | |
| ▶ SAIDI - minutes per year | | | |
| ○ Urban | 18 | 19 | |
| ○ Rural | 1,118 | 412 | |
| ○ Overall | 150 | 64 | 153 |
| Number of supply interruptions | | | |
| ▶ SAIFI - times per year | | | |
| ○ Urban | 0.3 | 1.4 | |
| ○ Rural | 3.7 | 3.6 | |
| ○ Overall | 0.7 | 0.8 | 2.1 |

Financial interests

The Commerce Commission is currently revising the Electricity Information Disclosure Requirements from which the regulatory ROI is derived. The ROI has been calculated on a basis consistent with the existing Requirements and so may differ from that disclosed later in the year in accordance with the revised Requirements.

Actual 2006 financial performance measures have been restated to be calculated on an NZ IFRS basis.

The Gazetted NZ average 2006 figures are stated only where comparable data is available.

Statement of financial performance for the year ended 31 March

| | Actual 2007 \$000 | Actual 2006 \$000 |
|--|-------------------------|-------------------------|
| Revenue | 198,298 | 195,773 |
| Expenditure | 127,820 | 124,401 |
| Surplus before taxation | 70,478 | 71,372 |
| Surplus from continuing operations after taxation | 49,154 | 51,916 |
| Surplus/(deficit) on discontinued operations | 11,454 | (5,602) |
| Surplus after taxation | 60,601 | 46,314 |
| Ordinary dividend | 38,000 | 38,000 |

Central Plains Water Trust

Relationship with the Council

Central Plains Water Trust is a Council Controlled Organisation, 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.

Central Plains Water Trust is a charitable trust for the benefit of present and future generations of Christchurch City and Selwyn District residents.

The Trust will hold all necessary resource consents when obtained by Central Plains Water Limited.

Policies and objections in regard to ownership and control

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.

Statement of service performance for the year ended 30 June

- ▶ Trustees will develop and adopt an annual budget and will report financial results quarterly to Selwyn District Council and Christchurch City Council.

Annual budgets and quarterly reports were made to the 2 councils.

- ▶ The Trust will provide assistance to, and monitor the progress of, Central Plains Water Limited as it pursues resource consent for the Central Plains Irrigation Scheme on behalf of the Trust.

The Trustees have monitored progress through regular trust meetings and meetings between the trust and company.

- ▶ The Trust will monitor the SFF Project 05/177 to develop and implement the sustainability code of practice.

Significant progress has been made to develop a sustainability code of practice.

- ▶ The Trust will develop and implement scheme recreational opportunities and environmental community enhancers.

Various reports and studies have been undertaken as part of the resource consent applications with regard to recreational and environmental issues. Such reports will be an important part of meeting the Trust's obligations in the future.

Statement of financial performance for the year ended 30 June

| | Actual 2007 \$000 | Actual 2006 \$000 |
|-------------|-------------------------|-------------------------|
| Revenue | 67 | 40 |
| Expenditure | | 40 |
| Surplus | 5 | - |

Tramway Reserve Trust

Nature and scope of activities

Tramway Reserve Trust is a Council Controlled Organisation of the Council.

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 ongoing use of Tramway Reserve Drain for waste water 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.

Statement of service performance

The Trust will continue work towards returning the Tramway Reserve waterway to its natural state and facilitating public access.

The Trust continued its monitoring role to ensure that the Tramway Reserve waterway is kept in its natural state and that public access was available.

Statement of financial performance for the year ended 30 June

| | Actual 2007 \$000 | Actual 2006 \$000 |
|-------------|-------------------------|-------------------------|
| Revenue | - | 2 |
| Expenditure | - | 2 |
| Surplus | - | - |

Orion Selwyn District Centenary Educational Trust

Nature and scope of activities

Orion Selwyn District Centenary Educational Trust is a Council Controlled Organisation of the Council. The trust was established in November 2003 by Orion New Zealand Limited.

The purpose of the Trust is to promote and support the education of students who are attending Ellesmere College, Lincoln High School and Darfield High School and any other high school established in the Selwyn district in the future and who are intending to undertake a course of tertiary education in New Zealand.

Statement of service performance

The Trust expects to receive enough investment income each year to be able to pay out scholarships to recipients from the three current High Schools in the area.

The Trust paid 3 scholarships of \$1,000 each.

Statement of financial performance for the fifteen month period ended 30 June 2007 and the year ended 31 March 2006

| | Actual 2007 \$000 | Actual 2006 \$000 |
|-------------|-------------------------|-------------------------|
| Revenue | 5 | 4 |
| Expenditure | 3 | 2 |
| Surplus | 2 | 1 |

Contact Details

Mayor and Councillors

Mayor

Kelvin Coe
Irwell
513 The Lake Road
RD 3
LEESTON 7683
(H) (03) 329 1768
(F) (03) 329 1786
(C) 027 267 7732
kelvin.coe@selwyn.govt.nz

Deputy Mayor

John Morten

(Malvern Ward Councillor)

224 Waireka Road
RD 1
DARFIELD 7571
(H) (03) 317 9001
(F) (03) 317 9002
(C) 027 200 2578
john.morten@selwyn.govt.nz

Selwyn Central Ward

Gary Doyle
782 Weedons Road
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CHRISTCHURCH 7678
(H) (03) 347 8458
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Springs Ward

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Lindsay Philips
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Malvern Ward

Paul Stewart
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Ellesmere Ward

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DOYLESTON 7548
(H) (03) 324 3902
(F) (03) 324 3903
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jack.percy@selwyn.govt.nz

Nigel Barnett
176 Burgess Road
RD 2
LEESTON 7682
(H) (03) 325 4392
(C) 027 484 4888
nigel.barnett@selwyn.govt.nz

Contact Details

Community Board Members

Malvern Community Board

Chairperson

Ian Warren
Waianiwa
Warrens Road
Greendale
RD 1
CHRISTCHURCH 7671
(H) (03) 318 0798
(F) (03) 318 8186
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Mary Ireland
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Bob Mugford
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(F) (03) 318 2861
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Annie Smith
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annie@marealestate.co.nz

Allan Thorne
'Arbourlea'
RD 2
DARFIELD 7572
(H) (03) 318 3798
(F) (03) 318 0797
allan.thorne@selwyn.govt.nz

Selwyn Central Community Board

Chairperson

Bruce Russell
123 Finlays Road
RD 5
CHRISTCHURCH 7675
(H) (03) 347 9692
(F) (03) 384 1788
(Cell) 0274 361 727
marg.bruce@slingshot.co.nz

Deputy Chairperson

Mark Alexander
0478 Two Chain Road
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CHRISTCHURCH 7677
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(F) (03) 347 6392
mark.alexander@selwyn.govt.nz

Jeff Bland
Weedons Road
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Joyce Davey
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jdavey@slingshot.co.nz

Where to go for more information

This *Annual Report 2007/2008* 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 (03) 347 2800.

Website

www.selwyn.govt.nz

Selwyn District Council Headquarters

2 Norman Kirk Drive
PO Box 90
ROLLESTON 7643

Service Centres

Leeston Library / Service Centre

High Street
LEESTON 7632
Phone (03) 324 8080
Fax (03) 324 3531

Darfield Service Centre

South Terrace
DARFIELD 7510
Phone (03) 318 8338

Lincoln Service Centre

Gerald Street
LINCOLN 7608
Phone (03) 325 3288
Fax (03) 325 3060

Rolleston Library / Service Centre

Rolleston Drive
ROLLESTON 7614
Phone (03) 347 2880

Auditors

Audit New Zealand
PO Box 2
CHRISTCHURCH 8140
On behalf of the Auditor-General

Bankers

Westpac
PO Box 2721
CHRISTCHURCH 8140

Solicitors

Buddle Findlay
PO Box 322
CHRISTCHURCH 8140

Sister District

Akitakata City
Yoshida 791
Akitakata City
Hiroshima 731 0592
JAPAN

Other Council organisations

Council Companies

(Appointments as at 30 June 2008)

Selwyn Investment Holdings Limited (100% owned by Council)

P O Box 2935
CHRISTCHURCH 8140
Phone (03) 366 5601
Fax (03) 366 5608
Website www.sih.co.nz

Board

EM Frew (Chairperson)
WJ Bell
J Morten
SA Leck
RB MacGeorge

Investment Manager

A Bartlema

Company Secretary

DF Emerson

SICON Limited

(100%) owned by Selwyn Investment Holdings Limited)

3 South Terrace
PO Box 40
DARFIELD 7541
Phone (03) 324 3068 or (03) 318 8320
Fax (03) 318 8578
E-mail sicon@sicon.co.nz
Website www.sicon.co.nz

Board

WJ Bell (Chairperson)
KJ Beams
GH Clemens
LA McCracken
T Tattersfield

Chief Executive Officer (from 1 July 2008)

B Beagley

Selwyn Plantation Board Ltd

(60.68% owned by Selwyn Investment Holdings Limited)

Horndon Street
PO Box 48
DARFIELD 7541
Phone (03) 318 8311
Fax (03) 318 8812
Website www.spbl.co.nz

Board

R Polson (Chairperson)
A Berg
J Christensen
PJ Coakley
GD Heenan

Chief Executive

A Russell

KB Irrigation Limited

(100% owned by Selwyn Investment Holdings Ltd)
135 Alford Forest Road
PO Box 379
ASHBURTON 7740
Phone (03) 308 9419
Fax (03) 308 8199
Website www.kbirrigation.co.nz

Board

EM Frew (Chairperson)
LA McCracken
GH Clemens

Chief Executive

N Gillot

Ferguson Brothers Limited

(75.1% owned by Selwyn Investment Holdings Limited)
Main South Road
PO Box 332
GREYMOUTH 7840
Phone: (03) 768 4181
Fax (03) 768 4180

Directors

T Tattersfield (Chairperson)
S Leck
M Ferguson

Managing Director

M Ferguson

Other Council organisations

Other Council Organisations

(Appointments as at 30 June 2008)

Central Plains Water Trust

(50% owned by Selwyn District Council)

PO Box 90
ROLLESTON 7643
Phone (03) 347 2800
Fax (03) 317 2799

Trustees

DG Marsh (Chairperson)
DJ Catherwood
RW Davison
DAR Haslam
DJ O'Rourke
V Smart
C Williams

Izone Southern Business Hub

Council committee established to develop an industrial park at Rolleston:

PO Box 90
ROLLESTON 7643
Phone (03) 347 2800
Fax (03) 347 2799

Committee Members

(Chairman) JL Christensen
WJ Bell
R Schulz
Councillor A Foster

Chief Executive

RD Hughes Developments Limited
Attention: Robin Hughes
Phone (03) 379 2609

Council Manager Responsible

DD Marshall - Manager Corporate Services Selwyn District Council

www.izoner.org.nz

Facts on Selwyn District



District Statistics

Population

- ▶ Estimated Resident Population (June 2007) 36,400
(Source: Statistics New Zealand)

Area

- ▶ Area 6492 square kilometres

Rates (June 2008)

- ▶ Rateable assessments 17,771

Valuation (June 2008)

- ▶ Rateable capital value \$9,747,953,723
- ▶ Rateable land value \$5,915,488,750

Roading (June 2008)

- ▶ Sealed Roads 1,349.3km
- ▶ Unsealed Roads 1,118.2km

Infrastructure (June 2008)

- ▶ Number of Bridges 120
- ▶ Length of Classified Drains 366km
- ▶ Length of Water Races 2,063km