

Selwyn District Council
Summary Annual Report
2010/11

SELWYN DISTRICT COUNCIL

SUMMARYANNUAL REPORT 2010/11

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Welcome...

This summary provides an overview and summary of Selwyn District Council's activities and services for the year 2010/2011. The information in the annual report summary has been extracted from the full annual report for the year ended 30 June 2011 adopted by the Council on 26 October 2011. The summary has been prepared in accordance with generally accepted accounting practice in New Zealand and the Council is public benefit entity. The summary cannot be expected to provide as complete an understanding of the Council's performance as the full annual report. The full annual report has been audited and an unqualified opinion issued. The summary annual report has been examined for consistency with the full annual report by the auditor and an unmodified opinion issued. This summary annual report has been prepared in accordance with Financial Reporting Standard 43 Summary Financial Statements, and is presented in NZ dollars, rounded to the nearest \$1,000, except where indicated.

The annual report summary was authorised for issue on 26 October 2011 by the Chief Executive.

For copies of the full Annual Report you can go to our website or call in at our libraries and service centres.

www.selwyn.govt.nz

Selwyn District Council

2 Norman Kirk Drive
Rolleston
Phone (03) 3472800

Rolleston Library/Service Centre

Rolleston Drive
Rolleston
Phone (03) 3472880

Darfield Library/Service Centre

South Terrace
Darfield
Phone (03) 3188338

Lincoln Service Centre

Gerald Street
Lincoln
Phone (03) 3472875

Leeston Library/Service Centre

High Street
Leeston
Phone (03) 3248080

Joint Report of the Mayor and Chief Executive

Dear Selwyn ratepayers and residents,

Firstly, we want to thank you for standing by your communities in times of great need this year. We saw the best in people who rallied round and supported their neighbours in all sorts of ways after September 4 and the even bigger response after February 22.

Despite the disruption of the earthquake, the majority of projects and services provided by the Council to its residents were successfully delivered. While the earthquake-related repairs and response costs were incurred in this year, the financial impact will be in the 2011/12 year with the levying of the \$135 earthquake rate.

The good news is that, in Selwyn, the recovery is progressing well and the evidence is there that progress is being made. We identified early that, in areas of recovery where we do not have direct control, it is vital that we ensure that the Council process hastens not hinders progress and that we have a role to play helping our residents connect with organisations that can help them.

To that end:

- We have streamlined our earthquake-related building consent processes. The latest figures show we had issued 136 earthquake consents, each with an average processing of three days.
- We have started laying the first pipes for the \$80.7million Eastern Selwyn Sewerage Scheme. We are expecting that we should start having new sewerage connections available by the end of this year.
- This in turn has meant we have been able to process consents for new subdivisions that were previously held up because they had no connections. So now we have hundreds of residential lots ready and waiting for people who need them.
- We have also had Jenny Harkerss helping families and hosted a series of business recovery workshops.
- Selwyn District Council has put \$5.4million into earthquake-related repairs to the Council's facilities, infrastructure, roading and support for the community. A further \$2million to \$2.5million will probably still be spent in that area and a significant proportion will be recovered from insurance and the Crown.

In June we approved the Selwyn Growth Model which shows, that taking into account conservative estimates of residential growth due to people relocating into Selwyn after the earthquakes, we are going to almost double our size in the next 30 years. And that will take some planning. So make sure you take a look at the next Selwyn Community Plan 2012 – 2022 (Long Term Plan) which will be out for public consultation next April.

We have just initiated the tender process for the new \$13.7million Selwyn Aquatic Centre which will be open in January or February 2013. The Rolleston-based facility will be the first all year round indoor centre in Selwyn and will give our young (and older) residents somewhere to gather, learn to swim, relax and exercise. The Warren and Mahoney designs are appropriate for our community and leave open the possibility for future expansion. Now we are keen for our community groups and organisations to get behind the centre and initiate some local fundraising.

Some of the major projects worth singling out were the completion of the Rolleston Youth Park – a much appreciated venue for the younger residents; the opening of the Lincoln Event Centre – already well utilised only a couple of months after completion; and the purchase of the Rolleston Reserve Precinct which will house the new Selwyn Aquatic Centre and will also allow for the growth of recreational facilities in the future.

These are just some of the hundreds of projects, programmes and services that Council staff undertake every year on your behalf. We feel very proud of what we have been able to complete in this past very difficult year. Once again we want to give you, our residents and ratepayers, our thanks for what you have done to make our community a great place to Live, Work and Play.

On your behalf,

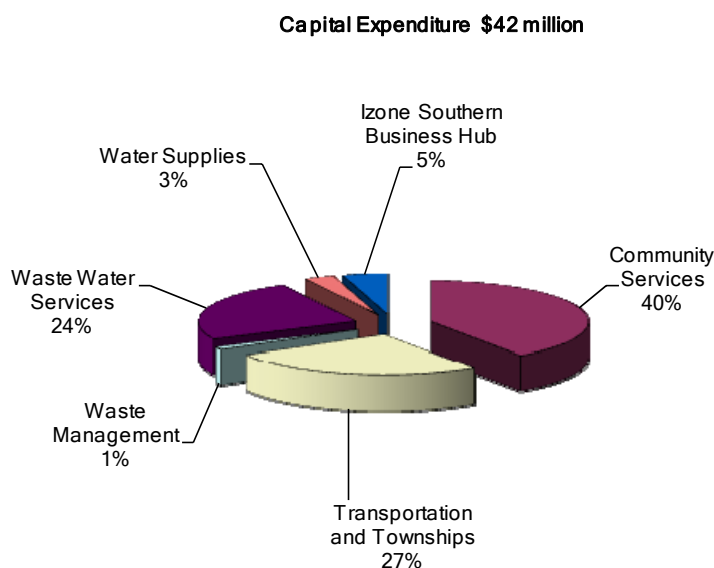
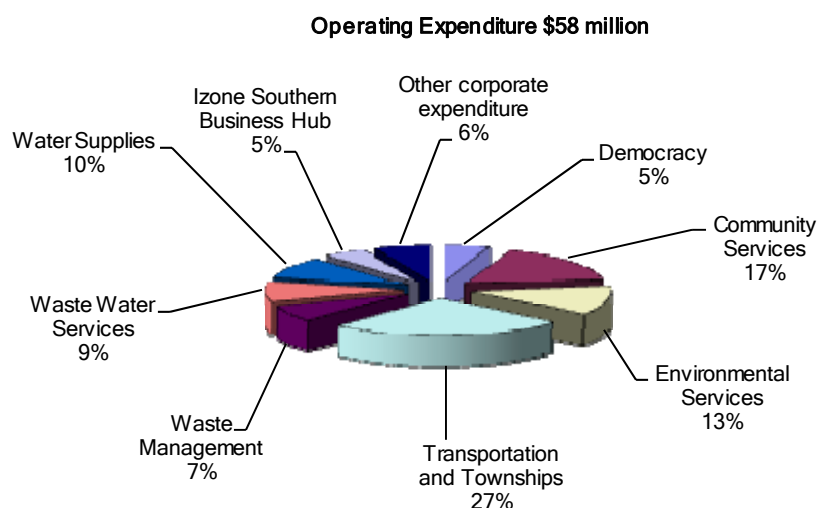


Mayor Kelvin Coe



Chief Executive Paul Davey

Our expenditure for the year...



Major capital projects

- *Community services* — completion of the Lincoln Event Centre to provide for the future sporting and recreation needs of the town (\$5.2m) and the purchase of Rolleston Recreation Precinct land (\$5.9m)
- *Transportation and townships* - cyclical renewals across the district to maintain the roading network (\$4.3m), restoration work to repair earthquake damage (\$2.8m), construction of Kidman Street in Rolleston (\$0.8m), upgrade of Lincoln Rolleston Road (\$0.6m) and extension of William Street in Lincoln (\$0.6m)
- *Waste water services* — expenditure on the Eastern Selwyn Sewage Scheme, including the purchase of land for the expected treatment plant (\$9.2m)
- *Water supplies* — Darfield water suppl upgrade, including land for a new well (\$0.8m)
- *Izone Southern Business Hub* - Purchase of land to improve the future development potential (\$1.2m) and construction of Steven Seeds Building (\$0.7m).

The year in review

In June 2009 the Council adopted the Selwyn Community Plan. This is a plan to ensure Selwyn remains a great place to live, work and play. It sets out what the Council intends to do over the coming 10 years to meet the needs and wishes of Selwyn's residents. The plan recognises that the district is changing from a largely rural district to one that also has an urban heart. It shows how the Council intends to respond to the challenge of more demand on our water, sewerage and transportation networks as well as increasing expectations for community facilities.

We are now two years into this 10 year programme. We have made a solid start on implementing our activities with some significant projects completed and others underway. This section of the annual report summarises the progress we have made so far against the priorities set out in the Selwyn Community Plan and also reports on the impact of the Canterbury earthquakes.

Canterbury earthquakes

For most of us the earthquakes of 4 September 2010 and 22 February 2011 were the defining moments of the past year. The first quake had the biggest impact in terms of damage for the Selwyn District but the devastation caused in Christchurch by the second quake had a huge emotional and practical impact on our people.

The earthquakes brought out the best in people. The response from the emergency services, Council staff and local residents meant that we coped remarkably well and together we kept local services and the local economy running. We are now in the recovery phase and as we know already, this will be a long and challenging process for the Canterbury region as a whole.

The impact of the earthquake in terms of damage to the Council's assets was relatively modest. We estimate that total costs will be in the region of \$7.2 million. In addition we also incurred costs of \$0.6 million on the immediate emergency response. Of this estimated total cost of \$7.8 million we expect that we will recover \$5.8 million from a combination of the Government subsidy, EQC cover and insurance. This will leave a cost of around \$2 million that will be met through the one-off earthquake rate of \$135 for 2011/12.

Implement the aquatic strategy

The aim of the strategy is to greatly improve the swimming facilities available in the district by maintaining and improving the existing community pools and providing a new year-round aquatic centre. The new aquatic centre will bring real benefits to the community by giving our children a safe, warm place to learn to swim; families a place to meet and have fun; and older people a place to relax and keep healthy.

We spent the past 12 months developing the detailed design for the Selwyn Aquatic Centre and planning for its construction. The designs look great and emphasise the use of materials natural to the district. At this stage we expect that the new Centre will be open in early 2013. Alongside the planning for the new facility we have been working on plans for the maintenance and development of the community pools over the next 10 years. These plans will form part of the Council's 10 year Long Term Plan that will be out for community consultation in April 2012.

Put into action the Christchurch, Rolleston and Environs Transportation Study (CRETS)

A significant proportion of residents commute from Rolleston and Lincoln and other townships into Christchurch and the CRETS projects aim to improve these busy transport links.

The Council had requested funding for these improvements from the New Zealand Transport Agency (NZTA) with the expectation that the Agency would subsidise this over a 10 year programme. Unfortunately, the NZTA revised the national funding criteria for the 2009/12 National Land Transport Programme which means funding is more difficult to obtain than originally anticipated. The Council now needs to secure approval for each individual project before it can proceed.

So far we have been successful in getting two CRETS projects approved; Kidman Street (the Byron St extension) at Rolleston, plus the Lincoln/Rolleston Road and Selwyn to Shands Road improvement project. The first project was completed during the year and the second one started. This second project will greatly improve the safety and ease of travel along this important link to Christchurch.

Construct the Eastern Selwyn Sewerage Scheme

The significant population growth in Rolleston, Lincoln, Prebbleton and surrounding areas means that the existing sewerage schemes do not have sufficient capacity to cope with future demand. Without additional capacity, growth in the district will be severely constrained.

To provide the additional capacity, the Council is to expand land based disposal of treated waste water next to the existing Pines treatment plant and construct new pipelines to connect Prebbleton and Lincoln to the plant. The scheme, known as the Eastern Selwyn Sewerage Scheme is the largest project that the Council has ever undertaken and the emphasis during the 2010/11 financial year was on the completion of the detailed design work. Good progress is being made and the Council has started to let contracts for the construction of the scheme. Construction will take place over the next year.

Develop our district as a high quality place to live

All residents in the district want a good living environment. The Council believes that the district should grow in a coordinated way so that residents enjoy the benefits of easy access to open space, quality local facilities (retail, recreation, schools, medical centres etc.), workplaces, a good road network, cycleways and walkways, public transport links, appropriate residential densities and sound water and waste water infrastructure. In particular, the district should have a sense of identity, of its own special character and history – a sense of place.

As part of this initiative the Council has already adopted Urban Design Plans (known as Structure Plans) for its main growth areas – Rolleston, Lincoln and Prebbleton. These plans will guide development and land use and help create high quality places to live. Work is underway to turn the plans into reality and the Council is currently working through a process to amend the District Plan (Plan Change 7) to allow the towns to develop in the way envisaged by the structure plans.

As part of its broad planning for the district, the Council recently launched the Future for Selwyn project, to help shape our own future economically, environmentally, socially and culturally. It is a chance to think about the important questions that will affect how we live over the next 20 to 30 years. The project has allowed lots of opportunities for local people to get involved and will include a formal consultation phase during the coming year.

Make our resource consent processes more user friendly

The Resource Consent process is complex and is often perceived as difficult for applicants to use and overly bureaucratic. Customer care is a real focus for the Council and we have introduced a number of initiatives to assist applicants when they apply for resource consents. These include changes to the web site in response to suggestions from customers, a quarterly publication called 'Selwyn Talk' for the building, construction and development community, a streamlined process for simple consents and the trialling of an approved consultant process.

Implement our Libraries for Life strategy

Libraries provide services that are highly valued and very well used by local people. They reach out to all age groups and provide education, recreation and inspiration to many. They are at the heart of a strong community.

In 2008 the Council adopted a strategic plan for its library service – 'Libraries for Life'. The strategy is to develop a library service that is good for the entire district. The strategy focuses on improving library buildings so that they are welcoming and have sufficient space to meet the community's needs.

The improved library in Leeston has been a great success and after the 2009 move, usage increased 80%, and since it opened in February this year, the new library in Darfield has also proved to be very popular.

Design work has nearly been completed for the Lincoln Library on Gerald Street and construction will get underway during the 2011/12 year. The new building will bring a huge improvement to the library facilities available to residents in Lincoln and surrounds.

Build the Lincoln Event Centre

The Lincoln Event Centre opened in April 2011. The centre is fantastic and includes an indoor stadium, performing hall, meeting rooms and new toilet facilities for the Lincoln reserve. It has already become a new hub for the town and is heavily used each evening with a broad range of sports, events and activities taking place. It really proved its worth when hosting the Lincoln University Graduation for more than 500 students.

Plan for the possible impact of the Central Plains Water scheme

The planned Central Plains Water Scheme will have a big impact on the district and has the potential to bring substantial economic and recreational rewards.

After 10 years the resource consent process for the scheme is nearing its conclusion. The resource consent is subject to appeals that have been referred to the Environment Court's mediation process. Central Plains Water expects that final agreement is possible and that the resource consents will be issued by the end of 2011.

Once the resource consents are approved the scheme will need to raise capital to allow it to proceed to the construction stage. If the scheme proceeds, and this now looks likely, it will have an impact on the district including the economy and job opportunities, land use patterns and the Council's infrastructure. We will take account of the progress of the scheme as part of the Future for Selwyn project as well as our long-term infrastructure plans over the coming years.

Make the most of our investments

Ratepayers benefit greatly from the returns from the Council's company, Selwyn Investment Holdings Limited (SIHL). SIHL has been actively seeking ways of maximising returns to the Council over recent years, including supporting the Selwyn Plantation Board's sale of its land and forest assets, and facilitating the amalgamation of KB Irrigation Limited with SICON Limited. The sale of the Selwyn Plantation Board's assets will result in a future capital payment to the Council that can then be invested to generate income. This income will replace the income that might otherwise have been achieved from the Plantation Board's forestry and farming activities.

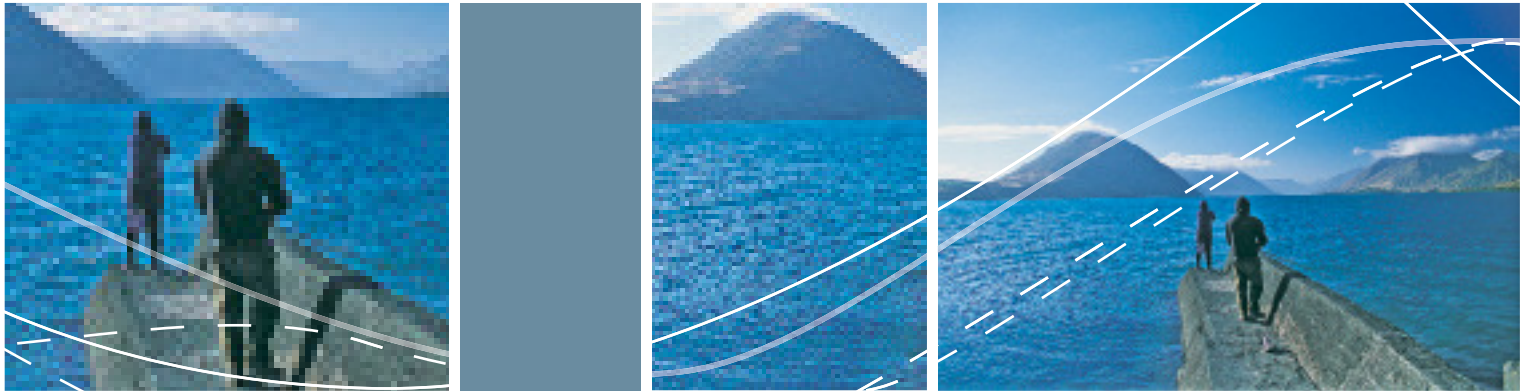
It has been another difficult year for the Council's trading companies (SICON Limited and Ferguson Brothers Limited) and investment (Orion New Zealand Limited), with the earthquake, Pike River mine disaster and tight economic conditions all having an effect on financial results. Despite this Selwyn Investment Holdings Limited was still able to provide a dividend of \$3.6 million in line with its statement of intent.

It has also been a challenging year for the Izone Southern Business Hub. Sales of industrial land slowed during the economic downturn and the Council has not been able to achieve the budgeted level of revenue from Izone in 2010/11. However, interest in land in Izone increased markedly towards the end of the financial year and indicates a more encouraging period ahead.

Manage our finances in a fair and prudent way

The 2010/11 year has been quite difficult from a financial perspective. Even without the impact of the earthquakes, underlying economic conditions remain tough. Overall the Council's financial statements show a modest surplus of \$1.0 million. This compares with a budgeted surplus of \$1.5 million. If the non-cash revenue from the value of assets vested in the Council by sub-dividers is excluded, the underlying result for the Council is a deficit of \$3.8 million. Income was \$6 million lower than budgeted, mainly due to lower than anticipated sales of industrial land in Izone. Expenditure was lower in a number of areas as project work was delayed or cancelled reducing both operating costs and the financing costs associated with capital expenditure. These deferrals have not had a significant impact on the levels of service provided by the Council.

The Council borrowed \$28 million during the year, taking its total borrowing to \$53 million. The borrowing was used to fund the construction of the Lincoln Event Centre (funded from a targeted rate in Lincoln plus development contributions), the Eastern Selwyn Sewerage Scheme (funded from development contributions) and the purchase of land for the Rolleston Recreation precinct (funded from development contributions).



HOW WE PERFORMED

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

In this section

Activities

- Community Services
- Democracy
- Environmental Services
- Transportation and Townships
- Waste Management
- 5 Waters Services (Water and Waste Water)
- Izone Southern Business Hub and Property Sales

How we performed...

Community Services

Performance measure	Our achievement	Target achieved?
At least 70% or more of Selwyn residents have used or visited a public park or reserve in the past 12 months	67%	x
There is at least 5ha of land per 1000 head of population in Selwyn District	5.1	√
The performance rating for parks and reserves is 80/100 or better in the residents survey	86/100	√
Residents in 90% or more townships are serviced by a reserve within 400m	71%	x
The performance rating for community centres and halls is 60/100 or better in the residents survey	79/100	√
Less than 20% of community buildings are in an average or below condition	23%	x
The Selwyn district has 8 operational swimming pools	8	√
The number of swims per capita is greater than 0.5	0.52	√
The performance rating for public toilets is 60/100 or better in the residents survey	66/100	√
The performance rating for cemeteries is 72/100 or better in the residents survey	73/100	√
The Selwyn residents sense of community is greater than 83%	83%	x
The percentage of Selwyn residents engaging in regular physical exercise is greater than 50%	58%	√
The number of new businesses established in the district is increased from 2009/10	-1%	x
At least 48% of the population are registered library users	57%	√
There are at least 18 library issues per patron per annum	15.8	x

Democracy

Performance measure	Our achievement	Target achieved?
Less than 5% of Council business is conducted in a public excluded meeting	12%	x
The 2009/10 annual report is adopted on time with an unqualified opinion	Achieved	√
The 2011/12 annual budget is adopted on time	Achieved	√

Performance measure	Our achievement	Target achieved?
100% of building consents are issued within statutory timeframes	98%	×
100% of Code of Compliance Certificates are issued within statutory timeframes	96%	×
At least 90% of building consent applicants are satisfied	80%	×
At least 90% of resource consents are issued within statutory timeframes	99%	√
At least 70% of Environmental Court appeals are settled or found in the Council's favour	100%	√
At least 85% of resource consent applicants are satisfied	84%	×
100% of resource consents are monitored within the stipulated timeframe	100%	√
All currently registered food premises comply with the 1974 Food Hygiene Regulations	100%	√
100% of special liquor licenses are issued within 10 working days	92%	×
At least 90% of all other liquor licenses are issued within 20 days	100%	√
A Council report with a programme of plan changes to enhance the district is placed on the Council agenda twice a year	Reported monthly	√
100% of private plan changes are processed within the statutory timeframe	100%	√
The Prebbleton Structure Plan is adopted	Approved	√
The residents survey level of satisfaction is increased from 52%	55%	√
100% of dogs in the district are registered by 30 June 2011	100%	√
100% of urgent callouts relating to dog control complaints are attended to within 4 hours	100%	√
100% of non-urgent callouts relating to dog control complaints are attended to within 72 hours	100%	√

Transportation and Townships

Performance measure	Our achievement	Target achieved?
Less than 1550 public service request are received relating to road maintenance, works and operations	1842 received	×
Less than 140 public service request are received relating to road safety	169 received	×
Less than 110 public service request are received relating to walking, cycling and public transport	83 received	√
Less than 120 public service request are received relating to streetlighting	165 received	×
The performance rating in the residents survey is at least 75 for urban roads	80/100	√
The performance rating in the residents survey is at least 65 for rural roads	60/100	×
The performance rating in the residents survey is at least 65 for footpaths	77/100	√
The performance rating in the residents survey is at least 65 for cycleways	57/100	×
The length of pavement resealed is 75 kilometers	76km	√
The length of major road routes upgraded is 4 kilometers	2.9km	×
At least 85% of large capital roading projects are completed by the year end	52%	×
One off-road cycleway project is implemented	Achieved	√
The Greater Christchurch Travel Demand Management Strategy is adopted and being implemented	Implemented	√
There are no more than 17 serious casualties annually	24 casualties	×
The performance rating in the residents survey is at least 70 for promotion of road safety	75/100	√
The performance rating in the residents survey is at least 70 for making the district roads safer	63/100	×
Utilisation of NZTA funding for minor (safety) improvements is 90% or better	93%	√
Better than 90% attendance at regional planning, funding and implementation meetings/forums	100%	√

Waste Management

Performance measure	Our achievement	Target achieved?
The performance rating in the residents survey is at least 84/100 for rubbish collection	88/100	√
The performance rating in the residents survey is at least 85/100 for recycling	88/100	√
The performance rating in the residents survey is at least 70/100 for organic waste collection	63/100	×
The proportion of households using the resource recovery park is 22%	30%	√
Less than 20 written complaints related to the solid waste service per annum	2 received	√
There is compliance of 87% relating to contract specifications	100%	√
Less than 5% of customers change to private providers during the year	No changes	√
There is a 5% reduction in the amount of residual waste per head of population	1%	×

5 Waters Services

Waste water

Performance measure	Our achievement	Target achieved?
There are no more than 3 sewer or sewer pump station overflow events in the year	No events	√
55% of residential properties in Selwyn are serviced by Council waste water systems	52%	x
55% of urban areas are serviced by a stormwater system	100%	√

Water

Performance measure	Our achievement	Target achieved?
There is 80% compliance with national standards for bacterial criteria for water leaving treatment plants	99%	√
There is 80% compliance with national standards for bacterial criteria for water in the distribution system	99%	√
80% of the fire district is within 135m of one fire hydrant and 270m of two fire hydrants	52%	x
No more than 45% of properties are affected by water supply interruptions of more than 24 hours (excluding those attributable to the earthquake)	None affected	√
Water restrictions are applied on no more than 27 days	none	√
The average volume of water consumed per residential property per day is 1,000 litres	1,467 litres/day	x
The supply of water to a serviced property has an operating cost of no more than \$310 per annum	\$197/annum	√
Serviced properties in the 'total water race services area' are without supply due to unplanned interruption for less than 10 hours	Over 10 hours	x
72% of residential properties within the district are serviced by Council water services	72%	√

Izone Southern Business Hub and Property Sales

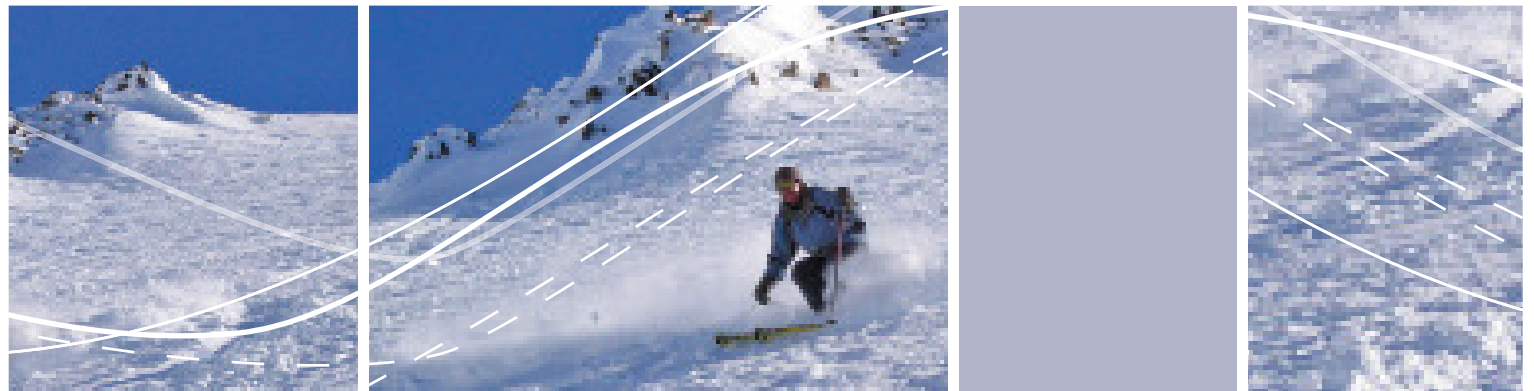
Performance measure	Our achievement	Target achieved?
Sales of 20 hectares of land is achieved in the financial year	2.6 ha sold	x
\$1,500,000 of dividends are distributed to the Council in the financial year	\$1,500,000 distributed	√

SUMMARY FINANCIALS

...these summary financials are prepared in
accordance with the Local Government Act 2002

In this section

- Financial highlights
- Summary statement of comprehensive income
- Summary statement of changes in equity
- Summary statement of cash flows
- Cost of service summary statement
- Notes to the summary financial statements



Financials

Introduction

The 2010/11 year has been quite difficult from a financial perspective. Even without the added impact of the earthquakes economic conditions were challenging. Overall the Council's financial statements show a surplus of \$1.0 million, compared with a budgeted surplus of \$1.5 million. If the non-cash revenue from the value of assets vested in the Council by sub-dividers is excluded, the underlying result for the Council is a deficit of \$3.8 million. Income for the year was \$6 million lower than budgeted and expenditure \$5 million lower. Income was below budget mainly due to lower than forecast sales of industrial land in Izone. Expenditure was lower in a number of areas as project work was delayed or cancelled reducing both operating costs and the financing costs associated with capital expenditure.

The Canterbury earthquakes increased the surplus by \$3 million. This is due to \$5.6 million revenue from Government subsidy and insurance offset by expenditure of \$2.6 million. Much of the revenue is being used to fund capital expenditure that does not get included within the surplus/deficit position. Without the income and expenditure arising from the earthquakes the Council would have incurred a deficit for the year of \$1.2 million.

The Council borrowed \$28 million during the year, taking its total borrowing to \$53 million. The borrowing was used to fund the construction of the Lincoln Event Centre, the Eastern Selwyn Sewage Scheme and the purchase of land for the Rolleston Recreation precinct.

Total ratepayers equity increased by \$298 million during the 2010/11 financial year. This was due to the revaluation of many of the Council assets including land and buildings, roads, water and wastewater systems. This large increase reflects the increase in the cost of replacing these assets over the past three years plus refines to the Council's asset information.

Expenditure

Expenditure for the year was \$58.2 million compared with the budget of \$63.6 million. The main variances compared with budget were:

- Community services expenditure was \$1.3 million below budget, mainly due to projects being carried forward to future years and lower depreciation as the Lincoln Event Centre was not completed until later in the financial year. This is offset by earthquake response costs of \$0.6 million.
- Environmental services expenditure was \$0.6 million below budget as the budget includes agency payments that are not included in the actual expenditure.
- Transportation and townships expenditure was \$1.1 million above budget due to the cost of earthquake repairs and higher than budgeted depreciation costs.
- Waste management expenditure was \$0.8 million below budget due to lower than forecast levels of refuse and some projects being carried forward for completion in the future.
- Waste water and water expenditure were \$5.7 million below budget due to the cancellation of some projects that are no longer required and lower financing costs as capital projects have been delayed.
- Other corporate expenditure was \$2.0 million above budget mainly due the reduction in the value of the Council's investment properties and shares in Selwyn Investment Holdings Limited.

Income

Income for the year was \$59.3 million compared with the budget of \$65.0 million. The main variances compared with budget were:

- Government subsidy and insurance income of \$5.6 million relating to the Canterbury earthquakes was not budgeted.
- Izone Southern Business Hub income from land sales was \$9.8 million below budget due to slow sales during the economic slowdown.
- Corporate income (including interest, dividends, investment property valuation and leases) was \$1.5 million below budget due to difficult economic conditions.

Statement of financial position

The value of the Council's net assets increased by \$298 million in 2010/11. The increase was due to:

- The surplus of \$1.0 million.
- An increase in the value of the Council's investment in Selwyn Investment Holdings Limited of \$4.0 million.
- A reduction in the value of assets due to earthquake damage \$3.9 million.
- An increase in the value of land and buildings \$9.4 million.
- An increase in the value of roading, water and waste water assets \$288 million.

The value of the Council's net assets is \$1,125 million. This is higher than budget due to the large increase in infrastructure assets values due to their revaluation.

Statement of cashflows

The Council has a positive net operating cash flow of \$13 million. The operating cash flow is used to fund the capital expenditure programme.



Douglas Marshall
Manager Corporate Services

Summary statement of comprehensive income for the year ended 30 June 2011

	Council Actual 2011 \$000	Council Budget 2011 \$000	Council Actual 2010 \$000	Group Actual 2011 \$000	Group Actual 2010 \$000
Operating revenue	59,266	65,039	47,192	98,974	87,219
Operating expenditure	55,044	59,415	50,961	96,038	93,326
Finance expenditure	3,198	4,171	1,294	3,804	2,027
Surplus before taxation	1,024	1,453	(5,063)	(868)	(8,134)
Taxation	67	-	92	1,902	(1,046)
Surplus from discontinued operation	-	-	-	3,726	2,497
Surplus/ (deficit) after taxation	957	1,453	(5,155)	956	(4,591)
Other comprehensive income					
Gain on infrastructure assets revaluation	288,159	92,482	-	288,159	-
Financial assets at fair value through other comprehensive income	4,086	3,647	-	2,518	-
Gain/(loss) on land and building revaluation	9,447	-	8	9,482	(12)
Impairment of property, plant and equipment	(3,926)	-	-	(3,926)	-
Deferred tax on revaluation	-	-	(25)	-	(25)
Total other comprehensive income from discontinued operation	-	-	-	(109)	(8,682)
Total other comprehensive income	297,766	96,129	(17)	296,124	(8,719)
Total comprehensive income	298,723	97,582	(5,172)	297,080	(13,310)
Surplus/(deficit) attributable to					
Council	957	1,453	(5,155)	(752)	(4,679)
Non-controlling interest	-	-	-	1,708	88
Total comprehensive income attributable to					
Council	298,723	97,582	(5,172)	295,372	(10,437)
Non-controlling interest	-	-	-	1,708	(2,873)

Summary statement of changes in equity for the year ended 30 June 2011

	Council 2011 \$000	Council Budget 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Balance at 1 July	826,694	854,624	831,866	864,135	877,445
Total comprehensive income for the year	298,723	97,582	(5,172)	297,080	(13,310)
Realisation of assets	-	-	-	(10,615)	-
Dividends to non-controlling interest	-	-	-	-	-
Balance at 30 June	1,125,417	952,206	826,694	1,150,600	864,135
Components of equity					
General funds	553,962	562,468	555,822	596,674	600,243
Fair value through other comprehensive income reserve	56,106	-	52,020	27,410	24,892
Special funds	33,798	37,548	31,067	33,798	31,067
Asset revaluation reserve	481,551	352,190	187,785	473,223	179,531
Non-controlling interest	-	-	-	19,495	28,402
Total equity	1,125,417	952,206	826,694	1,150,600	864,135

Summary statement of financial position at 30 June 2011

	Council Actual 2011 \$000	Council Budget 2011 \$000	Council Actual 2010 \$000	Group Actual 2011 \$000	Group Actual 2010 \$000
Current assets	21,408	14,001	19,170	97,789	103,451
Non-current assets	1,171,626	1,025,039	842,929	1,139,033	814,980
Total assets	1,193,034	1,039,040	862,099	1,236,822	918,431
Current liabilities	34,869	10,412	9,378	47,562	27,469
Non-current liabilities	32,748	76,422	26,027	38,660	26,827
Total liabilities	67,617	86,834	35,405	86,222	54,296
General reserves	553,962	562,468	555,822	596,674	600,243
Other reserves	571,455	389,738	270,872	534,431	235,490
Non-controlling interests	-	-	-	19,495	28,402
Total equity	1,125,417	952,206	826,694	1,150,600	864,135
Total liabilities and equity	1,193,034	1,039,040	862,099	1,236,822	918,431

Summary statement of cashflows for the year ended 30 June 2011

	Council Actual 2011 \$000	Council Budget 2011 \$000	Council Actual 2010 \$000	Group Actual 2011 \$000	Group Actual 2010 \$000
Net cash flows from					
Operating activities	12,551	(3,621)	3,770	11,730	7,366
Investing activities	(41,158)	(65,502)	(34,465)	(41,490)	(35,455)
Financing activities	28,080	53,362	25,000	41,401	22,602
Net increase/(decrease) in cash	(527)	(15,761)	(5,695)	11,641	(5,487)
Opening cash balance	2,385	20,278	8,080	6,011	10,541
Discontinued operation	-	-	-	-	957
Closing cash balance	1,858	4,517	2,385	17,652	6,011

Cost of service summary statement 2010/11

	Operating revenues \$000	Operating expenditures \$000	Net cost of service surplus/(deficit) \$000	Budget surplus/(deficit) \$000
Democracy	616	3,087	(2,471)	(2,679)
Community services	8,889	10,011	(1,122)	(4,848)
Environmental services	3,568	7,444	(3,876)	(4,117)
Transportation and townships	10,118	16,133	(6,015)	(6,933)
Waste management	4,370	3,887	483	(631)
Waste water services	6,128	5,308	820	(2,225)
Water supplies	6,043	5,635	408	(1,562)
Izone southern business hub	2,412	2,880	(468)	9,292
Other corporate services	7,707	3,857	3,850	5,723
	49,851	58,242	(8,391)	(7,980)
General rates	9,230	-	9,230	9,271
Rates penalties	185	-	185	162
	59,266	58,242	1,024	1,453

Events after balance sheet date

Selwyn Plantation Board Limited is in the process of selling all its assets and is actively negotiating the sale and settlement of several properties and its forest asset. Since balance date, titles for four properties have been issued enabling settlement of these properties to be completed in July 2011.

Discontinued operation

In April 2010 Selwyn Plantation Board Limited shareholders approved the Board's Strategic Plan for the company, which provided for the sale of all of the company's assets and for the proceeds of sale to be returned to shareholders. Their accounts have been prepared on a realisation basis, having previously been prepared on a going concern basis, in keeping with their treatment as a discontinued operation as at 30 June 2011.

All assets are expected to be realised within 12 months of the year end and have therefore been classified as current assets. Property, plant and equipment and forestry assets have been classified as assets held for sale. All assets have been recognised at their expected realisable value, this being the proceeds expected to be received on sale of the assets.

Disclosed below are the results of the Selwyn Plantation Board Limited as a discontinued operation.

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Profits attributable to discontinued operation				
Total revenue	-	-	16,334	20,474
Total expenditure	-	-	11,368	16,583
Surplus/(deficit) before tax	-	-	4,966	3,891
Taxation expense	-	-	1,240	1,394
Surplus/(deficit) after tax	-	-	3,726	2,497
Other comprehensive income	-	-	(109)	(8,682)
Total comprehensive income	-	-	3,617	(6,185)

Impact of the Canterbury Earthquakes

The purpose of this note is to disclose the:

- impact of the earthquakes on the Council's financial statements
- contingent assets that exist at balance date
- significant areas of estimation and assumption

The 7.1 magnitude earthquake on 4 September 2010 caused damage to some of the Council's infrastructure (roads, wastewater systems and water systems) and its buildings (community halls, houses and administrative buildings). Although it was a large earthquake centred in the district the damage was relatively modest and the Council was able to continue to deliver services to local residents. The continuing aftershocks and 6.3 magnitude earthquakes of 22 February 2011 and 13 June 2011 caused some minor further damage.

By the end of the financial year the Council had incurred costs of \$4.8 million on repairing damaged assets and it estimates that the total cost to repair its damaged assets is \$7.2 million. The main areas of damage are:

	Council and Group
	2011
	\$000
Areas of damage	
Community centres and other facilities	906
Property and buildings	2,258
Roading	3,500
Waste water systems	250
Water systems	295
	<u>7,209</u>

In addition, the Council incurred costs of \$619,000 in responding to the earthquakes, including the cost of running the response operation and associated welfare costs.

The Council is able to recover a portion of its costs from a number of sources, including insurance (waste water systems, water systems, buildings), Earthquake Commission (housing), New Zealand Transport Agency (roading) and Central Government (welfare and recovery). Based on its best estimates at 30 June 2011, the Council has recognised revenue from insurance and other sources totalling \$4.5 million. It also has an unquantified contingent asset for further revenue that has not been recognised at balance date. This includes possible additional insurance proceeds and additional subsidy from New Zealand Transport Agency.

The impact of the earthquake on the Council's financial statements is summarised below.

	Council and Group 2011 \$000
Impact on income	
Insurance	3,071
NZTA subsidy	2,310
Government grant	225
Total income	<u>5,606</u>
Impact on expenditure	
Earthquake repairs	1,997
Civil defence response	618
Total expenditure	<u>2,615</u>
Impact on operating surplus before tax	<u>2,991</u>
Impact on other comprehensive income	
Impairment of property plant and equipment	(3,925)
Impact on total comprehensive income	<u>(934)</u>
Impact on capital expenditure	
Roading earthquake repairs	<u>2,832</u>

In accounting for the impact of earthquakes the Council has made estimates and assumptions based on the best information available at the time the financial statements were prepared.

The key estimates are:

- the cost of damage where repairs have not yet been undertaken
- the proportion of repair and other costs that will be recovered through insurance and other sources.

The key assumptions are that:

- the full extent of the damage has been identified through the inspection and assessment procedures undertaken to date and that any unidentified damage is unlikely to be significant
- there has been no impact on the useful life of assets, including underground assets that cannot be readily inspected for damage.

The Canterbury earthquakes have had an impact on Council's insurance position. Since the earthquakes, the Council has been able to obtain full insurance cover for the 'standard perils' such as fire and flood events but has limited cover for future earthquake events.

Current insurance cover for damage and loss suffered from earthquakes for above ground assets has a higher excess payable with a lower proportion of loss cover. Previously the excess was 2.5% of the loss incurred. However the current cover has an excess of \$2 million with the main insurer who then provides cover for 25% of the cost of the loss suffered (excluding excess). Two other insurers respectively provide a further 10% and 7.5% of the cost of loss suffered with a minimum excess of \$100,000 per site.

The Council has not been able to obtain any earthquake cover for its underground assets (e.g. water and sewerage pipes).

The Council will continue to look for opportunities to extend insurance cover for earthquake damage to its assets at a similar level to that held before the September 2010 earthquake. These opportunities will be considered by the Council with respect to the cost of such insurance cover compared to self-insurance or other actions which will mitigate against damage and loss suffered from future earthquake events.

**Independent Auditor's Report
To the readers of
Selwyn District Council and group's
summary of the annual report
for the year ended 30 June 2011**

We have audited the summary of the annual report (the summary) as set out on pages 1 to 18, which was derived from the audited statements in the annual report of Selwyn District Council (the District Council) and group for the year ended 30 June 2011 on which we expressed an unmodified audit opinion in our report dated 26 October 2011.

The summary comprises:

- the summary statement of financial position as at 30 June 2011, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the District Council and group's statements of service performance and summaries of other information contained in its annual report.

Opinion

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 26 October 2011 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council or any of its subsidiaries.



Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
26 October 2011

Matters relating to the electronic presentation of the summary audited financial statements, statements of service performance and the other requirements.

This audit report relates to the summary financial statements, statements of service performance and the other requirements of Selwyn District Council (the District Council) and group for the year ended 30 June 2011 included on the District Council's website. The Council is responsible for the maintenance and integrity of the District Council's website. We have not been engaged to report on the integrity of the District Council's website. We accept no responsibility for any changes that may have occurred to the summary financial statements, statements of service performance and the other requirements since they were initially presented on the website.

The audit report refers only to the summary financial statements, statements of service performance and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the summary financial statements, statements of service performance and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary financial statements, statements of service performance and the other requirements as well as the related audit report dated 26 October 2011 to confirm the information included in the audited summary financial statements, statements of service performance and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.