

SELWYN DISTRICT COUNCIL
Annual Report
for the year 2012/2013



Welcome to Selwyn District's Annual Report 2012/13

About the Annual Report

The purpose of the Annual Report is to compare the actual activities and performance of the Council against that set out in the Long Term Plan and Annual Plan. 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 and performance information presented in this report are reporting against the first year of the Selwyn District Council Long term Plan 2012/2022 that was adopted on 27 June 2012.

Selwyn History

Selwyn District is named after the Selwyn River, which, in turn, is named after Bishop Selwyn, one of the first Europeans to walk through the area in the mid-1840s.

The District's current boundaries date from 1989 when three adjacent counties, Malvern, Ellesmere and the rural half of Paparua, were fused into a single District. A generation earlier, in 1963, Ellesmere had absorbed a neighbouring fourth county Springs. These counties had once been part of a larger Selwyn County.

Fastest growing District in New Zealand

The Selwyn District continues to be a great place to live, work and play. We are once again New Zealand's fastest growing District, our townships are attractive places to call home, we are winning awards for the work we do with our communities and working on plans to future proof our District.

It really is an exciting time for the District with so much development taking place. The Council's planning and building teams have been busier than ever helping development happen and making sure that new homes and subdivisions are built to the right standards.

How we performed – summary

Financials

Expenditure for the year was \$68 million compared with the budget of \$72 million.		The Council has a positive net operating cash flow of \$41 million. (The operating cash flow is used to fund the capital expenditure programme.)	Total assets of \$1.3 billion.
Income for the year was \$104 million compared with the budget of \$79 million.	\$28.6 million of Rates revenue was levied during the year.	\$68 million Capital works was completed during the year.	\$12.5 million of Development contributions revenue was received during the year.

Introduction

The 2013 financial year has seen a period of unprecedented growth in the District. Our reported surplus after taxation for the 2013 financial year is \$36.7 million, an increase on the prior year's reported surplus of \$13.5 million, and much higher than our budgeted surplus of \$6.8 million. If income from vested assets (the non-cash value of assets provided by sub-dividers), development contributions income and the special dividend are excluded from the result, the Council made a small deficit of \$0.6 million compared with a budgeted underlying deficit of \$9.7 million. Income for the year was \$25.4 million higher than budgeted and expenditure \$4.4 million lower.

Expenditure for the year was \$67.5 million compared with the budget of \$71.9 million. The main variances compared with budget were:


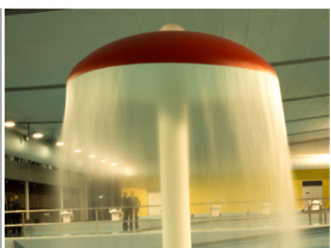
- Finance costs were \$3.9 million lower than budgeted. This is partly because the Council's strong cash flows, particularly from development contributions, meant less borrowing was required than anticipated, and partly because of a reduction in the valuation of the Council interest rate swap liability. The interest rate swap liability is a non-cash item that represents the difference between actual and market interest rates for the Council's interest rate swaps at the end of the financial year.
- Depreciation and amortisation expenditure is \$1.1 million below budget, mainly due to the delay in the timing of some capital projects.

Income for the year was \$104.1 million compared with the budget of \$78.7 million. The main variances compared with budget were:

- A special dividend of \$11 million was received from Selwyn Investment Holdings Limited. The dividend represents part of the proceeds from the sale of Selwyn Planation Board's assets and although appropriately accounted for as income, it is akin to the realisation of an investment and does not increase the Council's overall equity.
- Development contributions revenue was \$6.8 million above budget of \$5.7 million as the level of population growth in the district was more rapid than expected. Development contributions are used to fund the new sewerage, water systems, roads and reserves required to cater for new residents.
- Vested asset income was \$3.0 million higher than budget of \$10.8 million due to the higher than expected level of sub-division activity.
- Fees and charges were \$1.9 million above budget of \$10.1 million, again reflecting the level of population growth in the district as developers and new residents paid for building and resource consents.
- Grants of \$1.2 million towards the Selwyn Aquatic Centre were received in the year.

In addition to the above the financial impact of the Canterbury earthquakes reduced the surplus by \$1.1 million. This is due to \$820,000 revenue from Government subsidy and insurance offset by expenditure of \$1.9 million.

Service performance

	<p>63%</p> <p>of our performance targets were achieved during the year.</p>		<p>Our performance rating for parks and reserves was 86/100 in the biennial residents' survey.</p>
<p>No urban properties were affected by unplanned water supply interruptions of more than 5 hours.</p>	<p>2,390 building consents were issued during the year with an average processing time of 14 days.</p>	<p>37% of residents used the Pines Resource Recovery Park during the year.</p>	<p>Our performance rating for urban roads was 78/100 in the biennial residents' survey.</p>

Introduction

Our services

Over the past year, your Council has been busy working to provide services to you which help make Selwyn a great place to live.

Some of the things we do every day include:

- Maintaining 2,397 kilometres of roads.
- Providing rubbish and recycling services to more than 12,000 households. 90% of people using this service rated this service as good or very good.
- Providing and maintaining 154 reserves and playgrounds, and 29 recreation reserves. 73% of people living in Selwyn visited a park last year.
- Providing and running the Selwyn Aquatic Centre and eight community pools. The Aquatic Centre was visited by over 30,000 people in its first six weeks of operation.
- Providing and maintaining 27 community centres and halls. 62% of Selwyn residents have visited at least one of these facilities in the past year.
- Running libraries in Darfield, Lincoln, Leeston, Rolleston and a mobile library and assisting two volunteer libraries. Our libraries received 340,000 visits last year, or an average of 8 visits per resident.
- Issuing building and resource consents. 99% of resource consents were issued on time and the average time it took to process a building consent in the past year was 14 working days compared to the statutory timeframe of 20 working days. Over 90% of the people who use consent services were satisfied with the service they received.

The Selwyn Aquatic Centre Opened

The Selwyn Aquatic Centre has been busy since it was officially opened in June. The complex includes an eight-lane 25 metre pool, a hydrotherapy pool with spa area, a learn-to-swim pool and a leisure pool with a lazy river. Over 1,000 children have also attended swim school classes since it opened.

The construction of the new complex is part of the wider Aquatic Strategy for the District, which has seen the Council provide more financial and technical support to community pools. The centre employs around 50 staff in full-time and part-time roles which include swim coaches, lifeguards, aqua-fitness instructors and administration roles.

We issued a record number of Building and Resource Consents

Our building and resource consent staff are the busiest they've ever been. In the year to June 2013, a total of 2,390 building consents were issued – a 24% increase on last year. The number of resource consent applications processed also increased by 44% - up from 361 to 518. 99% of resource consent applications received in the past year were processed within 20 working days. The Council's average time taken to process building consents was 14 working days.

In the past year we improved our service to customers by introducing an electronic building consent processing system which allows people to lodge building consents online. Council staff now visit offices in Leeston and Darfield regularly to provide building and resource consent services, making it easier for residents to use our services.

We've invested in improving our water network

The Council provides drinking water to three quarters of people living in the Selwyn District.

Over the past year we have undertaken planning work looking at how water supplies in Rolleston, Lincoln and Prebbleton townships can be developed in the future to cater for additional demand as the population of these areas grows.

A second deep bore was drilled to supply the Darfield water scheme. The bore will provide an alternative groundwater source for Darfield Township. The water is sourced from 190 metres below ground. When water is drawn from deep water wells like this one and the one which provides the town's main supply the risk of it being contaminated is extremely low and it is safe to drink without needing to be chlorinated or treated.

The Council has also completed design work on a new reservoir and pump station for Darfield which will be built next year. The new pump station and reservoir will have the capacity to cope with increased demand for water as the population of Darfield grows.

A new library for Lincoln is being built

Construction of a new library in Lincoln began in April. The existing library is too small to service this fast growing area and a bigger facility is needed. The new library will be completed in early 2014.

Selwyn libraries are very popular. Last year they received 340,000 visits, more than twice the number they received five years ago. 62% of people living in Selwyn visited a library last year. Libraries offer a great range of services including internet access and Wi-Fi, toddler time sessions, school holiday activities and book clubs.

The Eastern Selwyn Sewerage Scheme was finished

The Eastern Selwyn Sewerage Scheme has been completed. The scheme connects Springston, Prebbleton, Lincoln, Rolleston and West Melton to the Pines Wastewater Treatment Plant west of Rolleston through a pipe network with pump stations at Lincoln and Rolleston.

The new scheme was designed to cater for population growth in the east of Selwyn and will ensure that wastewater is treated in an environmentally sustainable manner.

We worked with others to get better results for our residents

We continue to work in partnership with other organisations to improve our services and our efficiency. Last year we joined the Kotui consortium – a group of libraries who use the same IT system. This enabled us to purchase and loan e-books to our library users, provide an improved search function and reduce the amount of time staff spend on data entry. We have also been working with other Canterbury Councils on a shared procurement and service agreement for GIS electronic mapping services.

Continuing to invest in our transportation network

Last year we completed the Springston Rolleston Road seal widening which provides a safer roading link between Rolleston and Lincoln. Our contractors were busy working to maintaining 2,397 kilometres of roads in our district and also resealed 56 kilometres of roads.

The Council also carried out a range of road safety campaigns which highlighted issues like safety at intersections and winter driving.

Izone is creating more jobs

Izone is the largest business park in New Zealand. Businesses in Izone continue to be a major employer in the District with more jobs being created for Selwyn residents as the park grows. Last year 1,200 new jobs were created in Selwyn and our district had the fastest growing economy in New Zealand.

Demand for sections at Izone has been strong. 15.3 hectares of land at Izone was sold during the year for \$16.1 million resulting in a gain on sale of \$9.7 million. The Council brought forward the development of Stage 6 in 2012 and high sales activity is expected next year.

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Introduction – message from the Mayor & Chief Executive

The year in review

Dear Selwyn ratepayers and residents,

The past year has been a busy and successful one for Selwyn District Council.

Selwyn has been the fastest growing district in New Zealand over the past five years. In 2012 we also experienced the strongest economic growth in New Zealand, and 1,200 new jobs were created in our district.

Surveys of newcomers to Selwyn indicate that people find our district to be a friendly place to move to, and our community can take pride in the warm welcome they give to new residents.

Over the past year, our building and resource consent staff have been busier than ever. 2,390 building consents were issued, 24% more than the previous year. Resource consent numbers also increased by 44% to 518, and 99% of resource consents were issued within 20 working days.

Other Council services are also becoming busier. For example our libraries received 340,000 visits. More than twice the number they received five years ago. 30% more liquor food and health licences were also issued last year than five years ago.

To keep up with this population growth and provide improved services to our residents we are investing in new infrastructure. The new Selwyn Aquatic Centre was opened in June 2013, and received over 30,000 visits in the first six weeks it was operating. The Eastern Selwyn Sewerage Scheme has been completed and construction also began on a new library for Lincoln. In total over \$68 million has been invested in capital works projects over the past year.

The Council provides a very wide range of services, from roading, water and rubbish collection, to libraries, community centres, emergency response and issuing building and resource consents.

The Council continues to manage ratepayers' funds in a responsible and prudent manner. This year we faced a \$1 million shortfall in funding for roading and transportation. Community consultation has indicated that residents do not want to see the standard of our roads decline. Additional funds were found this year to cover the shortfall but we will need to continue to look for cost savings in the future to maintain our roading network to the current standard.

Looking to the future we intend to continue to work to improve our services. For example in September 2013 staff began visiting Leeston and Darfield service centres to offer a range of services like building and resource consent advice. We also want to continue to explore shared services with other Councils and continue to improve our customer service.

We would like to acknowledge and thank the district's elected representatives, Council staff, and the people of Selwyn for helping to make this a great year.



Kelvin Coe
Mayor

David Ward
Chief Executive



Introduction – statement of compliance and responsibility

Compliance

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

Responsibility

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

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

In the opinion of the Council and management of Selwyn District Council, the annual financial statements for the year ended 30 June 2013 fairly reflect the financial position and operations of the Selwyn District Council.



Kelvin Coe
Mayor of Selwyn District



David Ward
Chief Executive



Douglas Marshall
Manager Corporate Services

30 October 2013

Introduction – Māori involvement in decision making

As part of its strategic objectives, the 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 Māori, their culture, traditions, land and taonga.

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

Mahaanui Karataiao Limited is a runanga-owned entity and a consultancy which has been established specifically for the purpose of engaging with local government.

A broad range of services is offered under the agreement including advice/liaison and the facilitation of consultation on resource management issues, advice on policy and democratic processes and training for the Council and Runanga staff.

The Council will also continue to schedule bi-monthly meetings to engage with and share information with the Taumutu Runanga.

Significant activities – introduction to the significant activities

Introduction

The Council provides a wide range of services for and on behalf of the residents of the Selwyn District. For planning and reporting purposes, these services are grouped together as significant activities. The Council's plans for each significant activity for the 2012/13 financial year were set out in the Selwyn District Council Long Term Plan 2012/2022 (LTP).

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

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

- An overview of the group of activities that summarises services included in the group and what the Council has achieved during the financial year.
- An explanation of why the Council is involved in providing the group of activities.
- A summary of how the activity helps achieve the Council's community outcomes.
- Details of how the Council manages changing demand for any service, including the impact of population changes.
- Performance measures that illustrate the level of service the Council has provided against levels set out in the Council's LTP.
- A funding impact statement that shows how the group of activities has been paid for. More information on the funding impact statement is provided below.

Residents' survey

Some of the performance targets used to measure the level of service provided by the Council rely on a biennial residents' survey. The survey involves an independent telephone survey of 1,000 households in the Selwyn District. The results are expressed as a rating out of 100. The survey typically has a margin of error of +/-3%.

The survey asked respondents whether the Council is doing a very good job, a good job, a poor job, or a very poor job. The answers were weighted depending on the response with a very good job scoring 2, a good job scoring 1.5, a neutral response scoring 1, a poor job scoring -1.5 and a very poor job scoring -2. No responses scored 0. The weighted scores were converted to a 100 point scale, where a maximum score (all responses being a very good job) equals 100, and a minimum score (all responses being a poor job) equals zero.

Funding impact statement

The funding impact statement is cash-based and presented in the prescribed form required by Section 15 of Schedule 10 of the Local Government Act 2002. The statement excludes non-cash income and expenditure items such as vested asset revenue (income that represents the value of assets transferred to the Council by sub-dividers) and depreciation (expenditure that represents the estimated value of assets used up in any one year).

The statement provides information on income sources, including general rates, targeted rates, fees and charges, subsidies, interest, dividends and development contributions. The income sources are split between those that fund operating items (day-to-day costs) and those that are specific to capital items (new and replacements assets). Where income funds both types of costs it is treated as operating income.

Similarly, expenditure is split between operating and capital items. The statement shows how the difference between income sources and expenditure has been met. This is through the use of borrowing, reserves or investments. For example, where operating and capital expenditure items exceed all income sources, the Council may borrow funds to meet the shortfall. This would typically occur during the development of a large capital project. Alternatively, the Council can use its investments to meet a shortfall. Investments include the use of general working capital (cash) balances, or the use of reserves that have been set aside for that activity. The use of reserves typically occurs where funds have been collected for a specific purpose, for example development or reserve contributions. The overall statement balances to nil as all differences between cash income and cash expenditure need to be funded by a combination of borrowing, investments and reserves.

The amount of general rate income allocated to each activity is based on the way the Council has determined it will fund specific activities. The Council's approach is set out in the Revenue and Financing Policy. The Council also receives income from dividends, interest and other sources that is used to reduce the amount of general rate income that needs to be charged to ratepayers. This income is treated as corporate income and included in the support services funding impact statement. This means that the general rate income line in this statement is actually a reduction in the general rate requirement, rather than an amount of income to be collected from ratepayers. In effect, it offsets the amount of general rate expenditure that would need to be charged to ratepayers if the Council did not have dividend and interest income.

	2013	2013	2012	2012
	Actual	Annual Plan	Actual	Annual Plan
	\$'000	\$'000	\$'000	\$'000
Sources of operating funding				
General rates	10,939	10,686	10,094	9,986
Targeted rates (other than for metered water supply)	17,686	17,619	17,484	17,459
Subsidies and grants for operating purposes	2,999	2,558	3,394	1,903
Fees, charges and targeted rates for metered water	12,071	10,136	10,194	10,494
Interest and dividends from investments	16,485	5,772	5,077	3,135
Other operating funding	1,460	181	5,109	242
Total operating funding (A)	61,640	46,951	51,352	43,219
Application of operating funding				
Payments to staff and suppliers	43,158	44,411	41,616	42,079
Finance costs	4,982	6,958	3,882	5,489
Other operating funding applications	220	417	216	403
Total application of operating funding (B)	48,360	51,787	45,714	47,971
Surplus / (deficit) of operating funding (A-B)	13,280	(4,836)	5,638	(4,754)
Sources of capital funding				
Subsidies and grants for capital expenditure	3,721	3,076	2,778	5,532
Development and financial contributions	12,456	5,698	10,209	7,449
Increase / (decrease) in debt	6,864	65,337	30,151	39,158
Gross sales proceeds from sale of assets	18,495	25,996	15,728	10,046
Total sources of capital funding (C)	41,536	100,108	58,866	62,185
Applications of capital funding				
Capital expenditure to meet additional demand	59,538	88,516	35,724	69,943
Capital expenditure to improve the level of service	1,873	10,240	1,575	6,119
Capital expenditure to replace existing assets	5,202	7,878	4,273	7,289
Increase / (decrease) in reserves	13,089	(5,191)	3,972	(8,986)
Increase / (decrease) of investments	(24,886)	(6,171)	18,960	(16,933)
Total applications of capital funding (D)	54,816	95,272	64,504	57,432
Surplus / (deficit) of capital funding (C-D)	(13,280)	4,836	(5,638)	4,754
Funding balance (A-B) + (C-D)	-	-	-	-

Significant activities – community facilities

Services covered

The services and assets covered by the community facilities activity are summarised in the table below:

Recreation reserves	29 main recreation reserves with a total area of over 440 ha.	Township reserves and streetscapes	154 reserves and playgrounds covering over 54ha.
Cemeteries	19 cemeteries (two closed).	Rental housing	38 houses.
Public toilets	17 facilities.	Gravel reserves	200 sites in total with 20 operational.
Community centres and halls	27 facilities.	Forestry	57 sites with a total area of 162.7 ha.
Swimming pools	One District aquatic centre. Eight community pools.	Property and buildings	District Headquarters 27 strategic properties.
Libraries	At Darfield, Lincoln, Leeston, Rolleston plus two volunteer libraries and a mobile library.	Total asset value	\$212 million.

Why is the Council involved?

Local authorities provide public services that promote the well-being of their communities. There is mounting evidence of an association between strong safe communities and desirable outcomes, for example economic growth, social cohesion, improved health, more vibrant democratic institutions, and safety.

People have told the Council, through a number of community surveys and community consultations, how important it is to them to belong to safe, active, caring and cohesive communities. They support the Council's community development activities and believe that strengthening communities is fundamental to the continuing development of Selwyn.

Working in collaboration with others

We continue to work in partnership with other organisations to improve our services and our efficiency. Last year we joined the Kotui consortium – a group of libraries who use the same IT system. This enabled us to purchase and loan e-books to our library users, provide an improved search function and reduce the amount of time staff spend on data entry. We have also been working with other Canterbury Councils on a shared procurement and service agreement for GIS electronic mapping services.

Activity goal

Selwyn District's goal for the community facilities activities is:

"To provide community, cultural and recreational facilities that enhance the health and wellbeing of the District's communities and improve the overall quality of life for residents and to effectively manage the Council's property portfolio."

Council contribution to community outcomes

This activity contributes the following outcomes:

- A clean environment
- A rural district
- A healthy community
- A safe place in which to live, work and play
- An educated community
- A prosperous community
- A community which values its culture and heritage

Negative effects on the wellbeing of the community

There are no significant negative effects from this group of activities.

Statement of service performance

Many people choose to live in the Selwyn District because of its high quality natural environment populated with a number of townships, and a predominantly rural character. Both the townships and the rural environments present opportunities for the Council to add significantly to people's enjoyment and wellbeing on an everyday basis. The facilities provided by Council have a major impact on both the social and cultural quality of life for the District's residents, while enabling the retention of the best elements of its natural environment.

The Selwyn District has had unprecedented population growth since 1990 and continues to be the fastest growing territorial authority area in New Zealand. The Canterbury earthquakes have also seen more Christchurch people wanting to relocate to Selwyn. This growth has led to increasing demand for community activities, facilities and services. People choose to live where they can enjoy a range of amenities and facilities, not just where they can be within easy reach of employment opportunities. The Council aims, through community facilities, to create environments where there is a good balance of both economic and the more intangible benefits people look for when they settle into a community.

Swimming pools

The network of community swimming pools plus an indoor swimming complex, provide recreation, health and social opportunities for residents and visitors as well as life skills such as learning to swim.

The Selwyn Aquatic Centre was officially opened in June with over 30,000 people visiting the new swimming complex during the first six weeks of its operation. The 2,800 square metre facility features an eight-lane 25 metre pool, a hydrotherapy pool with spa area, a learn-to-swim pool and a leisure pool with a lazy river. There is a strong demand for a year round aquatic facility, with over 1,400 registrations of interest for our new swim school before the facility was even open.

The construction of the new pool complex is part of the wider Aquatic Strategy for the District, which has seen the Council provide more financial and technical support to community pools. \$1.2 million was received during the year towards the cost of the facility through fundraising. Our major sponsors include the Lottery Grants Board (\$680,000), the Southern Trust (\$300,000), the Canterbury Community Trust (\$100,000) and many individuals and businesses. Around 300 tiles painted by the community as part of the fundraising effort are displayed at the centre on the corridor between the changing area and the pools.

The centre employs around 50 staff in full-time and part-time roles which include swim coaches, lifeguards, aqua-fitness instructors and administration roles. The number of swims per capita increased to 0.77 but is below the target of 1.8. This target was not achieved as the Selwyn Aquatic Centre opened mid-June. We aim to achieve this target in the coming financial year now that the aquatic centre is fully operational.

Reserves and open spaces

Open space in the townships, along streams, together with the larger parks in the rural areas, provides relief from the intrusion of everyday noise and distractions, enabling people to relax and enjoy the natural surroundings. Open space is important in forming landscapes which preserve the District's character and have cultural and environmental value. Recreation reserves enable residents to enjoy organised sport and informal recreation with all their accompanying benefits of health and social contact. 73% (2012: 72%) of residents surveyed have used or visited a public park or reserve in the past 12 months and residents' satisfaction rating remains high at 86/100.

Community centres and halls

Community centres and halls provide places where local communities can meet and enjoy a wide range of activities. Residents continue to be satisfied with the Council's provision of community centres and halls as local venues for recreational and social uses, scoring an 84/100 (2012: 80/100) performance rating. The number of buildings in average condition or below has increased slightly to 22.2% from 18.5% in 2012 but achieving our target of <25% of buildings being in average condition or below.

Libraries

The Council's library network has continued to act as a central hub of the community providing information and a wide range of recreational, cultural and learning opportunities for all ages. The percentage of registered library users is 50% of the total population. During the year there were 16.4 issues per patron (2012: 14.9) which was just below the target of 16.5 issues or better. Construction of the Lincoln Library and Service Centre has begun and supports the Council's "libraries for life strategy". Library users continue to be highly satisfied with the Council's performance scoring 86/100 in the residents' satisfaction survey.

Service targets for community facilities

Objective	Performance measure	Service target	Achievement
Recreation reserves			
Residents have opportunities to enjoy healthy, active lifestyles including provision of recreational open space and community facilities.	The performance rating (out of 100) for parks and reserves in the Biennial Resident Survey.	≥85	Achieved 86 / 100 (2012: Achieved)
	Hectares per 1000 population is above the average for similar sized district authorities (Minimum 3 ha/1000).	>4.5 ha	Achieved 5.36 ha (2012: Achieved)
	Percentage of residents who have used or visited a public park or reserve in the past 12 months.	≥70%	Achieved 73% (2012: Achieved)
Townships reserves and streetscapes			
Township reserves and streetscapes enhance the landscape character of the District and unique identity of township environments and provide places for recreational activities and social contact.	Percentage of townships where all residents are serviced by a reserve within 400 metres.	>70%	Achieved 71% (2012: Not achieved)
	The performance rating (out of 100) for playgrounds in the Biennial Resident Survey.	>75	Achieved 77 / 100 (2012: Not measured)
Community centres and halls			
Community centres and halls provide local venues for social, cultural, recreational and educational uses.	The performance rating (out of 100) for community centres/halls in the Biennial Resident Survey.	≥75	Achieved 84 / 100 (2012: Achieved)
	Number of buildings in average condition or below.	<25%	Achieved 22.2% (2012: Achieved)
Swimming pools			
Public swimming pools contribute to Selwyn District being an attractive place to live and provide opportunities for residents to enjoy healthy, active lifestyles and to learn life skills such as swimming.	Number of local and District public pools.	8 local 1 indoor	Achieved (2012: Achieved)
	Number of swims per capita of District population per year.	1.8	Not achieved 0.77 <i>(The Selwyn Aquatic Centre opened in June 2013, later than expected when the target was set.)</i> (2012: Not achieved)
Public toilets			
Provision of public toilets helps to promote a healthy living environment for District residents and has economic benefits in supporting local businesses and visitor destinations.	The performance rating (out of 100) for public toilets in the Biennial Resident Survey.	≥65	Achieved 71 / 100 (2012: Achieved)
	Number of 'failures' per annum identified by independent audit.	Nil	Achieved Nil. (2012: Not measured)

Objective	Performance measure	Service target	Achievement
Cemeteries			
A network of cemeteries is provided to meet the District's burial and remembrance needs.	The performance rating (out of 100) for cemeteries in the Biennial Resident Survey.	>70	Achieved 82 / 100 (2012: Achieved)
	Number of complaints received per annum related to cemetery service.	<10	Achieved <i>(1 complaint was received during the year.)</i> (2012: Not measured)
Libraries			
Provide library and cultural services.	Registered library users as a percentage of total population.	58%	Not achieved 51% (2012: Achieved)
	Issues per patron per annum.	16.5	Not achieved 16.4 issues per patron. (2012: Not achieved)
	The performance rating (out of 100) for libraries in the Biennial Residents' Survey.	≥81	Achieved 86 / 100 (2012: Not measured)
	Additional FTE to meet increased demand.	1 additional FTE (Lincoln Library)	Achieved <i>(Following a review of staffing requirements a new part-time position was established at Lincoln Library.)</i> (2012: Not measured)

Community facilities funding impact statement

	2013	2013	2012	Movement
	Actual	LTP	Annual Plan	Actual vs
	\$'000	\$'000	\$'000	LTP 2013
Sources of operating funding				
General rates	4,284	4,280	4,351	
Targeted rates	4,808	4,730	4,186	
Subsidies and grants for operating purposes	69	11	12	
Fees and charges	1,997	2,265	1,557	Note 1
Internal charges and overheads recovered	-	-	-	
Other operating funding	146	1	-	Note 2
Total operating funding (A)	11,304	11,286	10,106	
Application of operating funding				
Payments to staff and suppliers	6,513	7,790	6,915	Note 3
Finance costs	866	1,137	891	Note 4
Internal charges applied	2,138	2,048	1,531	
Other operating funding applications	53	107	105	
Total application of operating funding (B)	9,570	11,082	9,442	
Surplus / (deficit) of operating funding (A-B)	1,734	204	664	
Sources of capital funding				
Subsidies and grants for capital expenditure	1,438	1,100	1,100	Note 5
Development and financial contributions	4,765	1,667	2,051	Note 6
Increase / (decrease) in debt	6,976	12,047	5,000	Note 7
Gross sales proceeds from sale of assets	1,773	7,981	975	Note 8
Total sources of capital funding (C)	14,952	22,795	9,126	
Applications of capital funding				
Capital expenditure to meet additional demand	15,480	18,378	17,259	Note 9
Capital expenditure to improve the level of service	1,380	8,074	3,824	Note 10
Capital expenditure to replace existing assets	618	1,226	885	Note 11
Increase / (decrease) in reserves	3,444	(713)	(4,278)	
Increase / (decrease) of investments	(4,236)	(3,965)	(7,900)	
Total applications of capital funding (D)	16,686	22,999	9,790	
Surplus / (deficit) of capital funding (C-D)	(1,734)	(204)	(664)	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long Term Plan:

- Note 1** Fees and charges revenue is lower than the LTP due to a lower level of revenue received from the Selwyn Aquatic Centre than originally budgeted due to timing of opening the new swimming complex in Rolleston.
- Note 2** Other operating funding is higher than the LTP due to the receipt of insurance proceeds.
- Note 3** Payments to staff and suppliers is lower than the LTP due to the delay in opening the Selwyn Aquatic Centre and the Lincoln Library.
- Note 4** Finance costs are lower than the LTP due to lower borrowings than originally budgeted. The lower borrowing is due to the timing of capital projects.
- Note 5** Subsidies and grants received for capital expenditure is higher than the LTP due to unbudgeted grant revenue received for the Selwyn Aquatic Centre totalling \$1.2 million offset by grant revenue of \$1.1 million budgeted to be received for affordable housing from the Canterbury Community Trust that was not received as anticipated. This project is no longer a Council project and is now being taken forward by Abbeyfield Leeston.
- Note 6** Development contributions revenue is higher than the LTP due to substantial growth in the District.
- Note 7** Debt has increased by less than the LTP had projected due to the timing of capital projects.
- Note 8** Gross sales proceeds from the sale of assets are lower than the LTP due to properties originally planned to be sold during the year not being sold as planned.

Note 9 Capital expenditure to meet additional demand is lower than the LTP largely due to the timing of construction of the Lincoln Library which has been carried forward for completion in the 2013/14 financial year.

Note 10 Capital expenditure to improve the level of service is lower than the LTP due to projects being carried forward for completion in the 2013/14 financial year. Significant projects carried forward include the purchase of McHughes Plantation \$1.5 million, and the construction of a new Dunsandel Hall facility \$1.5 million. The construction of affordable housing is no longer a Council project.

Note 11 Capital expenditure to replace existing assets is lower than the LTP due to projects being carried forward for completion in the 2013/14 financial year.

Significant activities – community services

Overview

The role of community services is to provide and promote a wide variety of services and facilities which make Selwyn District a great place in which to live, work and play. These services and facilities focus on what people have told us is important to them and valued by them:

- Building strong, safe, communities
- Supporting local economic prosperity
- Enabling residents to live healthy and active lives.

We do this through working with the community to plan, provide/facilitate and promote:

- Community development services, which help build the capacity of local communities to develop activities and services and build a sense of community and neighbourliness.
- Recreation programmes, including physical activity programmes to meet the needs and interests of residents of all ages and life stages.
- Business promotion activities, including working with local businesses, research centres and the agriculture sector to encourage local economic development and jobs.
- Tourist promotion activities.
- Communications.
- Community research and social policy.
- Emergency preparedness services, including rural fire services and civil defence.

We also work with, and advocate to, a range of agencies to secure the best possible health, education and wellbeing for our residents. Agencies that we work with include other local authorities, Central Government agencies, local iwi, Canterbury District Health Board, Partnership Health Canterbury (PHO), businesses, schools, universities, research institutes and other education groups, community groups, sports and recreation clubs and churches.

Why is the Council involved?

Local authorities provide public services that promote the well-being of their communities. There is mounting evidence of an association between strong safe communities and desirable outcomes, for example economic growth, social cohesion, improved health, more vibrant democratic institutions, and safety.

People have told the Council through a number of community surveys and community consultations how important it is to them to belong to safe, active, caring and cohesive communities. They support the Council's community development activities and believe that strengthening communities is fundamental to the continuing development of Selwyn.

Activity goal

Our objectives are to:

- Build strong, safe communities
- Support local economic prosperity
- Enable residents to live healthy and active lives.

Council contribution to community outcomes

This activity contributes the following outcomes:

- A healthy community
- A safe place in which to live, work and play
- An educated community
- A prosperous community
- An ability to experience cultural activities.

Negative effects on the wellbeing of the community

There are no significant negative effects from this group of activities.

Statement of service performance

A high proportion of residents continue to report a sense of community with their neighbourhood in the latest residents' survey. 80% of residents reported a sense of community which is an improvement on 2012 but slightly below our performance target of 83%. The Council's initiatives such as day clubs, newcomers groups and a variety of new agencies provide health and social services in the District all help to achieve this sense of community. The Council continues to introduce a number of recreation opportunities in the District, such as walking groups, dance and circuit classes, as well as activities for young people like holiday programmes and skate schools. In addition, many community groups have been given advice and assistance by Council staff. These activities and initiatives all contribute to the achievement of the community outcome, 'a healthy community'.

Service targets for community services

Objective	Performance measure	Service target	Achievement
Provide community development services and advice to Selwyn residents.	Residents' sense of community.	83	Not achieved 80 / 100 (2012: Not achieved)
	Additional FTE to meet increased demand.	1 additional FTE (Community Recreational Advisor).	Achieved Community Recreation Advisor position appointed. (2012: Achieved)
	Percentage of Selwyn residents engaging in 30 minutes of moderate intensity physical activity on at least 5/7 days per week.	58%	Not achieved 56% (2012: Not achieved)
	Increase in number of businesses registering for Biz-Services or the Biz-Online Business Directory.	1% increase	Achieved Biz-services business training courses no longer offered as contract with NZ Trade and Enterprise has changed focus. 25% increase in Biz-Online listings due to addition of new businesses plus 189 listings for sport and recreation (2012: Not achieved)
	Business 'welcome packs' developed and issued to new businesses establishing in the District.	1% increase	Not achieved Welcome packs not yet offered. (2012: Not measured)
	Percentage of businesses accessing the Council's training satisfied/very satisfied with service provided.	1% increase	Not measured Training/business courses no longer offered as contract with NZ trade and Enterprise has changed focus (2012: Not measured)

Community services funding impact statement

	2013	2013	2012	Movement
	Actual	LTP	Annual Plan	Actual vs
	\$'000	\$'000	\$'000	LTP 2013
Sources of operating funding				
General rates	2,202	2,200	2,084	
Targeted rates	-	-	-	
Subsidies and grants for operating purposes	165	204	141	
Fees and charges	34	34	33	
Internal charges and overheads recovered	-	-	-	
Other operating funding	311	-	62	Note 1
Total operating funding (A)	2,712	2,437	2,320	
Application of operating funding				
Payments to staff and suppliers	1,818	2,025	1,870	
Finance costs	-	-	-	
Internal charges applied	264	254	320	
Other operating funding applications	59	38	38	
Total application of operating funding (B)	2,141	2,316	2,228	
Surplus / (deficit) of operating funding (A-B)	571	121	92	
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	-	-	-	
Applications of capital funding				
Capital expenditure to meet additional demand	22	121	202	
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	(322)	-	-	
Increase / (decrease) of investments	871	-	(110)	
Total applications of capital funding (D)	571	121	92	
Surplus / (deficit) of capital funding (C-D)	(571)	(121)	(92)	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long Term Plan:

Note 1 Other operating funding is higher than the LTP due to unbudgeted revenue received to help cover the cost of the Selwyn Road and Range Road fires which occurred in January 2013.

Significant activities – democracy

Overview

This activity covers the costs associated with the Council's democratic process. This includes Councillors' and Community Board Members' remuneration and the cost of providing them with professional advice and support as well as the cost of organising elections every three years. It also covers certain grants made by the Council and a levy imposed by the Canterbury Museum.

The Council operates in an open way. It has established arrangements that allow local people to participate in the decision making process and encourages the community to get involved.

Why is the Council involved?

The Council, as a creation of statute and elected by its residents, needs to have a structure which allows the communities' requirements to be identified and provided for by those individuals who are elected to office. To achieve this, the Council has a small number of sub-committees and currently no standing committees (other than the Izone Southern Business Hub). It believes, by conducting business twice a month it can achieve better and faster results for the community.

In addition, the Council has Community Boards in the Selwyn Central Ward and the Malvern Ward. One role of Community Boards is to provide the Council with 'grass roots' information on the activities in their Ward and the issues that need to be resolved by the Board and the Council. In each township, the Council has either a Community Committee or a Township Committee, or in some instances, a Ratepayers' Association exists to provide the Council and the Community Boards, in the relevant areas, with specific requests for services or resolution of issues that affect that particular town and its surrounding area.

The Council also has a number of Community Centres and Recreation Reserves. For each of these facilities, a Management Committee is elected to both govern the facility and ensure that the works that they decide are required are undertaken.

Working in collaboration with others

Under legislation, Hurunui, Waimakariri and Selwyn District Council, along with Christchurch City Council, contribute to the cost of running the Canterbury Museum. The museum is overseen by a Board.

Activity goal

The democracy activity is used to provide effective and efficient representation for ratepayers in a fair and equitable manner.

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.

Negative effects on the wellbeing of the community

There are no negative effects from this activity.

The Council's discretionary grants

The Council administers a number of discretionary grants. Information on each of the grants can be obtained from any of the Council's Service Centres.

	2013
	Actual
Banks Peninsula trotting	1,474
Community special events	15,121
Discretionary fund - Wards	49,383
Discretionary fund - Councillors	9,734
Education bursaries	5,500
Lincoln Envirotown Trust	33,400
Mayoral fund	878
Waihora Ellesmere trust	22,300
Other minor grants	2,164
Total grant funding	146,241

In addition to the above grants, the Council also makes a grant to the Canterbury Museum Trust as per the Canterbury Museum Trust Board Act 1993 totalling \$319,956 (2012: \$288,126).

Statement of service performance

The Council strives to provide opportunities for the community to participate in decision-making that contributes to a well-governed District by providing information, undertaking consultation and processing the community's input.

The Council operates in an open way, with established arrangements that allow local people to participate in the decision making process and encourages the community to get involved.

We received 92 submissions on the Draft Annual Plan 2013/2014 and we are grateful for the time and thought that went into each of them. The submissions covered a range of matters, from road sealing to land drainage and we have responded to each submitter individually. The Annual Plan was formally adopted on 26 June 2013.

The Council conducted 15.2% of Council's business in a public excluded meeting. It did not manage to achieve its performance measure of less than 5% of the Council business being publicly excluded. All sensitive business such as land purchases are conducted in a public excluded meeting to protect the Council's negotiating position. There were a significant number of items of this nature over the past year. Of a total of 158 reports, 24 were presented in publicly excluded meetings.

For many of the community outcomes, the Council has an advocacy role with government departments and other organisations. The Council takes every practical opportunity to undertake this advocacy role whether it is through formal meetings, submissions or informal gatherings at elected member or staff level. In this way, the Council has an impact on the social well-being of the community by ensuring a wide range of opportunities are available for individuals and groups to be involved in local government decision-making.

Service targets for democracy

Objective	Performance measure	Service target	Achievement
Take decisions in an open and accountable manner.	Conduct less than 5% (by item) of the Council business in a public excluded meeting.	<5%	Not achieved 15.2% of Council's business was held in a public excluded meeting. (2012: Not achieved)
Prepare key accountability documents in accordance with good practices that allow for easy input from ratepayers and meet statutory requirements.	The annual report, annual budget and LTP are prepared within statutory timeframes and, where relevant, with an unmodified opinion.	2012 annual report adopted on time with unmodified audit opinion. 2013/14 annual budget adopted on time.	Achieved The annual report 2011/12 was adopted on 24 October 2012 with an unmodified audit opinion. The annual plan 2013/14 was adopted on 26 June 2013. (2012: Achieved)

Democracy funding impact statement

	2013	2013	2012	Movement
	Actual	LTP	Annual Plan	Actual vs
	\$'000	\$'000	\$'000	LTP 2013
Sources of operating funding				
General rates	2,481	2,479	2,739	
Targeted rates	480	475	468	
Subsidies and grants for operating purposes	45	-	-	
Fees and charges	9	-	-	
Internal charges and overheads recovered	-	-	-	
Other operating funding	-	-	-	
Total operating funding (A)	3,015	2,954	3,207	
Application of operating funding				
Payments to staff and suppliers	1,263	1,307	1,237	
Finance costs	-	-	-	
Internal charges applied	1,594	1,672	1,882	
Other operating funding applications	74	98	88	
Total application of operating funding (B)	2,931	3,078	3,207	
Surplus / (deficit) of operating funding (A-B)	84	(124)	-	
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	-	-	-	
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	2	-	-	
Increase / (decrease) of investments	82	(124)	-	
Total applications of capital funding (D)	84	(124)	-	
Surplus / (deficit) of capital funding (C-D)	(84)	124	-	
Funding balance (A-B) + (C-D)	-	-	-	

There are no significant variances to explain between actual results and the Long Term Plan.

Significant activities – environmental services

Overview

The environmental services group of activities contributes to the well-being of the residents of the District by working to protect the community from a variety of risks and to enhance the quality of the built and natural environment in which we live. It includes the following activities.

Building control

Building control receives and processes applications for building consents, undertakes the inspection of building works and issues the necessary certificates for building related work. Ongoing work is required to maintain the Council's accreditation as a Building Consent Authority following the biennial accreditation review by International Accreditation New Zealand in October 2011.

As a result of the 4 September 2010 earthquake, there has been and will continue to be additional work demand associated with the replacement of dwellings and the repair of earthquake damage. There is also additional demand associated with the construction of new dwellings for persons displaced from Christchurch City. This demand is being met by engaging additional staff and consultants. Although Central Government is investigating changes to how the building control function is delivered (including a more centralised consenting process), the timing of any future changes is uncertain.

District plan administration

This activity receives and processes resource consent applications, provides planning input into Project Information and Land Information Memoranda (PIMs and LIMs) and responds to requests for clarification or interpretation of District Plan provisions.

With significant changes having been made to the District Plan to provide for a more guided approach to development more evaluation will be required at the District Plan administration stage, particularly with regard to such matters as urban design.

Environmental health

This activity issues a range of licences including those relating to the sale and manufacture of food, the sale of liquor, hairdressers, amusement devices, mobile shops, hawkers and offensive trades. Complaints are also responded to and infectious and notifiable diseases investigated.

In the future it is projected that the Council's role in the control of food premises will change as Central Government is reviewing the current licensing regime with the view of moving to Food Control Plans. It is possible that these changes will be phased in during the 2013/14 financial year with the new plans being audited on an annual basis by Environmental Health Officers. A number of food premises have opted to have voluntary Food Control Plans as part of the transition to the new regulatory requirements.

Monitoring

This activity monitors the conditions placed on resource consents for compliance and responds to activities which are being conducted without the appropriate consent.

With Selwyn District being located close to Christchurch City and on relatively inexpensive land, there is increasing pressure to take action with regard to non-rural activities being established in rural locations without resource consents.

Strategy and policy

The Council undertakes strategic land use and policy functions to maximise the benefits of growth for its communities and to address its negative impacts. Through working with communities and other stakeholders, different growth scenarios are identified, analysed and a preferred option chosen.

One of the chief drivers for this strategic approach to managing growth is the Greater Christchurch Urban Development Strategy which covers the north eastern part of the District and includes the settlements of Lincoln, Prebbleton, Rolleston and West Melton. The completion of the Selwyn 2031: District Development Strategy which covers the balance of the District was a major initiative designed to investigate what opportunities existed and what the Council can do to create the desired future in the next 20+ years.

The Council is also required to monitor the effectiveness and efficiency of its District Plan and this activity area prepares and promulgates plan changes where necessary.

Animal control

This activity area registers and keeps a record of all dogs (over 3 months of age) in the District, is responsible for administering and enforcing the Dog Control Act 1996 and the Council's Dog Control Bylaw and handles all stock related complaints. An important issue is the provision of exercise areas for dogs particularly in the larger settlements of Rolleston and Prebbleton. Micro-chipping clinics are also provided free of charge on a monthly basis for qualifying dogs.

Activity goal

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

Council contribution to community outcomes

The environmental services activities contribute to the achievement of the following community outcomes:

- A clean environment
- A rural District
- A safe place in which to live, work and play
- A prosperous community.

Negative effects of the activity

Apart from the time and cost to applicants and the community arising from planning, consultation and regulation, there are no negative effects arising from environmental services activity.

Statement of service performance

The Council met eight out of seventeen performance measures in the 2012/2013 year for the environmental services activity.

Environmental Services have experienced an extremely busy year. During the year, staff carried out over 12,000 building inspections, registered over 11,000 dogs and issued 580 food, liquor and health licences. Activity levels in the Council's consenting, registration and licensing services have increased noticeably in recent years. As the District's population grows, we've seen an increase in demand for every type of consent and licensing service – from building and resource consents to liquor licenses and dog registrations.

Animal control

The number of dogs registered in Selwyn has also increased significantly – from 9,895 in 2007/2008 to 11,434 in 2013. This year all of the dogs registered in Selwyn were re-registered and accounted for the end of June. The number of dogs micro-chipped has also increased by 71% over the past three years, and is up from 3,665 in June 2010 to 6,265 in June 2013. Having significantly more dogs micro-chipped now makes it easier for dog owners to find their dogs if they go missing and also helps to make the community safer by making it easier to identify dogs involved in attacks.

Service performance in the animal control activity continues to be high with all known dogs registered by the end of June and 100% of urgent callouts attended to within 4 hours. The Council responded to 97.5% of non-urgent callouts within 72 hours below our target of 100% but still a good result.

Building

Building and resource consent activity has shown a sharp rise in demand over the past year. In the year to June 2013, a total of 2,390 building consents were issued – a 24% increase on last year. The number of resource consent applications processed also increased by 44% - up from 361 to 518. 99% of resource consent applications received in the past year were processed within 20 working days. The Council processed 87.45% of building consents within statutory timeframes of 20 working days which was below our target of 100%. The average time taken to process building consents was 14 working days.

Environmental health and sale of liquor

580 liquor, food and health licences were issued by the Council in the year to June 2013, a 30% increase on the number of licences issued five years ago. All premises have been classified according to risk and 98.5% of premises were inspected during the year.

Liquor licences were not all issued within the timeframes set out in our performance targets. The Sale of Liquor Act provides for Police and the Ministry of Health (MOH) to file a report within 15 working days. If no report is returned after 20 working days then the District Licensing Agency (DLA) can assume no opposition and issue the licence. The timing of these reports influences the ability of the Council to issue liquor licences within our targeted timeframes.

Policy and strategy

The policy and strategy function of the Council develops policies and plans that encourage high-quality development, ensuring sustainable growth in the District, whilst minimising adverse effects on the environment and preserving its rural character. A programme of plan changes to enhance the District plan is prepared and approved by the Council on a regular basis. Development also progressed through private plan changes, all of which were processed by the Council within statutory timeframes this year. Residents continue to express their satisfaction with the Council's efforts to plan for the District's future in the residents survey, with residents giving the Council a 76/100 rating. This shows how these activities are contributing to the achievement of community outcomes, 'a rural District' and 'a prosperous community'.

Service targets for environmental services

Indicator	Number processed	Working days target	Target % within working days	% achieved within working days target	Average processing days
Subdivision consents – notified (with hearing)	2	70	90%	100%	67.5
Subdivision consents – notified (no hearing)	1	50	90%	100%	50
Subdivision consents – limited notification (with hearing)	3	70	90%	100%	63
Subdivision consents – limited notification (no hearing)	3	70	90%	100%	47.33
Subdivision consents – non-notified (no hearing)	148	20	90%	99%	14.70
Land use consents – notified (with hearing)	2	70	90%	100%	66.50
Land use consent – notified (no hearing)	1	50	90%	100%	50
Land use consent – limited notification (with hearing)	5	70	90%	100%	62
Land use consent – limited notification (no hearing)	6	70	90%	100%	42.83
Land use consent – non-notified (no hearing)	338	20	90%	99%	11.26
Building consents	2,390	20	90%	87.45%	14
Full code of compliance certificates	1,434	20	100%	90.66%	10

Objective	Performance measure	Service target	Achievement
Animal control			
Registration of all known dogs.	Registration of all known dogs by year end 30 June.	100%	Achieved 100% (2012: Achieved)
All complaints in regard to dog control are investigated in a timely manner.	Percentage of urgent callouts attended to within 4 hours.	100%	Achieved 100% (2012: Achieved)
	Percentage of non-urgent callouts attended to within 72 hours.	100%	Not achieved 97.50% (2012: Achieved)
Building			
All buildings within Selwyn District are constructed in accordance with legislative and community expectations by making timely and quality decisions on issues related to building consents and ensuing project construction.	Proportion of building consents issued within statutory time frames.	100%	Not achieved 87.5% (2012: Not achieved)
To interact with customers in a manner that results in a high level of customer satisfaction.	Proportion of Code Compliance Certificates issued within statutory time frames.	100%	Not achieved 90.7% (2012: Not achieved)
	Proportion of Building Consent Applicants satisfied or very satisfied.	90%	Not achieved 85% (2012: Not achieved)

Objective	Performance measure	Service target	Achievement
District plan administration			
All activities within the Selwyn District are undertaken in line with community expectations as expressed through the District Plan making timely and quality decisions on resource consents.	Proportion of resource consents issued within statutory time frames.	100%	Not achieved 99% (2012: Achieved)
	Preparation of Environment Court appeals settled or found in the Council's favour.	70%	Achieved 100% (no appeals) (2012: Achieved)
Interact with resource consent applicants in a manner which results in a high level of customer satisfaction.	Proportion of resource consent applicants very satisfied or satisfied.	85%	Achieved 95% Based on a survey sample of 8. (2012: Achieved)
Environmental health			
All registered premises are operated in a manner that minimises any adverse effects on public health.	All premises operated under Food Control Plans or National Programmes will be inspected at least annually.	100%	Not achieved 98.5% (2012: Achieved)
	All premises classified according to risk.	100%	Achieved 100% (2012: Achieved)
Sale of liquor			
All licence applications are processed efficiently in accordance with legislative requirements.	Proportion of special licences issued within 10 working days.	100%	Not achieved 40% (2012: Achieved)
	Proportion of all other licences issued within 20 working days.	100%	Not achieved 59% (2012: Not achieved)
Policy and strategy			
Planning and providing for the sustainable management, development and protection of natural and physical resources of the District as required by Section 5 of the Resource Management Act 1991 and to develop, amend, and review the Selwyn District Plan to reflect the strategic direction, and meet statutory requirements.	A programme of plan changes to enhance the District Plan is prepared and approved by the Council each year.	A Council report with programme of plan changes including progress on these changes is placed on the Council agenda twice a year.	Achieved Updates are supplied to Council meetings monthly for information and a full report prepared annually. (2012: Achieved)
	Private plan changes processed within statutory time frames.	100%	Achieved 100% (2012: Achieved)
Engaging with local communities, developers and other interested parties to develop a strategic direction.	Adoption of the strategies.	Adoption of the Future for Selwyn Strategy.	Not achieved To be adopted in the second quarter of 2013/14. (2012: Achieved)
	Residents' survey level of satisfaction is increased.	≥67	Achieved 76 / 100 (2012: Achieved)

Environmental services funding impact statement

	2013	2013	2012	Movement
	Actual	LTP	Annual Plan	Actual vs
	\$'000	\$'000	\$'000	LTP 2013
Sources of operating funding				
General rates	3,642	3,638	3,667	
Targeted rates	-	-	-	
Subsidies and grants for operating purposes	118	46	67	
Fees and charges	5,455	4,367	4,065	Note 1
Internal charges and overheads recovered	-	-	-	
Other operating funding	-	-	-	
Total operating funding (A)	9,215	8,051	7,799	
Application of operating funding				
Payments to staff and suppliers	6,923	7,032	6,664	
Finance costs	-	-	-	
Internal charges applied	1,162	1,131	1,200	
Other operating funding applications	-	20	20	
Total application of operating funding (B)	8,085	8,183	7,884	
Surplus / (deficit) of operating funding (A-B)	1,130	(133)	(85)	
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	39	-	-	
Total sources of capital funding (C)	39	-	-	
Applications of capital funding				
Capital expenditure to meet additional demand	33	-	-	
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	5	-	-	
Increase / (decrease) in reserves	182	-	-	
Increase / (decrease) of investments	949	(133)	(85)	
Total applications of capital funding (D)	1,169	(133)	(85)	
Surplus / (deficit) of capital funding (C-D)	(1,130)	133	85	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long Term Plan:

Note 1 Fees and charges revenue is higher than the LTP largely due to the level of building activity in the District. Building consent revenue received during the year was \$4.1 million, \$1.5 million higher than budgeted.

Significant activities – transportation

Overview

The Council provides a 2,397km roading network that covers the length and breadth of the District. This local network, when combined with the State Highway network, provides a diverse range of roading linkages that enable Selwyn residents and visitors to work and play in the District. Movement through the District will mainly take place either on a road, cycleway or path and these routes form an important part of how people experience the District. While geographically the large size of Selwyn means that the predominant form of travel is always likely to be by private motor vehicles, opportunities to enhance public transport and walking and cycling in Selwyn's growing townships are being continually sought out to provide a wider range of transport choices for people.

Transport, in whatever form, plays an integral part of our lives and is the principal thread that binds our communities together. It also provides access to wider experiences and opportunities in the region and beyond. This benefits our social and cultural development, commerce, and tourism enterprises. The health of the District very much relies on the performance of the veins and arteries provided by its various transport networks to move people and freight safely and efficiently.

While it may be thought that the Council's transport activities just involve roads, there are a significant number of supporting assets that all contribute to making a combined urban and rural transport system work. These include bridges, culverts, traffic signs and markings and those found mainly in townships such as footpaths, street lighting, cycleways, bus shelters, and kerb and channel to name a few. As the saying goes 'the parts make the whole'.

Why is the Council involved?

The management of roading and transport is a 'significant activity' under the terms of the Local Government Act 2002. The Council has a statutory obligation to provide an effective and efficient transport system including aligning it to the purpose and objectives of the Land Transport Management Act 2003 and any subsequent amendments to the Act. This is reflected at a more local level in the Council's land transport activity goals as presented below. To achieve this, the Council is required to take a leadership role on behalf of its community, to manage both expectations and compliance with legislative requirements. By managing the activity both at a detailed and network level, the Council can effectively and efficiently deliver a local road and transport network as part of a wider integrated regional and national transport system.

Without an appropriate, well maintained, and connected transport network, the mobility of people, goods and services are put at risk which can adversely affect individuals, communities, and the District's prosperity. An example that shows the vulnerability of a community to a loss of transport connectivity is when floods, snow or disasters like earthquakes close roads for significant periods, cutting off lifelines to food supplies and other essential services. On a more day-to-day basis, rough roads and congestion can increase travel times and costs to operate vehicles and deliver freight. Safety is a fundamental objective across all transport activities, and while there is always some risk attached to using roads, this needs to be mitigated in a practical way through a combination of measures such as engineering improvements, education, and enforcement. The Council has to be involved in all these transport related facets to provide a co-ordinated and measured response over the combined activity. An example of this, from a safety perspective, is the Council's 'Selwyn Safety Strategy to 2020' which blends the government's '2010 Safer Journeys' national strategy with those issues and matters of priority to the Council and its community, on a local level.

Working in collaboration with others

The Council does not work alone in meeting the District's transportation needs. It coordinates its activities with a wider regional group of other councils and the NZTA, to plan and integrate District and regional transportation networks. This is coordinated through the Regional Transport Committee run by The Canterbury Regional Council, which also has the responsibility to produce the Regional Land Transport Strategy. The Regional Council also provides public transport services in partnership with the Council, who provides the necessary supporting infrastructure. There are also other organisations and advocacy groups that have an interest in transport matters, for example, freight, walking and cycling, public health, disability and mobility, and road safety. Their involvement adds value and a different perspective which improves transport planning and decision-making processes.

Activity goal

To maintain, operate and, if necessary, improve the road network and other transport activities to achieve a range of facilities that provides for the safe and efficient movement of people and goods to a standard that is both acceptable and sustainable.

Council contribution to community outcomes

This activity contributes the following outcomes:

- A clean environment
- A safe place in which to live, work and play
- Effective and accessible transport system

Statement of service performance

The Council has met thirteen out of twenty performance measures in the 2012/13 year for the transportation activity, which is an overall improvement on the previous financial year.

The service request helpdesk system has continued to be well utilised and reflects that the public are well aware that it is available to communicate their transport related issues to Council. For example, Council promotes its use when dealing with specific issues such as encouraging the reporting of potholes and other minor defects on the network. The Council received 1,450 public service requests in relation to road maintenance, works and operations, which was within the target level of less than 2,000 requests, and significantly lower than the previous year of 1,696 requests. Service request numbers can fluctuate annually depending on climatic conditions and other unusual events like the recent earthquakes.

Service request levels for road safety and street lighting were within our service performance targets, however we received 119 service requests for walking, cycling and public transport putting it above our target of less than 100. This likely reflects our growing urban communities and the demand for transport choices that are not dependant solely on private motor vehicles.

Urban roads received a performance rating in the residents' survey of 78/100 above our target of 75/100 and an improvement on the previous financial year. The road roughness of '61 counts/km' is within our targeted level of 65 for sealed road carriageways. The Council did not achieve its target length of annual pavement resealing due to cost increases that meant fewer kilometres could be resealed for the original funding provided. The residents' satisfaction survey provided a favourable result in footpaths of 76/100 compared with a target of 75/100 which is an improvement on the prior year of 71/100. In recent times Council has been constructing new sections of footpath on busier roads and filling in gaps in the existing footpath network.

The Council completed the Springston Rolleston Road seal widening project in line with its planned capital works programme to create a safer and more efficient arterial roading link between Rolleston and Lincoln. No new or extended township footpaths were installed to meet our target of 350 meters due to contractor delays on other projects and wet weather which also impacted on our performance. Projects not completed or started have been carried forward for completion in the 2013/14 financial year.

Work has continued during the year to improve road safety in the District. Council continues to actively promote driver awareness and safety through our road safety campaigns by highlighting the key risks to drivers along with encouraging positive behaviour change. A Regional Road Safety Working Group has also been established that aims to improve cooperation and collaboration on road safety over the region. This new initiative in part reflects concerns on curbing increasing rates of crashes in some areas, including Selwyn's roading network which has a high number of long straight rural roads with numerous intersections. The 'Selwyn Safety Strategy 2020' along with the government's '2010 Safer Journeys' national strategy makes it a priority in making our roads safer for all road users. Positively changing the behaviour of road users is a long term process that Council needs to consistently apply to generate future benefits.

There were 9 deaths and 26 serious casualties in the 2012/13 year. This was the highest crash level of fatal and serious casualties to occur on the District's roading network, including state highways, over the past five years. The main factors leading to these crashes are poor handling and observation, too fast for the conditions, alcohol, and failing to stop or give way. The increase can be largely attributed to the District experiencing considerable growth over the same period with more traffic on the roads and more people commuting to and from metropolitan Christchurch in the post-earthquake environment.

The Council utilised 72% of its New Zealand Transport Authority Agency funding for minor safety improvements which did not meet its target of 95%. The remaining funding has been carried forward to 2013/14 to combine with a continuing programme of intersection upgrades along key arterial routes. The community has recognised the Council's efforts in promoting road safety with a 78/100 performance rating in the residents' survey. The Council also received a performance rating of 68/100 from the community demonstrating that the perception is that our local roads are becoming safer. There were less public service requests for road safety issues than the level set, which was an improvement on the 2011/12 financial year.

We have attended all relevant meetings held by the Regional Transport Committee and Regional Transport Officers Group during the year. This demonstrates our commitment to the coordinating on a strategically important regional basis, both at political and technical officer levels to all parties' mutual benefit.

Service targets for transportation

Objective	Performance measure	Service target	Achievement
Provide a well maintained, operated and affordable land transport system.	The number of public service requests received each year. Targets increase reflecting growth in ratepayers likely to make a request and further promotion and use of service request system.	Road maintenance, works and operations <2,000	Achieved 1,450 service requests received (2012: Not achieved)
		Road safety <175	Achieved 138 service requests received (2012: Achieved)
		Walking, cycling and public transport <100	Not achieved 119 service requests received (2012: Achieved)
		Street lighting <175	Achieved 113 service requests received (2012: Not achieved)
	The performance rating out of 100 in the Biennial Residents' Survey.	Urban roads ≥75	Achieved 78 / 100 (2012: Not achieved)
		Rural roads ≥60	Not achieved 59 / 100 (2012: Not achieved)
		Footpaths ≥75	Achieved 76 / 100 (2012: Achieved)
		Cycleways ≥60	Not achieved 56 / 100 (2012: Not achieved)
	Road roughness (NAASRA counts/km which is an industry based standard) is measured by the biennial road roughness survey which calculates an average count over the respective sealed and unsealed roading networks. A NAASRA count over 110 for a sealed road is starting to be considered as rough and may generate complaints. An appropriate limit for unsealed roads is very subjective, but in comparison counts over 150 could be considered a concern.	Sealed roads <65	Achieved 61 counts/km (2012: Not achieved)
		Unsealed roads <100	Achieved 99 counts/km (2012: Achieved)
	The length in kilometres of annual pavement resealing achieved.	>75	Not achieved 56.5 km (2012: Not achieved)

Objective	Performance measure	Service target	Achievement
Cater for any significant projected traffic increases in a sustainable manner.	The number of larger capital projects undertaken each year to upgrade significant road routes as identified by strategies and upgrade schedules.	≥1	Achieved Springston Rolleston Road Seal Widening (2012: Achieved)
	The percentage of larger capital projects generally completed in the year that they were programmed to occur.	>60%	Achieved Springston Rolleston Road Seal Widening (2012: Not achieved)
	The number of off-road cycleway projects implemented consistent with the Walking and Cycling Strategy and Action Plan.	-	Achieved No projects were programmed for completion this year. (2012: Achieved)
	The length in metres of new or extended township footpaths installed per year consistent with the Walking and Cycling Strategy and Action Plan.	>350	Not achieved Contractor delayed on other projects and then wet weather. Work carried forward to 2013/14 (2012: Not measured)
Pedestrians, cyclists and motor vehicle users can safely move around the Selwyn District.	Reducing the trend of fatal and serious casualties as a key target from the Selwyn Road Safety Strategy.	Progressively reducing number of fatal and serious casualties.	Not achieved 9 deaths and 26 serious casualties (2012: Not achieved)
	The performance rating (out of 100) in the Biennial Residents' Survey.	Promotion of road safety ≥70.	Achieved 78 / 100 (2012: Achieved)
		Making District roads safer roads ≥60.	Achieved 68 / 100 (2012: Not achieved)
	Utilisation of New Zealand Transport Agency funding for minor (safety) improvements.	>95%	Not achieved 72% (2012: Achieved)
Contribute to an integrated and responsive local and regional transportation system.	Attendance at relevant Regional Transport Committee (RTC) and Regional Transport Officers Group (TOG) meetings and forums.	>95%	Achieved 100% attendance at relevant meetings (2012: Achieved)

Transportation funding impact statement

	2013	2013	2012	Movement
	Actual	LTP	Annual Plan	Actual vs
	\$'000	\$'000	\$'000	LTP 2013
Sources of operating funding				
General rates	3,731	3,727	3,677	Note 1
Targeted rates	-	-	-	
Subsidies and grants for operating purposes	2,575	2,276	1,683	
Fees and charges	-	-	-	
Internal charges and overheads recovered	-	-	-	
Other operating funding	176	180	180	
Total operating funding (A)	6,482	6,184	5,540	
Application of operating funding				
Payments to staff and suppliers	4,731	4,678	3,392	
Finance costs	707	784	618	
Internal charges applied	1,137	1,132	1,265	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	6,575	6,594	5,275	
Surplus / (deficit) of operating funding (A-B)	(93)	(411)	265	
Sources of capital funding				
Subsidies and grants for capital expenditure	2,283	1,976	4,432	Note 1
Development and financial contributions	949	782	1,006	Note 2
Increase / (decrease) in debt	2,031	3,750	4,158	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	5,263	6,508	9,596	
Applications of capital funding				
Capital expenditure to meet additional demand	1,484	2,810	5,690	Note 3
Capital expenditure to improve the level of service	412	816	843	Note 4
Capital expenditure to replace existing assets	4,236	4,010	4,322	
Increase / (decrease) in reserves	271	(1,417)	(1,133)	
Increase / (decrease) of investments	(1,233)	(121)	139	
Total applications of capital funding (D)	5,170	6,098	9,861	
Surplus / (deficit) of capital funding (C-D)	93	411	(265)	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long Term Plan:

- Note 1** Subsidies and grants for operating and capital expenditure is higher than the LTP due to higher levels of subsidies received from NZTA than originally budgeted. The additional subsidy relates to work carried forward from 2011/12 as well as earthquake repair work.
- Note 2** Debt has increased by less than the LTP had projected due to the timing of capital projects and the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.
- Note 3** Capital expenditure to meet additional demand is lower than the LTP due to the timing of completion of some significant roading projects, including the development of Lowes Road \$1.6 million and minor improvements works \$401,000 which have been carried forward for completion in the 2013/14 financial year.
- Note 4** Capital expenditure to improve the level of service is lower than the LTP due to the timing of capital projects.

Significant activities – solid waste management

Overview

The Council provides a variety of services related to the management of waste in the more populous parts of the District, covering more than 12,000 households. Essentially, waste is mostly collected through the rubbish, recycling and organic kerbside collection system. The remainder of the waste, recycling and organics is taken directly by residents to the Pines Resource Recovery Park. Residents pay for the service through a mix of targeted and compulsory rates.

It is a requirement of the Waste Minimisation Act 2008 for all local authorities to complete a Waste Management and Minimisation Plan (WMMP) by July 2012 and the Council adopted its WMMP in August 2011. Improving the efficiency of resource use will reduce the amount of residual waste that has to be collected and disposed of. In Selwyn's case, the disposal of residual waste is to the Kate Valley Regional Landfill. The Act also requires local authorities to reduce waste at source, but this is more difficult, as it relates to the way products are manufactured, marketed and sold, all areas over which the Council has limited influence.

Why is the Council involved?

The management of solid waste is a 'significant activity' under the terms of the Local Government Act 2002. The Council has a statutory obligation to promote effective and efficient waste management and to achieve this it takes a leadership role in managing waste activities. By managing the activity, the Council is in the best position to serve the needs of the community, provide a sustainable service and keep costs down.

It is important to manage solid waste well, given the health implications which could arise if the service was unsatisfactory and waste was not promptly collected, handled, and disposed of. Damage to the environment and community could easily occur if waste accumulated and was left to rot and become a source of disease. There is also a danger that pollution of groundwater could occur, with the potential to affect drinking water supplies, where wells are shallow. The activity must be managed in a sustainable manner for today's communities and for future generations.

The Council therefore takes responsibility for fulfilling legal and statutory obligations, waste minimisation, policy, strategic direction, educational programmes and providing clean fill sites and the Pines Resource Recovery Park (waste transfer facilities, recycling and also composting of green waste). It manages all aspects of the activity including the managing of private providers/contractors, who carry out the following, under contract to the Council.

Waste collection services

The Council provides kerbside waste collections in urban, rural-residential and some rural areas. Residual waste (rubbish) and recycling waste are currently collected with a garden and food waste collection available in the five major townships, on a voluntary basis.

Residual waste disposal facilities

Residual waste (rubbish) is sent to the Kate Valley Regional Landfill, which has resource consent for approximately thirty more years.

The Council could be challenged by private providers of these services but customer feedback reveals a very high level of satisfaction with the current services and associated costs. Ratepayers do have the choice of using private providers but the number doing so is relatively small because the Council provides a reliable and cost effective service.

Working in collaboration with others

The Kate Valley landfill is situated within the Hurunui District but is a joint venture between Canterbury Waste Services Limited (which is owned by Transpacific Industries Group (NZ) Limited and five local authorities in Canterbury, including Selwyn District Council). The Council's collective share is 50% with 3% of that belongs to Selwyn District Council. The company's name is Transwaste Canterbury Limited.

Activity goal

To promote effective and efficient waste management within the District whilst having regard to the environmental costs and benefits to the District and ensuring that the management of waste does not cause a nuisance or be injurious to health.

Council contribution to community outcomes

This activity contributes the following outcomes:

- A clean environment

Statement of service performance

The Council met all of its performance measures in the solid waste activity other than for the amount of residual waste to landfill compared with the previous year. There was in fact an increase in the amount of residual waste per head of population compared with the previous financial year. This is due to an increase in visitor numbers to the Pines Resource Recovery Park, new home construction, and demolition waste and significantly lower disposal fees when compared to Christchurch City Council.

In the Selwyn District, residents can use the kerbside collection service or take their organic, recyclable and residual waste to the Pines Resource Recovery Park (RRP) in Rolleston. Community satisfaction with the Council's rubbish, recycling and organic waste kerbside collection services attracted scores of 90/100, 89/100, and 77/100 respectively. In addition 37% of surveyed residents independently use the Resource Recovery Park. The number of residents using the RRP compared with 26% in 2012 is correlated with the increased waste being disposed of as a result of rapid growth and construction in the District and advertising what services are available at the RRP.

The Waste Minimisation and Management Plan sets out objective, policies and methodologies for the Council to achieve waste minimisation goals and also to be aligned with the activity goal. One of our methodologies for reducing waste is to offer a kerbside organic material collection service. The organic material goes to the RRP, where it is processed by a HotRot in vessel composting system.

Service targets for solid waste management

Objective	Performance measure	Service target	Achievement
The Council provides a quality service for the community where charges cover costs.	The performance rating (out of 100) for solid waste in the Residents' Survey.	Rubbish collection ≥85	Achieved 90 / 100 (2012: Achieved)
		Recycling ≥85	Achieved 89 / 100 (2012: Achieved)
		Organic waste collection ≥65	Achieved 77 / 100 (2012: Not achieved)
The Council protects the environment from illegal dumping.	The proportion of households using the Pines Resource Recovery Park.	25%	Achieved 37% (2012: Achieved)
The solid waste service is effective and efficient.	Number of written complaints received per annum related to solid waste service.	≤15	Achieved No written complaints were received during the year. (2012: Achieved)
The Council's service is sustainable.	Numbers of customers changing to private providers.	≤5%	Achieved No changes to private providers. (2012: Achieved)
Waste minimisation is achieved by reducing the amount of residual waste.	The annual reduction in the amount of residual waste per head of population.	5% reduction in kg per head of waste to landfill compared with the previous year.	Not achieved 7% increase due to increase in visitor numbers to the Pines RRP, new home construction, and demolition waste and significantly lower disposal fees when compared to Christchurch City Council. (2012: Not achieved)

Solid waste management funding impact statement

	2013	2013	2012	Movement
	Actual	LTP	Annual Plan	Actual vs
	\$'000	\$'000	\$'000	LTP 2013
Sources of operating funding				
General rates	-	-	-	Note 1
Targeted rates	3,706	3,486	3,336	
Subsidies and grants for operating purposes	1	15	-	
Fees and charges	1,334	1,288	1,001	
Internal charges and overheads recovered	-	-	-	
Other operating funding	-	-	-	
Total operating funding (A)	5,041	4,789	4,337	
Application of operating funding				
Payments to staff and suppliers	4,511	4,206	4,390	Note 2
Finance costs	-	-	-	
Internal charges applied	321	323	240	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	4,832	4,530	4,630	
Surplus / (deficit) of operating funding (A-B)	209	259	(292)	
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	-	-	-	
Applications of capital funding				
Capital expenditure to meet additional demand	88	145	144	
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	-	-	-	
Increase / (decrease) of investments	121	115	(436)	
Total applications of capital funding (D)	209	259	(292)	
Surplus / (deficit) of capital funding (C-D)	(209)	(259)	292	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long Term Plan:

Note 1 Targeted rates revenue is higher than the LTP due to a higher demand for waste collection stemming from growth in the District.

Note 2 Payments to staff and suppliers is higher than the LTP due to increased demand for waste collection in the District. The corresponding increase in targeted rates revenue is associated with the additional cost of meeting the increased demand for waste management services.

Significant activities – 5 waters services

Activities covered

Community water supplies	Thirty schemes (public health and stock water).
Land drainage	20,700ha (making land farmable, habitat).
Stormwater urban	22 schemes (urban flood relief).
Water races rural and urban	110,000ha (stock water, amenity, habitat).
Community wastewater schemes	14 schemes (public health).

Overview

The availability of clean safe to drink water and the safe disposal of waste water are fundamental to the health and welfare of the Selwyn community. The 5 Waters service provides clean safe to drink water for households and removal of sewage and rain water in a way that protects the health of the population and natural environment. The 5 Waters service also provides river water for livestock and drains certain land so that it is usable. These services are provided through 82 separately rated water based schemes within the District. The 5 Waters assets are valued at \$390 million with water supplies valued at \$75 million, sewerage schemes \$124 million, stormwater \$23 million, land drainage \$92 million and water races \$76 million.

Drinking water is provided by the Council to over 73% of the population of the District. 11,067 of the available 12,436 connections are currently taken up. By comparison, wastewater services are provided to approximately 18,000 people. The largest consented wastewater treatment and disposal area is the Pines Wastewater Treatment Plant, currently servicing Rolleston and part of West Melton. From 2013 this will also service Lincoln, Prebbleton and Springston.

It has always been clear that the water services are interlinked, if not directly, then via natural pathways. This reflects the unique geographical 'mountains to sea' layout of the Selwyn District. There is a strong connection between these services and it is essential that they are looked after. The Council's approach is to manage the 5 Waters activities in a coordinated way.

The activities covered by the 5 Waters are largely invisible to us until they break down. The recent earthquake events forced land up and down, and sometimes reversing the direction surface water flowed. The environmental impact caused by the Christchurch City Council's breakdown of wastewater service very quickly showed up as Selwyn started discharging wastewater directly to rivers when Selwyn could not send that wastewater to Christchurch for processing. The importance of public health and the integrity of the environment soon became significant issues in this powerful, adverse event. Damage to piped networks highlighted the importance of using resilient materials and jointing in our piped infrastructure.

Why is the Council involved?

The Council is in the best position to respond to the expectations of the communities it serves and to translate these needs into levels of service, which have funding options accompanying them, for public scrutiny and comment. The Local Government Act 2002 clearly sets out how the Council must consult with residents over significant decisions and this ensures the community has a major decision making role. The 5 Waters assets are listed as 'Strategic' in the 2012/2022 Long Term Plan for the very reason that failure of these services has a devastating and far-reaching effect on the District. The Council is well positioned to take a major leadership role in planning and managing the assets and networks that deliver these essential services.

By managing all of the 5 Waters activities, the Council can plan ahead in a coordinated way and take advantage of the opportunities to introduce new initiatives e.g. the potential in the future to use treated wastewater to irrigate reserves, if this is feasible and acceptable to the public. When prioritising across the 5 Waters Activities, opportunities to combine projects will become apparent.

There is also the need to comply with a raft of legislative and statutory processes, which the Council recognises in its strategic plan, policies, education programmes, and commitment to sustainable practices. The Council's seven principles of sustainability can be applied across all the activities and this coordinated application brings better results than a fragmented approach, which could occur if the activities were separated, especially if managed by more than one provider.

The security of the District's water supply is paramount as our communities require reliable, clean, safe water to serve their day-to-day needs. These water-related activities also protect and sustain the health of the environment, particularly the sensitive Te Waihora (Lake Ellesmere) catchment, by responsibly dealing with waste water and the draining and disposing of groundwater and excess stormwater run-off.

The sewerage asset is expected to increase rapidly with the Eastern Selwyn Sewerage Scheme being constructed. Stormwater assets have been, and will continue to be, rapidly developed to meet the increased standards reflected in the Regional Council's Natural Resources Regional Plan rules.

Activity goal

Selwyn District Council's goal for the 5 Waters activities is:

'To provide water services that meet all relevant standards and are at a service level the public can afford and have confidence in, now and forward into the future'.

Council contribution to community outcomes

This activity contributes the following outcomes:

- A clean environment
- A living environment where the rural theme of Selwyn is maintained
- Selwyn people have access to appropriate health, social and community services
- A safe place in which to live, work and play
- A prosperous community.

Statement of service performance

Safe drinking water

The Council achieved 98% and 95% compliance for E-Coli in water leaving the treatment plant, and water in the distribution systems respectively. We did not achieve our high performance targets of 99% and 99.5% with 30 transgressions from 1,497 water samples taken from water leaving the treatment plants and 54 transgressions from 1,217 water samples taken from water in the distribution systems. By keeping water safe to drink, the Council is achieving its community outcome of 'a clean environment'.

In August 2012, an outbreak of notifiable illness campylobacter (up to 138 cases) occurred in Darfield. At the same time, loss of chlorination of the backup water supply coincided with failure of the borehole pump for the primary secure groundwater source.

An external review of the event identified a number of improvement actions which have been, or are being, implemented. These include a second secure groundwater bore and a new 1,000m³ reservoir.

Fire fighting (urban fire districts)

63% of the urban fire district area is within 135m of one fire hydrant and 270m of two fire hydrants which is an improvement on last year's 61% and our target of 55%.

Extended water supply interruption

In the past year, water services have proved to be reliable with no rural or urban properties affected by unplanned water supply interruptions of more than 24 and 5 hours respectively due to the failure of the Council's infrastructure.

Water quality

Selwyn residents tend to be high users of water, using an average of 1,470 litres of water per residential property per day in the 2012/13 year. This can be attributed to mostly outdoor use – residents tend to have larger sections and therefore wish to maintain these sections. The Council has a role to play in continuing to educate the community on water conservation, with a long term view to changing behaviour on water consumption.

Serviced area and operating costs

73% of residential properties in Selwyn are serviced with water and 48% of residential properties are serviced by the Council's waste water systems. The average cost per serviced property for water services provided in the District is \$259 per year for water and \$337 per year both below our targeted costs for these services.

Service targets for 5 waters activities

Objective	Performance measure	Service target	Achievement
Safe drinking water			
The community is provided with water services to a standard that protects their health and property.	Compliance with national standards for bacterial (E. coli) criteria for water leaving treatment plant as reported by the Ministry of Health, for each registered drinking water supply.	99%	Not achieved 98% compliance for E-Coli, 30 transgressions from 1,497 water samples. (2012: Achieved)
	Compliance with national standards for bacterial (E. coli) criteria for water in the distribution system as reported by the Ministry of Health, for each registered drinking water supply.	99.5%	Not achieved 95% compliance for E-coli, 54 transgressions from 1,217 water samples. (2012: Achieved)
Fire fighting (urban fire districts)			
The community is provided with water services to a standard that protects their health and property.	The proportion of an urban fire district area within 135m of one fire hydrant and 270m of two fire hydrants.	55%	Achieved 63% of the urban fire District is within stated parameters. (2012: Not achieved)
Extended water supply interruption (urban)			
The community is provided with water services to a standard that protects their health and property.	The proportion of properties affected by unplanned water supply interruptions of more than five hours per 1000 properties.	50%	Achieved No properties were affected by unplanned water supply interruptions of more than 5 hours. (2012: Achieved)
Extended water supply interruption (rural restricted)			
The community is provided with water services to a standard that protects their health and property.	The proportion of properties affected by unplanned water supply interruptions of more than 24 hours per 1000 properties.	50%	Achieved No properties were affected by unplanned water supply interruptions of more than 24 hours. (2012: Achieved)
Wastewater overflows			
The community is provided with water services to a standard that protects their health and property.	The total number of sewer and sewer pump station overflows events (wet and dry weather).	≤3	Not achieved There were 10 overflow events during the year. (2012: Achieved)
Water quantity			
The community is provided with water services to a standard that protects their health and property.	Average volume of water consumed per residential property per day in the 'Total Water Serviced Area' (litres/property/day).	1,000	Not achieved Average volume of water consumed per residential property per day in the total urban water serviced area was 1,470 litres. (2012: Not achieved)
Service disruption response (water races)			
Problems with water services are addressed in a timely manner and prioritised according to risk and need.	The average duration for which a serviced property in the 'Total Water Race Serviced Area' is without supply due to unplanned interruption hours.	10hr	Not achieved The average duration was greater than 10 hours. (2012: Not achieved)

Serviced area

Service capacity is provided to accommodate growing communities, where this growth is sustainable.	Proportion of residential properties serviced with water within the District expressed as a percentage of total residential properties.	73%	Achieved 73% of residential properties are serviced with water. (2012: Achieved)
	Proportion of residential properties serviced with wastewater within the District expressed as a percentage of total residential properties.	53%	Not achieved 48% of residents are serviced by the Council's waste water systems. (2012: Not achieved)

Operating costs

Water Services are provided in a cost effective manner.	Total average water operating cost per serviced property.	\$330	Achieved \$259 per annum. (2012: Achieved)
	Total average wastewater operating cost per serviced property.	\$340	Achieved \$337 per annum. (2012: Achieved)

Community water supplies funding impact statement

	2013	2013	2012	Movement
	Actual	LTP	Annual Plan	Actual vs
	\$'000	\$'000	\$'000	LTP 2013
Sources of operating funding				
General rates	-	-	-	
Targeted rates (other than for metered water supply)	3,244	3,125	2,925	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges and targeted rates for metered water	680	447	589	Note 1
Internal charges and overheads recovered	802	764	-	
Other operating funding	-	-	-	
Total operating funding (A)	4,726	4,336	3,514	
Application of operating funding				
Payments to staff and suppliers	2,002	2,807	2,797	Note 2
Finance costs	-	-	-	
Internal charges applied	1,603	1,528	483	
Other operating funding applications	32	-	-	
Total application of operating funding (B)	3,637	4,335	3,280	
Surplus / (deficit) of operating funding (A-B)	1,089	1	233	
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	1,154	165	712	Note 3
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	1,154	165	712	
Applications of capital funding				
Capital expenditure to meet additional demand	709	4,211	3,275	Note 4
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	326	1,190	1,126	Note 5
Increase / (decrease) in reserves	2,033	(1,468)	(1,706)	
Increase / (decrease) of investments	(825)	(3,768)	(1,750)	
Total applications of capital funding (D)	2,243	166	945	
Surplus / (deficit) of capital funding (C-D)	(1,089)	(1)	(233)	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long Term Plan:

- Note 1** Fees and charges revenue is higher than the LTP due to a higher level of new water connections in the District as a result of the substantial population growth, as well as some increased water consumption per household.
- Note 2** Payments to staff and suppliers is lower than the LTP due to operational projects totalling \$839,000 carried forward for completion in the 2013/14 financial year.
- Note 3** Development contributions revenue is higher than the LTP due to substantial growth in the District.
- Note 4** Capital expenditure to improve the level of service is lower than the LTP due to projects being carried forward for completion in the 2013/14 financial year. Significant projects carried forward include Rolleston water supply projects \$1.1 million, and Darfield water supply projects \$1.7 million.
- Note 5** Capital expenditure to replace existing assets is lower than the LTP due to projects being carried forward for completion in the 2013/14 financial year.

Community wastewater funding impact statement

	2013	2013	2012	Movement
	Actual	LTP	Annual Plan	Actual vs
	\$'000	\$'000	\$'000	LTP 2013
Sources of operating funding				
General rates	-	-	-	
Targeted rates	3,208	3,498	2,463	Note 1
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	688	203	271	Note 2
Internal charges and overheads recovered	441	416	-	
Other operating funding	-	-	-	
Total operating funding (A)	4,337	4,117	2,734	
Application of operating funding				
Payments to staff and suppliers	2,543	2,694	2,703	
Finance costs	2,460	2,567	2,244	
Internal charges applied	884	831	478	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	5,887	6,092	5,425	
Surplus / (deficit) of operating funding (A-B)	(1,550)	(1,976)	(2,692)	
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	5,308	2,868	2,906	Note 3
Increase / (decrease) in debt	13,138	24,000	30,000	Note 4
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	18,446	26,868	32,906	
Applications of capital funding				
Capital expenditure to meet additional demand	25,109	25,933	29,688	Note 5
Capital expenditure to improve the level of service	1	418	714	Note 6
Capital expenditure to replace existing assets	5	1,326	775	Note 7
Increase / (decrease) in reserves	(4,222)	(1,465)	(762)	
Increase / (decrease) of investments	(3,997)	(1,319)	(201)	
Total applications of capital funding (D)	16,896	24,893	30,214	
Surplus / (deficit) of capital funding (C-D)	1,550	1,976	2,692	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long Term Plan:

- Note 1** Targeted rates revenue is lower than the LTP as certain income was classified as targeted rates in the LTP but has been more appropriately classified as fees and charges in the actual result.
- Note 2** Fees and charges revenue is higher than the LTP is largely due to trade waste revenue totalling \$484,000 being received during the year.
- Note 3** Development contributions revenue is higher than the LTP due to substantial growth in the District.
- Note 4** Debt has increased by less than the LTP had projected due to the timing of capital projects and the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.
- Note 5** Capital expenditure to meet additional demand is lower than the LTP due to the completion of the Eastern Selwyn Sewerage Scheme being carried forward for completion in the 2013/14 financial year.
- Note 6** Capital expenditure to improve the level of service is lower than the LTP due to Lincoln sewerage upgrade projects being carried forward for completion in the 2013/14 financial year.
- Note 7** Capital expenditure to replace existing assets is lower than the LTP due to projects being carried forward for completion in the 2013/14 financial year.

Community stormwater funding impact statement

	2013	2013	2012	Movement
	Actual	LTP	Annual Plan	Actual vs
	\$'000	\$'000	\$'000	LTP 2013
Sources of operating funding				
General rates	-	-	100	
Targeted rates	423	426	-	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	-	-	-	
Internal charges and overheads recovered	-	-	-	
Other operating funding	-	-	-	
Total operating funding (A)	423	426	100	
Application of operating funding				
Payments to staff and suppliers	136	532	459	Note 1
Finance costs	171	197	-	
Internal charges applied	145	132	-	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	452	861	459	
Surplus / (deficit) of operating funding (A-B)	(29)	(435)	(359)	
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	280	216	759	
Increase / (decrease) in debt	284	540	-	Note 2
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	564	756	759	
Applications of capital funding				
Capital expenditure to meet additional demand	251	780	12,794	Note 3
Capital expenditure to improve the level of service	80	233	119	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	(6)	150	-	
Increase / (decrease) of investments	210	(842)	(12,513)	
Total applications of capital funding (D)	535	321	400	
Surplus / (deficit) of capital funding (C-D)	29	435	359	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long Term Plan:

- Note 1** Payments to staff and suppliers is lower than the LTP due to operational projects totalling \$276,000 being carried forward for completion in the 2013/14 financial year.
- Note 2** Debt has increased by less than the LTP had projected due to the timing of capital projects and the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.
- Note 3** Capital expenditure to meet additional demand is lower than the LTP due to stormwater upgrade projects in Leeston and Lincoln being carried forward for completion in the 2013/14 financial year.

Water races and land drainage funding impact statement

	2013	2013	2012	Movement
	Actual	LTP	Annual Plan	Actual vs
	\$'000	\$'000	\$'000	LTP 2013
Sources of operating funding				
General rates	15	15	15	
Targeted rates	1,544	1,558	1,550	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	217	160	156	
Internal charges and overheads recovered	263	260	-	
Other operating funding	-	-	-	
Total operating funding (A)	2,039	1,994	1,721	
Application of operating funding				
Payments to staff and suppliers	1,185	1,860	1,790	Note 1
Finance costs	-	-	-	
Internal charges applied	526	521	114	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	1,711	2,381	1,904	
Surplus / (deficit) of operating funding (A-B)	328	(387)	(183)	
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	15	
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	-	-	15	
Applications of capital funding				
Capital expenditure to meet additional demand	143	463	604	Note 2
Capital expenditure to improve the level of service	-	699	619	Note 3
Capital expenditure to replace existing assets	12	126	181	
Increase / (decrease) in reserves	132	(277)	(765)	
Increase / (decrease) of investments	41	(1,398)	(807)	
Total applications of capital funding (D)	328	(387)	(168)	
Surplus / (deficit) of capital funding (C-D)	(328)	387	183	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long Term Plan:

- Note 1** Payments to staff and suppliers are lower than the LTP due to operational projects totalling \$509,000 being carried forward for completion in the 2013/14 financial year.
- Note 2** Capital expenditure to meet additional demand is lower than the LTP largely due to Selwyn rural water race projects being carried forward for completion in the 2013/14 financial year.
- Note 3** Capital expenditure to improve the level of service is lower than the LTP due to Malvern area water race projects being carried forward for completion in the 2013/14 financial year.

Significant activities – Izone Southern Business Hub

Overview

Izone Southern Business Hub (Izone) is a 200 hectare park being developed by the Council at Rolleston.

The development which commenced in 2001 initially comprised of 130 hectares but since that time a further 70 hectares has been purchased to accommodate growth and demand for industrial land within Selwyn.

The park, which is located next to State Highway 1 and the Main South and Main West railway lines, has been very popular with parties interested in purchasing land.

Why is the Council involved?

In the late 1990s the Council's strategic planning identified:

- A desire for more Selwyn residents to be able to work in the District.
- There was a lack of industrial land in the District. The Council found there was no private sector interest in developing more industrial land. The Council identified the opportunity to address the lack of industrial land by purchasing the land known as Izone.

Activity goal

Izone is designed to provide employment within the Selwyn District. A secondary goal is to provide a financial return to the Council.

Council contribution to community outcomes

The Izone Southern Business Hub contributes to the community outcome 'a prosperous economy' by encouraging potential employers to locate their operations within the District.

Statement of service performance

The Council has achieved the budgeted sales target of 10 hectares, but has not achieved the budgeted level of revenue from Izone for the current financial year with 15.3 hectares of land sold during the year for \$16.1 million. Izone had budgeted for sales of \$18 million. The Council brought forward the development of Stage 6 in 2012 and has continued the development during 2013. Demand continues to be strong with high sales activity expected for the 2014 financial year.

Businesses in Izone continue to be a major employer in the District with more jobs being created as the development progresses. The employment opportunities being created for the District at Izone demonstrate how this activity is helping to achieve the community outcome, 'a prosperous community'.

Service targets for Izone Southern Business Hub

Objective	Performance measure	Service target	Achievement
To provide employment opportunities by selling 10 ha of land on an annual basis.	Sale of 10 ha per year. *	10 ha	Achieved 15.3 hectares of land sold. (2012: Not achieved)

* Projected asset sales are based on 77 ha over 10 years.

Izone Southern Business Hub funding impact statement

	2013	2013	2012	Movement
	Actual	LTP	Annual Plan	Actual vs
	\$'000	\$'000	\$'000	LTP 2013
Sources of operating funding				
General rates	-	-	(500)	
Targeted rates	-	-	-	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	20	-	-	
Internal charges and overheads recovered	-	-	-	
Other operating funding	26	-	-	
Total operating funding (A)	46	-	(500)	
Application of operating funding				
Payments to staff and suppliers	1,428	1,120	2,065	Note 1
Finance costs	624	1,555	840	Note 2
Internal charges applied	-	-	-	
Other operating funding applications	1	-	-	
Total application of operating funding (B)	2,053	2,675	2,905	
Surplus / (deficit) of operating funding (A-B)	(2,007)	(2,675)	(3,405)	
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	1,685	20,000	-	Note 3
Gross sales proceeds from sale of assets	16,175	18,015	9,071	Note 4
Total sources of capital funding (C)	17,860	38,015	9,071	
Applications of capital funding				
Capital expenditure to meet additional demand	15,443	35,169	-	Note 5
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	-	-	-	
Increase / (decrease) of investments	410	171	5,666	
Total applications of capital funding (D)	15,853	35,340	5,666	
Surplus / (deficit) of capital funding (C-D)	2,007	2,675	3,405	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long Term Plan:

- Note 1** Payments to staff and suppliers is higher than the LTP due to the level of sales activity and associated costs, including legal and marketing expenditure.
- Note 2** Finance costs are lower than the LTP due to lower interest costs on borrowings than originally budgeted. The lower interest costs were partially due to the timing of capital projects and the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.
- Note 3** Debt has increased by less than the LTP had projected due to the timing of capital projects and the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.
- Note 4** Gross sales proceeds from sale of assets are lower than the LTP due to the timing of the sale of commercial property at the Izone Southern Business Hub.
- Note 5** Capital expenditure to meet additional demand is lower than the LTP due to the purchase of a \$10 million commercial property being carried forward into the 2013/14 financial year and there was less construction work carried out in Stage 6 of Izone during the year due to the construction beginning ahead of budget during the 2012/13 financial year.

Significant activities – 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 cost basis.

Support services include; CEO's department, Finance function, Information services, Records management, Asset management and service delivery.

The internal Council services activity also covers the Council's corporate income, including dividends, interest and property leases. Because it includes corporate income, the Internal Council Services activity generates a surplus. This surplus is used to reduce the general rate requirement so that all ratepayers benefit from this income. As a result, the general rates line in the funding impact statement represents a reduction to general rates rather than funding from general rates.

Working in collaboration with others

We collect rates on behalf of the Canterbury Regional Council and in return they pay us a fee and a portion of the rating valuation cost. The income received is used to offset the cost of running our rates department.

Internal Council services funding impact statement

	2013	2013	2012	Movement
	Actual	LTP	Annual Plan	Actual vs
	\$'000	\$'000	\$'000	LTP 2013
Sources of operating funding				
General rates	(5,415)	(5,653)	(6,147)	
Targeted rates	273	320	2,532	
Subsidies and grants for operating purposes	25	7	-	
Fees and charges	1,637	1,373	2,823	Note 1
Internal charges and overheads recovered	9,471	9,296	8,680	
Other operating funding	17,287	5,772	3,135	Note 2
Total operating funding (A)	23,278	11,115	11,023	
Application of operating funding				
Payments to staff and suppliers	10,105	8,360	7,798	Note 3
Finance costs	154	718	896	Note 4
Internal charges applied	1,203	1,163	824	
Other operating funding applications	1	154	153	
Total application of operating funding (B)	11,463	10,395	9,671	
Surplus / (deficit) of operating funding (A-B)	11,815	720	1,351	
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	(17,250)	5,000	-	Note 5
Gross sales proceeds from sale of assets	508	-	-	Note 6
Total sources of capital funding (C)	(16,742)	5,000	-	
Applications of capital funding				
Capital expenditure to meet additional demand	776	506	287	Note 7
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	11,575	-	-	
Increase / (decrease) of investments	(17,278)	5,213	1,064	
Total applications of capital funding (D)	(4,927)	5,720	1,351	
Surplus / (deficit) of capital funding (C-D)	(11,815)	(720)	(1,351)	
Funding balance (A-B) + (C-D)	-	-	-	

Explanations for significant variances between actual and the Long Term Plan:

- Note 1** Fees and charges revenue is higher than the LTP due to higher than expected revenue from LIMS, interest income from a finance lease and commission for the collection of rates on behalf of the Regional Council.
- Note 2** Other operating funding is higher than the LTP largely due to an \$11 million special dividend received from Selwyn Investment Holdings Limited during the year.
- Note 3** Payments to staff and suppliers is higher than the LTP largely due to \$1.8 million of earthquake repairs being completed during the year.
- Note 4** Finance costs are lower than the LTP due to lower interest costs on borrowings than originally budgeted. The lower interest costs were partially due to the timing of capital projects and the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.
- Note 5** Internal Council services debt has decreased during the year due to the utilisation of existing cash reserves held by the Council to fund capital expenditure as opposed to borrowing during the year.
- Note 6** Gross sales proceeds from the sale of assets are higher than the LTP due to the sale of assets not budgeted to be sold during the year.
- Note 7** Capital expenditure to meet existing demand is higher than the LTP due to the capitalisation of library software which was included as an operational expense in the budget and additional vehicles were purchased during the year to meet the increased demand on our building inspectors as a result of the rapid growth in the District.

Financials – financial highlights

Introduction

The Council achieved a surplus of \$36.7 million in the 2012/13 financial year compared with a budgeted surplus of \$6.8 million. This high surplus is a reflection of a number of extraordinary circumstances, including the very rapid population growth in the District plus the receipt of a special dividend from Selwyn Investment Holdings Limited. If income from vested assets (the non-cash value of assets provided by sub-dividers), development contributions income and the special dividend are excluded from the result, the Council made a small deficit of \$608,000. Overall, income for the year was \$25.4 million above budget and expenditure was \$4.4 million lower than budgeted. The main differences between the actual and budgeted results are set out below.

Expenditure

Operating expenditure for the year was \$67.5 million compared with a budget of \$71.9 million. The main variances were:

- Finance costs were \$3.9 million lower than budgeted. This is partly because the Council's strong cash flows, particularly from development contributions, meant less borrowing was required than anticipated, and partly because of a reduction in the valuation of the Council interest rate swap liability. The interest rate swap liability is a non-cash item that represents the difference between actual and market interest rates for the Council's interest rate swaps at the end of the financial year.
- Depreciation and amortisation expenditure is \$1.1 million below budget, mainly due to the delay in the timing of some capital projects.

Income

Income for the year was \$104.1 million compared with a budget of \$78.7 million. The main variances were:

- A special dividend of \$11 million was received from Selwyn Investment Holdings Limited. The dividend represents part of the proceeds from the sale of Selwyn Planation Board's assets and although appropriately accounted for as income, it is akin to the realisation of an investment and does not increase the Council's overall equity.
- Development contributions revenue was \$6.8 million above budget of \$5.7 million as the level of population growth in the district was more rapid than expected. Development contributions are used to fund the new sewerage, water systems, roads and reserves required to cater for new residents.
- Vested asset income was \$3 million higher than budget of \$10.8 million due to the higher than expected level of sub-division activity.
- Fees and charges were \$1.9 million above budget of \$10.1 million, again reflecting the level of population growth in the district as developers and new residents paid for building and resource consents.
- Grants of \$1.2 million towards the Selwyn Aquatic Centre were received in the year.
- Additional Earthquake insurance proceeds of \$0.8 million were recognised in the year.

Statement of financial position

The value of the Councils' assets increased from \$1.139 billion to \$1.196 billion, an increase of \$57 million. The increase was due to:

- The surplus for the year of \$36.7 million.
- An increase in the valuation of the Council's land and building assets of \$23 million.
- A reduction in the valuation of the Council's investment in Selwyn Investment Holdings Limited (SIHL) of \$2.5 million. (This reduction is the net of the reduction due to the payment of an \$11 million special dividend to the Council and an increase in the valuation of SIHL due to a restructure of its operations.)

Statement of cash flows

The Council has a positive net operating cash flow of \$40.8 million. The operating cash flow is used to fund the capital expenditure programme.

Financial strategy

The Council's financial strategy guides the way it makes decisions over income, expenditure, borrowing and investments. It is set out in the Council's Long Term Plan and helps explain how the Council balances its books, and summarises the implications of its plans for ratepayers.

The financial strategy guides the way the Council makes decisions over income, expenditure, borrowing and investments. It helps explain how it plans to balance the books and summarises the implications of these plans for ratepayers. In doing so it links the decisions the Council makes on what services to provide and how they will be paid for.

The following table shows how the Council performed against its financial strategy set as part of the formal budget setting process. The table compares rates, rate increases, public debt (borrowing) levels and the return on investment with the levels set out in the Council's financial strategy. The Council's financial strategy is published in the Long Term Plan 2012/2022.

	30 June 2013	30 June 2013
	Actual	LTP
Rates levels and limits		
Total rates \$'000	28,625	28,305
Average per ratepayer (Excl. GST)	\$ 1,638	\$ 1,640
Average per ratepayer (Incl. GST)	\$ 1,883	\$ 1,886
Borrowing levels and limits		
Total borrowing \$'000	90,095	148,637
Net borrowing as a percentage of equity	7%	12%
Net borrowing as a percentage of income	102%	250%
Net interest as a percentage of income	5%	20%
Net interest as a percentage of rates income	17%	30%
Investment revenue		
Izone Southern Business Hub \$'000	9,688	11,003
Commercial property investment return \$'000	851	892
Commercial property investment return	7.8%	7.5%
SIHL (Selwyn Investment Holdings Limited) dividend \$'000	15,524	4,114
SIHL (Selwyn Investment Holdings Limited) return	13.7%	4.0%
Bonds investment revenue \$'000	167	147
Bonds investment return	5.7%	5.0%

Rates levels and limits—the average rate per ratepayer is the total rates revenue of the Council divided by the total number of uniform annual general charges levied.

Investment revenue—The Council has three main types of investments: its property portfolio, its shareholding in SIHL and bonds. SIHL annual return for 2013 is higher due to a special dividend of \$11 million.

Financials – statement of comprehensive income for the year ended 30 June 2013

	Note	Council 2013 \$000	Council Budget \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Income						
Rates, excluding targeted water supply rates	2	28,625	28,305	27,578	28,620	27,556
Fees, charges and targeted rates for metered water	3	12,071	10,136	10,194	11,856	10,007
Development and financial contributions		12,456	5,698	10,209	12,456	10,209
Subsidies and grants	4	6,720	4,534	6,172	6,720	6,172
Other revenue	5	31,784	17,258	23,369	59,885	56,279
Gains	6	12,449	12,744	4,043	13,511	4,049
Total income	1, 44	104,105	78,675	81,565	133,048	114,272
Expenditure						
Employee benefit expenses	7	11,802	12,018	11,447	27,134	26,023
Depreciation and amortisation expense	8	19,580	20,665	18,524	22,341	21,488
Other expenses	9	33,052	32,211	30,782	53,669	46,811
Finance costs	10	3,038	6,958	7,325	3,375	7,740
Total operating expenditure	1	67,472	71,852	68,078	106,519	102,062
Operating surplus / (deficit) before taxation		36,633	6,823	13,487	26,529	12,211
Share of associate surplus / (deficit)	18	-	-	-	-	-
Surplus / (deficit) before taxation		36,633	6,823	13,487	26,529	12,211
Income taxation expense / (benefit)	11	(53)	-	(44)	68	4
Surplus / (deficit) after taxation		36,686	6,823	13,531	26,461	12,207
Surplus after taxation from discontinued operation	42	-	-	-	1,864	1,693
Surplus after taxation and discontinued operation		36,686	6,823	13,531	28,325	13,900
<i>Surplus / (deficit) attributable to:</i>						
Selwyn District Council		36,686	6,823	13,532	27,592	12,958
Non - controlling interest		-	-	-	733	942
Surplus after taxation and discontinued operation		36,686	6,823	13,532	28,325	13,900
Other comprehensive income						
<i>Items that will be reclassified to surplus / (deficit)</i>						
Financial assets at fair value	29	(2,524)	2,335	94	-	-
<i>Items that will not be reclassified to surplus / (deficit)</i>						
Gain on infrastructure assets revaluation	21	49	-	-	49	-
Gain on land and building revaluation	21	23,107	7,781	-	23,900	-
Impairment of property plant and equipment	21,43	-	-	(375)	-	(375)
Deferred taxation on revaluation	11	(18)	-	-	(18)	-
		20,614	10,115	(281)	23,931	(375)
Other comprehensive income (discontinued operation)	42	-	-	-	-	757
Total other comprehensive income		20,614	10,115	(281)	23,931	382
Total comprehensive income		57,300	16,938	13,251	52,256	14,282
<i>Total comprehensive income attributable to:</i>						
Selwyn District Council		57,300	16,938	13,251	51,523	13,340
Non - controlling interest		-	-	-	733	942
Total comprehensive income		57,300	16,938	13,251	52,256	14,282

The accompanying notes form part of these financial statements.

Financials – statement of changes in equity for the year ended 30 June 2013

	Note	Council 2013 \$000	Council Budget \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Balance at 1 July		1,138,668	1,139,519	1,125,417	1,164,882	1,150,600
Total comprehensive income for the year		57,300	16,938	13,251	52,256	14,282
Realisation of assets		-	-	-	(21,170)	-
Balance at 30 June	28-32	1,195,968	1,156,457	1,138,668	1,195,968	1,164,882
<i>Total comprehensive income for the year is attributable to:</i>						
Selwyn District Council		57,300	16,938	13,251	51,523	13,340
Non - controlling interest		-	-	-	733	942
Total comprehensive income		57,300	16,938	13,251	52,256	14,282

The accompanying notes form part of these financial statements.

Financials – statement of financial position as at 30 June 2013

	Note	Council Actual 2013 \$000	Council Budget 2013 \$000	Council Actual 2012 \$000	Group Actual 2013 \$000	Group Actual 2012 \$000
Current assets						
Cash and cash equivalents	12	3,529	18,087	18,321	4,210	20,646
Trade and other receivables	13	9,057	11,711	16,988	13,997	19,434
Inventory and work in progress	15	-	-	-	1,081	918
Other financial assets	16	11,165	107	153	41,384	12,153
Income taxation receivable	11	-	-	-	60	1,312
Property held for sale	17	14,292	3,099	8,727	15,892	9,511
Investment in joint venture		-	-	-	310	34
Discontinued operation - property held for sale	17	-	-	-	-	5,756
Discontinued operation - other current assets	42	-	-	-	-	46,163
Total current assets		38,043	33,004	44,189	76,934	115,927
Non-current assets						
Trade and other receivables	13	148	182	165	148	165
Other financial assets	16	6,663	9,780	5,086	6,663	5,086
Investment in council controlled organisations	16	112,969	99,612	115,265	70,035	69,808
Investment property	19	11,025	21,724	10,925	10,415	10,360
Forestry assets	20	548	460	334	548	334
Property, plant and equipment	21	1,133,051	1,132,654	1,057,489	1,144,702	1,070,751
Development property	22	3,199	22,075	7,551	3,199	7,551
Deferred tax	11	-	-	-	196	-
Intangible assets	23	325	140	163	665	615
Total non-current assets		1,267,928	1,286,627	1,196,978	1,236,571	1,164,670
Total assets		1,305,971	1,319,631	1,241,167	1,313,505	1,280,597
Current liabilities						
Trade and other payables	24	13,084	12,964	13,033	15,323	14,567
Employee benefit liabilities	25	874	-	878	2,887	2,364
Other provisions	26	2,606	-	50	2,656	83
Income taxation payable	11	-	-	49	-	-
Derivative financial instruments	14	686	-	1,041	686	1,068
Borrowings	27	19,969	-	15,052	20,153	17,675
Discontinued operation - deposit received in advance		-	-	-	-	630
Discontinued operation - other current liabilities	42	-	-	-	-	113
Total current liabilities		37,219	12,964	30,103	41,705	36,500
Non-current liabilities						
Employee benefit liabilities	25	108	-	95	124	175
Other provisions	26	386	676	383	386	383
Deferred tax	11	219	-	205	414	588
Derivative financial instruments	14	1,945	897	3,534	1,945	3,534
Borrowings	27	70,126	148,637	68,179	72,963	74,535
Total non-current liabilities		72,784	150,210	72,396	75,832	79,215
Equity						
General funds	28	588,489	588,339	563,400	613,782	606,601
Fair value through other comprehensive income reserve	29	53,676	51,330	56,200	27,410	27,410
Special funds	30	50,863	27,456	37,770	50,863	37,770
Asset revaluation reserve	31	502,940	489,332	481,298	503,913	472,664
Non-controlling interest	32	-	-	-	-	20,437
Total equity		1,195,968	1,156,457	1,138,668	1,195,968	1,164,882
Total liabilities and equity		1,305,971	1,319,631	1,241,167	1,313,505	1,280,597

The accompanying notes form part of these financial statements.

Financials – statement of cash flows for the year ended 30 June 2013

	Note	Council Actual 2013 \$000	Council Budget 2013 \$000	Council Actual 2012 \$000	Group Actual 2013 \$000	Group Actual 2012 \$000
Operating activities						
<i>Cash was provided from:</i>						
Receipts from customers		68,378	49,353	54,885	106,734	87,696
Agency receipts		1,420	600	974	1,420	974
Interest received		735	858	468	1,159	2,710
Dividends received		17,991	4,714	4,885	3,782	5,575
Income taxation received		18	-	49	18	49
Goods and services taxation (net)		150	-	(940)	222	(906)
		88,692	55,525	60,321	113,335	96,098
<i>Cash was applied to:</i>						
Payments to suppliers and employees		41,344	44,228	43,483	75,482	79,119
Agency payments		1,420	600	974	1,420	974
Income taxation		-	-	-	2	1
Interest paid		5,075	6,958	3,707	5,413	4,288
		47,839	51,786	48,164	82,317	84,382
Net cash flow from operating activities	33	40,853	3,739	12,157	31,018	11,716
Investment activities						
<i>Cash was provided from:</i>						
Sale of property, plant & equipment		2,320	7,981	786	5,236	29,871
Sale of property intended for sale / investment property		16,175	18,015	14,942	16,175	14,942
Proceeds from investments		-	20,000	-	55,051	-
		18,495	45,996	15,728	76,462	44,813
<i>Cash was applied to:</i>						
Purchase of property, plant and equipment		67,895	71,465	41,075	69,495	43,522
Purchase of intangible assets and development property		221	35,169	69	221	69
Purchase of investments and goodwill		12,888	5,200	428	55,107	41,751
		81,004	111,834	41,572	124,823	85,342
Net cash flow from investing activities		(62,509)	(65,838)	(25,844)	(48,361)	(40,529)

The GST (net) component of operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

The accompanying notes form part of these financial statements.

Financials – statement of cash flows for the year ended 30 June 2013 (continued)

	Note	Council Actual 2013 \$000	Council Budget 2013 \$000	Council Actual 2012 \$000	Group Actual 2013 \$000	Group Actual 2012 \$000
Financing activities						
<i>Cash was provided from:</i>						
Loans raised		8,864	65,335	30,150	8,864	30,150
		8,864	65,335	30,150	8,864	30,150
<i>Cash was applied to:</i>						
Settlement of loans		2,000	-	-	5,715	518
Dividend paid		-	-	-	-	-
		2,000	-	-	5,715	518
Net cash flow from financing activities		6,864	65,335	30,150	3,149	29,632
Net increase / (decrease) in cash and cash equivalents		(14,792)	3,236	16,463	(14,194)	819
Plus: opening cash and cash equivalents		18,321	14,851	1,858	18,401	17,582
Cash, cash equivalents at the end of the year		3,529	18,087	18,321	4,207	18,401
<i>Summary of cash resources:</i>						
Cash and bank		3,524	18,087	7,816	4,205	10,141
Short term deposits maturing within 3 months		5	-	10,505	5	10,505
Bank overdrafts		-	-	-	(3)	(2,245)
Cash, cash equivalents at the end of the year		3,529	18,087	18,321	4,207	18,401

The accompanying notes form part of these financial statements.

Financials – statement of accounting policies

Statement of reporting entity

Selwyn District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

The Selwyn District Council group consists of the ultimate parent Selwyn District Council and its subsidiary Selwyn Investment Holdings Limited (100% owned) and its subsidiary Sicon Ferguson Limited (100% owned), the Selwyn District Charitable Trust (100% owned) and its associate Central Plains Water Trust which is equity accounted (50% owned). Ferguson Brothers Limited was amalgamated with SICON Limited on the 31 March 2012 and Selwyn Plantation Board Limited was liquidated on the 24 April 2013. Both companies were previously 100% owned subsidiaries of Selwyn Investment Holdings Limited.

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

The primary objective of the Council and group is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly the 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 the Council and group are for the year ended 30 June 2013. The financial statements were authorised for issue by Council on 30 October 2013.

Basis of preparation

Statement of compliance

The financial statements of the 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 generally accepted accounting practice in New Zealand (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.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement base

With the exception of Selwyn Plantation Board Limited and Selwyn Investment Holdings Limited, 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 of Selwyn Plantation Board Limited were prepared on a realisation basis for the year ended 30 June 2012. In April 2010, the company's 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. The company's assets were realised on the 24th April 2013 and transferred to the shareholders Selwyn Investment Holdings Limited and Christchurch City Holdings Limited.

For the year ended 30 June 2012, Selwyn Plantation Board Limited no longer adopted the going concern assumption for accounting purposes as all assets were expected to be realised within 12 months of balance date and therefore classified its assets as current within the Statement of Financial Position, the valuation of assets, and Statement of Comprehensive Income disclosures. All assets have now been realised. Property, plant and equipment and forestry assets were classified as assets held for sale for the year ended 30 June 2012.

The financial statements of SIHL have been prepared on a realisation basis. On the 26th June 2013 Selwyn District Council approved the Board's Strategic Plan for the Company, which provided for liquidation of the company's assets and for the proceeds to be returned to the shareholder. The realisation is planned to be completed by December 2013.

SIHL no longer adopting the going concern assumption for accounting purposes has consequences for the classification of assets within the Statement of Financial Position, the valuation of assets, and Statement of Comprehensive Income disclosures. All assets are expected to be realised within 12 months of the year end, therefore have been classified as current assets. Property, plant and equipment 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. The accounts being prepared on a realisation basis has little real effect because all significant assets of the company are already recognised at fair value.

SIHL's assets continue to be recognised at their realisation value in the group accounts. The other assets of the SIHL group have not been revalued to their realisation value because they will be transferred to Selwyn District Council at their carrying values.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the Council and group is New Zealand dollars (NZ\$). 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 surplus or deficit.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

New standards and interpretations issued and not yet adopted

NZ IFRS 9: Financial Instruments

NZ IFRS 9 will eventually replace NZ IAS 39: Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through surplus or deficit. The standard is effective for reporting periods beginning on or after 1 January 2013. The Council has not yet assessed the effect of the new standard and it will not be early adopted.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on the current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Significant accounting policies

The Council has adopted the following significant accounting policies in the preparation and presentation of the financial report.

Basis of consolidation

The purchase method is used to prepare the consolidated financial statements. This 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.

SIHL and group entities that have been consolidated have a balance date of 30 June.

Subsidiaries

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

The Council measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given and 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 the Council's consolidated interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the 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 surplus or deficit.

Associates

The Council accounts for an investment in an associate in the group financial statements using the equity method. An associate is an entity over which the 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 the Council's share of the surplus or deficit of the associate after the date of acquisition. The Council's share of the surplus or deficit of the associate is recognised in the Council's surplus or deficit. Distributions received from an associate reduce the carrying amount of the investment.

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

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

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

Discontinued operation

A discontinued operation is a component of the group's business that represents a separate major line of business that has been discontinued. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period. The comparative statement of financial position is not restated.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates revenue

Rates are set annually by a resolution from 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.

Rates collected on behalf of Environment Canterbury (Ecan) are not recognised in the financial statements as the Council is acting as an agent for Ecan.

Other revenue

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

The Council receives government grants from New Zealand Transport Agency which subsidises part of the Council's costs of 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 New Zealand Transport Agency 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 the Council are recognised as revenue when control over the asset is obtained.

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

Revenue from sale of goods is recognised when the Council has 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 the stage of completion of the contract at yearend 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.

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 are recognised against the surplus or deficit except when it relates to items recognised in other comprehensive income or directly 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

Inventories held for use in the production of goods and services are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the weighted average method for Sicon Ferguson Limited. In the 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 and the estimated cost necessary to make the sale.

The write down from cost to net realisable value is recognised in the surplus or deficit.

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

Other financial assets

Selwyn District Council classifies financial assets into the following categories: financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables and financial assets at fair value through other comprehensive income. 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 surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of investments are recognised on trade-date, the date on which Selwyn District Council commits 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 has 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:

Financial assets at fair value through surplus or deficit

This category has two sub-categories: financial assets held for trading and those designated at fair value through surplus or deficit 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 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 surplus or deficit.

Currently, the Council values embedded derivatives and interest rate swaps in this category.

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 surplus or deficit.

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

Held to maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that the Council has 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 surplus or deficit.

Currently, the Council holds bond investments in this category.

Financial assets at fair value through other comprehensive income

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

This category encompasses:

- Investments that the Council intends to hold long-term but which may be realised before maturity; and
- Shareholdings which the Council holds for strategic purposes. The 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 investment in Selwyn Investment Holdings Limited is valued based on an independent valuation as at 30 June 2009 completed by Ernst & Young Corporate Transaction Advisory Services Limited, Wellington dated 25 August 2009. The valuation has been adjusted to reflect an independent valuation of the company's investment in Orion New Zealand Limited as at 31 March 2011 completed by Ernst & Young Corporate Finance Limited, Chartered Accountants, Wellington and updated valuations of Sicon Ferguson Limited based on directors' valuations. These directors' valuations reflect fair value and are based on the higher of present value of the respective company's estimated future earnings or net asset value.

Gains and losses are recognised in other comprehensive income except for impairment losses which are recognised in the surplus or deficit. In the event of impairment any cumulative losses previously recognised in other comprehensive income will be reclassified from equity and recognised in the surplus or deficit even though the asset has not been derecognised.

Impairment of financial assets

At each balance date the Council 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 surplus or deficit.

Derivative financial instruments

The Council uses derivative financial instruments to hedge interest rate risks arising from financial activities. The Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value at each balance date.

The associated gains or losses of derivatives are recognised in the surplus or deficit.

The full fair value of derivatives are classified as non-current if the remaining maturity of the item is more than twelve months and as current if the remaining maturity of the item is less than twelve months.

Property, plant and equipment

Property, plant and equipment of the Council consist of:

- Operational Assets - these include land, farm land, buildings, heritage assets, library books and plant and machinery.
- Infrastructural Assets – infrastructural assets are fixed utility systems and roading networks owned by the 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 the 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 included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

Parent

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

Asset class	Useful life	Annual depreciation rate
Buildings	20 – 180 years	0.6% - 5%
Heritage	20 – 180 years	0.6% - 5%
Heavy plant and machinery	10 years	10%
Other plant and machinery	5 years	20%
Motor vehicles	4 years	25%
Furniture and 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

Water races (structure)	30 – 122 years	0.8% - 3.3%
Water races (race)	Not depreciated	

Land drainage

Land drainage (structure)	9 – 100 years	1% - 11%
Land drainage (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.

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 Department for that class of asset.

Sicon Ferguson Limited

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

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

Asset class	Useful life	Annual depreciation rate
Buildings	10 – 33 years	3% - 10%
Improvements	10 – 50 years	2% – 10%
Plant and machinery	2 - 12 years	8.3% - 50%
Motor vehicles	6 – 10 years	10% - 16.7%
Furniture and fittings	3 – 10 years	10% - 33%
Computer equipment	3 years	33%

Revaluation

Those asset classes that are revalued are valued either on a yearly or three 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.

Farm land

Farm land is revalued on a three yearly valuation cycle at fair value, as determined from market-based evidence by an independent valuer. The last valuation of the Council's farm land was performed by EM Saunders FNZIV, FPNZ Registered Valuer of Ford Baker Limited and the valuation is effective as at 30 June 2011. The valuation of Selwyn Plantation Board Limited was performed by Property Advisory Limited, Registered Valuers and the valuation is effective as at 30 June 2011.

Other land and buildings

Other land and buildings are valued at fair value as determined from market-based evidence by an independent valuer. The most recent valuation of such property held by the Council S E J Newberry B Com (VPM) SPINZ (ANZIV) Registered Valuer of Ford Baker Limited and the valuation is effective as at 1 July 2010. The most recent valuation of such property held by Selwyn Plantation Board Limited was performed by Property Advisory Ltd, Registered Valuers and the most recent valuation is effective as at 30 June 2011.

Infrastructural asset classes: roads, water reticulation, sewerage reticulation and stormwater systems

These 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 roading network was last valued as at 30 June 2011 by Mike Trapper (BE (Elec), MPINZ) who is a senior valuer with Beca Valuation Limited. Water, sewerage, stormwater, land drainage and water race assets were last valued as at 30 June 2011 by John Vessey (BE (Civil), BA (Econs) Transitional Certificate (Econs), MIPENZ a partner of Opus International Consultants Limited.

A fair value assessment was performed over the Council's infrastructural assets as at 30 June 2012. The assessment indicated that there has not been any material movement from the last valuation completed in June 2011. Infrastructural assets continue to be carried at the 2011 valuation plus movements due to additions, disposals, impairment and depreciation.

Land under roads

Land under roads is valued based on fair value of adjacent land determined by the Council's finance staff effective 30 June 2005. Land under roads is not subsequently revalued.

Accounting for revaluations

The Council accounts for revaluations of property, plant and equipment on a class by class basis.

The results of revaluing are credited or debited to other comprehensive income and accumulated in an asset revaluation reserve for that class of asset for the Council and for each asset for Sicon Ferguson Limited. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed and recognised in the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive income.

Joint ventures

A joint venture is a contractual arrangement which involves two or more parties who undertake an economic activity subject to joint control. A jointly controlled entity involves the establishment of a corporation, partnership or other entity where each venturer has an interest. The venturers contribute cash or other resources to the jointly controlled entity and the contributions are recognised in the venturer's financial statements as an investment in a jointly controlled entity. Sicon Ferguson Limited accounts for its interest in jointly controlled entities using the equity method where the initial investment is recognised at cost. The carrying amount is increased or decreased to recognise the venturer's share of profit or loss. If the share of losses exceeds the interest in the joint venture, the share of further losses is not recognised.

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 surplus or deficit.

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

Non-current assets (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 disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

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, the Council measures all investment property at fair value as determined annually by an independent valuer. The most recent valuations were performed by S E J Newberry B Com (VPM) SPINZ (ANZIV) Registered Valuer of Ford Baker Limited and the valuations are effective as at 30 June 2012.

The fair value of investment property has been determined by reference to the capitalisation of rental income, discounted cash flows and comparable sales methods. These valuations use assumptions including future rental income, anticipated costs and appropriate discount rates.

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

Development property

Development properties are properties that are being developed for sale. Development properties are measured at the lower of cost and net realisable value. They are transferred to non-current assets held for sale once they are ready 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 2013 by Terry O'Neill, Qualified Forester.

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 surplus or deficit. The costs to maintain the forestry assets are recognised in the surplus or deficit.

Intangible assets

Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the acquisition over the 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 the 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 surplus or deficit.

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

Asset class	Useful life	Annual amortisation rate
Selwyn District Council	4 years	25%
Sicon Ferguson Limited	3 years	33%

Mining Licences

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

Amortisation

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

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

The useful lives and associated amortisation rate for mining licences have been estimated as follows:

Asset class	Useful life	Annual amortisation rate
Haast	33 years	3.0%
Paringa	31.42 years	3.2%
Caravan Knob	39.33 years	2.5%
Whataroa	31.42 years	3.2%

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 surplus or deficit.

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

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

For assets not carried at a revalued amount (other than goodwill), the reversal of impairment loss is recognised in the surplus or deficit.

Goods and services tax (GST)

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 Inland Revenue Department, 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.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are initially measured at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest method.

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

Employee benefits

Short-term benefits

Employee benefits that the Council expects 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.

The Council recognises 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 the Council anticipates it will be used by staff to cover those future absences.

The Council recognises 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.

Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

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

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

Provisions

The Council recognises 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 surplus or deficit as a time value adjustment.

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

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

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 the Council.

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

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

The 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.

Finance leases as lessee

At the commencement of the lease term the 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 the 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.

Finance leases as lessor

The Council recognises a receivable equal to the net investment in the lease. Lease payments are allocated between principal repayments and finance income, based on the interest rate implicit in the lease.

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/Long Term Plan (LTP). The budget figures have been prepared in accordance with NZ GAAP using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

Cost allocation

The Council has derived the cost of service for each significant activity of the 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 the 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:

The impact of the Canterbury earthquakes

In accounting for the impact of earthquakes the Council has made estimates and assumptions based on the best available 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.

Other financial assets – fair value through other comprehensive income

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. Experienced valuers perform the valuation of the Council's investments.

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 which are underground. This risk is minimised by the Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset.
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated.
- The possible impact of the Canterbury earthquakes.

These estimates can be affected by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Selwyn District Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. 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.

The Selwyn District Council has no evidence that the Canterbury earthquakes of 2010 and 2011 have impacted on the remaining use of lives of assets and no adjustment has been made as a result of the earthquakes. It is possible that information will come to light at a later date that will change this assumption.

Experienced independent valuers perform Selwyn District Council's infrastructural asset revaluations.

Provisions

Note 26 comments on the exposure of the Selwyn District Council in relation to weather tightness claims.

Financials – notes to the financial statements

Note 1: Summary of cost of service

	Council 2013 \$000	Council Budget \$000	Council 2012 \$000
Income			
Democracy	534	475	491
Community facilities	14,832	11,070	8,894
Community services	511	237	347
Environmental services	5,615	3,812	4,488
Transportation	5,984	5,214	6,676
Solid waste management	5,041	4,788	4,609
Community water supplies	5,111	3,772	4,629
Community waste water supplies	9,608	6,810	9,650
Stormwater	703	642	-
Water races and land drainage	1,813	1,718	1,757
Izone southern business hub	9,734	11,003	4,239
Total activity income	59,486	49,541	45,780
General rates	10,696	10,686	9,873
Rates penalties	243	171	221
Other corporate revenue	19,842	7,470	12,743
Vested assets	13,838	10,807	12,948
Total income	104,105	78,675	81,565
Expenditure			
Democracy	2,931	3,078	2,916
Community facilities	12,999	13,456	10,124
Community services	2,335	2,547	2,072
Environmental services	8,130	7,628	7,239
Transportation	16,514	16,432	17,000
Solid waste management	4,994	4,695	4,272
Community water supplies	5,144	5,951	4,559
Community waste water supplies	9,140	9,742	7,476
Stormwater	869	1,516	613
Water races and land drainage	1,949	2,648	1,876
Izone southern business hub	2,072	2,690	2,722
Other corporate expenditure	395	1,469	7,209
Total activity expenditure	67,472	71,852	68,078
Total operating expenditure	67,472	71,852	68,078

Each significant activity includes targeted rates attributable to a particular activity (refer Note 2). Other corporate revenue includes income sources, which are not directly attributable to a significant activity, for example dividends, interest and insurance proceeds. Other corporate expenditure includes expenditure sources, which are not directly attributable to a significant activity, for example, interest rate swap valuation movements and earthquake repair costs. Other corporate revenue and expenditure is included in the support services activity operating statement in Section 2 of the annual report. Significant income and expenditure variance explanations are included for each activity in Section 2 of the annual report (how we performed).

Note 2: Rates revenue

	Council Actual 2013 \$000	Council Actual 2012 \$000	Group Actual 2013 \$000	Group Actual 2012 \$000
General rates	10,696	9,873	10,691	9,851
Rates penalties	243	221	243	221
<i>Targeted rates:</i>				
Community facilities	4,823	4,232	4,823	4,232
Democracy	480	466	480	466
Earthquake targeted rate	-	1,989	-	1,989
Solid waste management	3,706	3,453	3,706	3,453
Community waste water supplies	3,239	2,820	3,239	2,820
Community water supplies	3,471	2,993	3,471	2,993
Stormwater	423	-	423	-
Water races and land drainage	1,544	1,531	1,544	1,531
Total rates, excluding targeted water supply rates	28,625	27,578	28,620	27,556

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of the Council for the year ended 30 June 2013 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council Actual 2013 \$000	Council Actual 2012 \$000	Group Actual 2013 \$000	Group Actual 2012 \$000
Rates, excluding targeted water supply rates	28,625	27,578	28,620	27,556
Targeted water supply rates	435	406	435	406
Total annual rates income	29,060	27,984	29,055	27,962

Rates remissions

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

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

A copy of the Council's 'Rates Remission Policy' is included in the Long Term Plan 2012/2022.

	Council Actual 2013 \$000	Council Actual 2012 \$000	Group Actual 2013 \$000	Group Actual 2012 \$000
Total gross rates, excluding targeted water supply rates	28,682	27,638	28,677	27,616
<i>Rates remissions:</i>				
Earthquake related remissions	20	23	20	23
Sports bodies	16	16	16	16
Churches	17	17	17	17
Other social and cultural organisations	4	4	4	4
Total remissions	57	60	57	60
Rates (net of remissions), excluding targeted water supply rates	28,625	27,578	28,620	27,556

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.

Note 3: Fees, charges and targeted rates for metered water

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Building consents	4,220	3,195	4,220	3,195
Connection and irrigation fees	335	263	335	263
Dog registration	320	306	320	306
Gravel royalties	89	105	-	-
Leases	389	395	307	313
Rental and hire charges	914	764	914	764
Rental income from investment properties	851	1,565	807	1,521
Resource consent fees	847	707	847	707
Targeted rates for water supply	435	406	435	406
Other fees and charges	3,671	2,488	3,671	2,532
Total fees, charges and targeted rates for metered water	12,071	10,194	11,856	10,007

Note 4: Subsidies and grants

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
New Zealand Transport Agency subsidy	4,852	5,712	4,852	5,712
Selwyn Aquatic Centre grants	1,192	-	1,192	-
Other subsidies and grants	676	460	676	460
Total subsidies and grants	6,720	6,172	6,720	6,172

Selwyn Aquatic Centre grants revenue includes \$680,000 received from the Lottery Grants Board, \$300,000 received from the Southern Trust, and \$100,000 received from the Canterbury Community Trust.

There are no unfilled conditions and other contingencies attached to subsidies and grants recognised (2012: \$nil).

Note 5: Other revenue

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Dividend revenue	15,767	4,494	3,782	4,289
Earthquake insurance recoveries	796	3,387	796	3,387
Interest revenue	898	583	1,431	1,120
Petroleum tax	176	155	176	155
Vested assets	13,838	12,948	13,838	12,948
Other income - Council	309	1,802	309	1,727
Other trading income - Sicon Ferguson Limited	-	-	39,553	23,262
Other trading income - Ferguson Brothers Limited	-	-	-	9,391
Total other revenue	31,784	23,369	59,885	56,279

Note 6: Other gains

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Gain on disposal of property held for sale	11,068	3,764	11,068	3,764
Gain on changes in fair value of forestry	214	-	214	-
Gain on fair value of derivatives	25	92	25	92
Gain on disposal of investment property	83	-	83	-
Gain on disposal of property, plant and equipment	229	-	229	-
Gain on changes in fair value of investment property (Note 19)	830	187	785	187
Other gains	-	-	1,107	6
Total gains	12,449	4,043	13,511	4,049

Note 7: Employee benefit expenses

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Salaries and wages	11,654	11,414	26,264	26,536
Employer contributions to superannuation plans	139	138	381	357
Employer contributions to other plans & benefits	-	-	17	55
Increase / (decrease) in employee liabilities	9	(105)	472	(925)
Total employee benefit expenses	11,802	11,447	27,134	26,023

Employer contributions to superannuation plans include contributions to KiwiSaver and the National Provident Fund.

Council employee numbers and remuneration

	Council 30 June 2013
<i>Number of employees receiving total annual remuneration:</i>	
Less than \$60,000	144
\$60,001 - \$80,000	38
\$80,001 - \$100,000	25
\$100,001 - \$120,000	6
\$140,001 - \$180,000	6
\$180,001 - \$220,000	2
Number of employees employed by Selwyn District Council	221

	Council 30 June 2012
<i>Number of employees receiving total annual remuneration:</i>	
Less than \$60,000	105
\$60,001 - \$80,000	36
\$80,001 - \$100,000	19
\$100,001 - \$140,000	6
\$140,001 - \$280,000	5
Number of employees employed by Selwyn District Council	171

At balance date, the Council employed 144 (2012: 124) full-time employees, with the balance of staff representing 37 (2012: 29) full-time equivalent employees. A full-time employee is determined on the basis of a minimum of a 37.5 hour working week. Total remuneration includes non-financial benefits provided to employees.

Note 8: Depreciation and amortisation

Depreciation and amortisation by group of activity

	Council 2013 \$000	Council Budget \$000	Council 2012 \$000
<i>Directly attributable depreciation and amortisation expense by group of activity:</i>			
Community facilities	2,043	2,374	1,910
Community services	195	231	198
Environmental services	45	45	61
Transportation	9,955	9,838	9,702
Solid waste management	162	166	161
Water supply	2,306	2,379	2,239
Wastewater	3,695	4,064	3,099
Stormwater	418	655	383
Water races and land drainage	448	528	447
Izone southern business hub	19	15	15
Internal Council services	294	370	309
Total depreciation and amortisation	19,580	20,665	18,524

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Operational assets (Note 21a and 21b)	2,537	2,449	5,271	5,369
Infrastructural assets (Note 21c)	16,985	16,029	16,985	16,029
Intangible assets (Note 23)	58	46	85	90
Total depreciation and amortisation	19,580	18,524	22,341	21,488
Depreciation and amortisation relating to continuing operations	19,580	18,524	22,341	21,488
Total depreciation and amortisation	19,580	18,524	22,341	21,488

Note 9: Other expenses

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
<i>Fees to auditors:</i>				
- fees to Audit New Zealand for audit of the financial statements	105	109	197	236
- fees to Audit New Zealand for other services	9	7	9	7
- fees to Audit New Zealand for audit of amendment to the 2012 - 2022 LTP	4	-	4	-
- fees to Audit New Zealand for audit of the 2012 - 2022 LTP	-	75	-	75
Bad debts written off	17	213	53	213
Cost of sales - materials	-	-	-	8
Directors' and members' remuneration	526	505	675	712
Grants	145	125	145	125
Impairment of trade receivables	23	16	23	16
Impairment of other financial assets	53	58	53	58
Loss on changes in fair value of forestry (Note 20)	-	126	-	126
Loss on disposal of assets	1,386	53	1,386	101
Minimum lease payments under operating leases	156	119	1,044	1,135
Refuse contract payments	1,914	1,566	1,914	1,566
Refuse transfer station operations	2,861	2,577	2,861	2,577
Roading	6,559	7,328	6,559	7,328
Valuation services	155	167	155	167
Other operating expenses	19,139	17,738	38,591	32,361
Total other expenses	33,052	30,782	53,669	46,811

The fees paid to Audit New Zealand for other services were for audit fees paid by the Council on behalf of subsidiary entities.

Note 10: Finance costs

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Interest expense				
- interest on bank overdraft	-	-	-	531
- interest on bank borrowings	4,982	3,882	5,314	3,882
- interest on finance leases	-	-	5	47
Revaluation of interest rate swap	(1,944)	3,443	(1,944)	3,280
Total finance costs	3,038	7,325	3,375	7,740

Note 11: Income taxation

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Relationship between taxation expense and accounting profit				
Surplus / (deficit) before tax continuing activities	36,633	13,488	26,529	12,211
Surplus / (deficit) before tax discontinued activities	-	-	2,175	2,274
Taxation at 28%	10,257	3,777	8,037	4,056
Plus / (less) tax effect of:				
Permanent adjustments	(10,205)	(3,726)	(2,166)	(3,774)
Prior year adjustment	(49)	(95)	24	(70)
De-recognition of future income taxation benefit	-	-	(69)	(110)
De-recognition of taxation losses to carry forward	-	-	-	483
Capital gain on Selwyn Plantation Board Limited realisation	-	-	(4,313)	-
Recognition of prior year losses	(56)	-	(1,135)	-
Taxation expense	(53)	(44)	378	585
Components of tax expense				
Current taxation expense	-	49	313	2,932
Prior year adjustments	(49)	(95)	24	(70)
Deferred taxation expense	(4)	2	42	(2,277)
Change in taxation rate	-	-	-	-
Taxation expense	(53)	(44)	379	585
Taxation expense attributable to:				
Continuing operations	(53)	(44)	68	4
Discontinued operation	-	-	311	581
Total taxation expense / (benefit)	(53)	(44)	379	585
Amounts charged directly to other comprehensive income				
Deferred income taxation	18	-	18	-
Total	18	-	18	-
Taxation receivable / (provision)				
Opening balance 1 July	(49)	(46)	1,312	4,139
Less: current taxation expense	-	(49)	(313)	(2,932)
Less: taxation refund	-	(48)	-	(48)
Prior period adjustments	49	94	51	94
Plus: taxation paid	-	-	2	59
SPBL's current year tax during liquidation	-	-	(992)	-
Taxation receivable / (provision)	-	(49)	60	1,312

Deferred taxation assets / (liabilities)

	Opening Balance 1 July 2012 \$000	Charged to Surplus \$000	Charged to other comp- rehensive income \$000	Liquidation of SPBL \$000	Closing Balance 30 June 2013 \$000
Parent					
Deferred tax liabilities					
Investment property	(131)	(2)	-	-	(133)
Property, plant & equipment	(74)	6	(18)	-	(86)
Deferred taxation liabilities	(205)	4	(18)	-	(219)
Deferred tax assets					
Trade and other payables	-	-	-	-	-
Employee benefits and other accruals	-	-	-	-	-
Deferred taxation assets	-	-	-	-	-
Net deferred taxation balance	(205)	4	(18)	-	(219)

	Opening Balance 1 July 2011 \$000	Charged to Surplus \$000	Charged to other comp- rehensive income \$000	Amalgamation \$000	Closing Balance 30 June 2012 \$000
Parent					
Deferred taxation liabilities					
Investment property	(129)	(2)	-	-	(131)
Property, plant & equipment	(73)	(1)	-	-	(74)
Deferred taxation liabilities	(202)	(3)	-	-	(205)
Deferred taxation assets					
Trade and other payables	-	-	-	-	-
Employee benefits and other accruals	-	-	-	-	-
Deferred taxation assets	-	-	-	-	-
Net deferred taxation balance	(202)	(3)	-	-	(205)

	Opening Balance 1 July 2012	Charged to Surplus	Charged to other comp- rehensive income	Liquidation of SPBL	Closing Balance 30 June 2013
	\$000	\$000	\$000	\$000	\$000
Group					
Deferred tax liabilities					
Property, plant & equipment	(438)	(291)	(18)	529	(218)
Trade and other receivables	(171)	(25)	-	-	(196)
Deferred taxation liabilities	(609)	(316)	(18)	529	(414)
Deferred tax assets					
Property, plant & equipment	-	315	-	-	315
Trade and other payables	69	16	-	-	85
Interest rate swap	25	(25)	-	-	-
Employee benefits and other accruals	388	(102)	-	(24)	262
Derecognition of other temporary differences	(585)	119	-	-	(466)
Benefit of tax losses (future income tax benefits)	124	(124)	-	-	-
Deferred taxation assets	21	199	-	(24)	196
Net deferred taxation	(588)	(117)	(18)	505	(218)
<i>Deferred taxation attributable to:</i>					
Continuing operations					(218)
Discontinued operation					-
Net deferred tax balance					(218)

	Opening Balance 1 July 2011	Charged to Surplus	Charged to other comp- rehensive income	Amalgamation	Closing Balance 30 June 2012
	\$000	\$000	\$000	\$000	\$000
Group					
Deferred taxation liabilities					
Property, plant & equipment	(5,773)	5,335	-	-	(438)
Trade and other receivables	(143)	(7)	-	(21)	(171)
Deferred taxation liabilities	(5,916)	5,328	-	(21)	(609)
Deferred tax assets					
Trade and other payables	233	(167)	-	3	69
Interest rate swap	53	(46)	-	18	25
Employee benefits and other accruals	254	49	-	85	388
Derecognition of other temporary differences	(611)	111	-	(85)	(585)
Benefit of tax losses (future income tax benefits)	3,206	(3,082)	-	-	124
Deferred taxation assets	3,135	(3,134)	-	21	21
Net deferred taxation	(2,781)	2,194	-	-	(588)
<i>Deferred taxation attributable to:</i>					
Continuing operations					(84)
Discontinued operation					(504)
Net deferred taxation					(588)

In 2013 Sicon Ferguson Limited transferred tax losses of \$200,871 to Selwyn District Council.

In 2013 SIHL has utilised \$2,377,339 tax losses of Sicon Ferguson Limited to reduce SIHL's current tax expense to \$nil. In 2012 SIHL transferred tax losses of \$138,800 to Selwyn District Council.

Sicon Ferguson Limited losses carried forward have been de-recognised and deductible temporary differences have been de-recognised to the extent they exceed the balance of taxable temporary differences, on the basis that it is not probable that taxable profit will be available against which these deductible temporary differences and losses can be utilised. A deferred tax asset has not been recognised in relation to tax losses of \$3,672,000 (2012: \$7,905,000) and temporary differences of \$1,667,000 (2012: \$1,778,000).

Note 12: Cash and cash equivalents

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Cash at bank and on hand	3,524	7,816	4,205	10,141
Term deposits with maturities less than 3 months	5	10,505	5	10,505
Total cash and cash equivalents	3,529	18,321	4,210	20,646

The carrying value of cash at bank and term deposits with maturities less than three months approximates their fair value.

Cash, cash equivalents, and bank overdrafts include the following for the purposes of the statement of cash flows:

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Cash at bank and on hand	3,524	7,816	4,205	10,141
Term deposits with maturities less than 3 months	5	10,505	5	10,505
Bank overdrafts (Note 27)	-	-	(3)	(2,245)
Total	3,529	18,321	4,207	18,401

Note 13: Trade and other receivables

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Rates receivables	2,484	2,266	2,484	2,266
<i>Other receivables:</i>				
- Other	2,222	4,101	7,513	9,287
- Related party receivables (Note 36)	84	119	6	6
Community loans	148	165	148	165
Dividend receivable	985	3,209	-	-
Sundry receivables & prepayments	3,367	7,355	4,106	7,954
Gross trade and other receivables	9,290	17,215	14,257	19,678
Less: provision for impairment	(85)	(62)	(112)	(79)
Total trade and other receivables	9,205	17,153	14,145	19,599
Less: non - current community loans	(148)	(165)	(148)	(165)
Current portion	9,057	16,988	13,997	19,434

Community loans have been valued at amortised cost, which approximates the loan's fair value. The face value of community loans is \$174,000 (2012: \$191,000).

Fair value

Trade and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of trade and other receivables 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.

Impairment

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. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's 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.

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

The ageing profile of receivables at year end is detailed below:

	Gross 2013 \$000	Impairment 2013 \$000	Council Net 2013 \$000	Gross 2012 \$000	Impairment 2012 \$000	Council Net 2012 \$000
Not past due	1,413	-	1,413	3,061	-	3,061
Past due 1 - 30 days	133	-	133	250	-	250
Past due 31 - 60 days	273	-	273	27	-	27
Past due > 61 days	2,887	(85)	2,802	3,029	(62)	2,967
Total	4,706	(85)	4,621	6,367	(62)	6,305

	Gross 2013 \$000	Impairment 2013 \$000	Group Net 2013 \$000	Gross 2012 \$000	Impairment 2012 \$000	Group Net 2012 \$000
Not past due	6,039	-	6,039	6,126	-	6,126
Past due 1 - 30 days	526	-	526	1,284	-	1,284
Past due 31 - 60 days	515	-	515	338	-	338
Past due > 61 days	2,917	(112)	2,805	3,805	(79)	3,726
Total	9,997	(112)	9,885	11,553	(79)	11,474

As of 30 June 2013 and 2012, 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 past due or impaired.

All receivables greater than 30 days in age are considered to be past due.

The impairment provision has been calculated based on a review of the specific overdue receivables. Expected losses have been determined based on a review of specific receivables at balance date.

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Opening balance 1 July	(62)	(230)	(79)	(326)
Additional provisions made during the year	(40)	(45)	(54)	(45)
Receivables written-off during the period	17	213	21	292
Closing balance 30 June	(85)	(62)	(112)	(79)

Note 14: Derivative financial instruments

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Current asset portion				
Interest rate swaps - cash flow hedges	-	-	-	-
Total current asset portion	-	-	-	-
Non-current asset portion				
Interest rate swaps - cash flow hedges	-	-	-	-
Total non-current asset portion	-	-	-	-
Total derivative financial instrument assets	-	-	-	-
Current liability portion				
Interest rate swaps - cash flow hedges	686	1,041	686	1,068
Total current liability portion	686	1,041	686	1,068
Non-current liability portion				
Interest rate swaps - cash flow hedges	1,945	3,534	1,945	3,534
Total non-current liability portion	1,945	3,534	1,945	3,534
Total derivative financial instrument liabilities	2,631	4,575	2,631	4,602

Interest rate swaps

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

The notional principal amounts of the Council's interest rate swap contracts is \$63 million (2012: \$69 million) and for the group \$63 million (2012: \$73.5 million). As at 30 June, the Council's fixed interest rates of cash flow hedge interest rate swaps varied from 3.88% to 5.585% (2012: 3.88% to 5.98%) and the group rates varied from 3.485% to 5.585% (2012: 3.88% to 7.93%).

Note 15: Inventory and work in progress

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Gravel stocks	-	-	715	514
Other direct materials	-	-	236	319
Provision for writedown of stock	-	-	-	(64)
Work in progress	-	-	130	149
Total inventory and work in progress	-	-	1,081	918

There is no inventory pledged as security for liabilities (2012: \$nil), there is no inventory subject to retention of title clauses (2012:\$nil), nor has there been any write-down of inventory (2012: \$nil).

Note 16: Other financial assets

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Current portion				
<i>Loans and receivables</i>				
Term deposits with maturities of 4-12 months	11,000	-	41,219	12,000
Finance lease receivable	165	153	165	153
Total current loans and receivables	11,165	153	41,384	12,153
<i>Fair value through profit & loss</i>				
Interest rate swap	-	-	-	-
Unlisted shares - shareholding	-	-	-	-
Total current fair value through profit & loss	-	-	-	-
<i>Held to maturity</i>				
Government bonds	-	-	-	-
Total current held to maturity	-	-	-	-
Total current portion	11,165	153	41,384	12,153
Non - current portion				
<i>Fair value through profit & loss</i>				
Embedded derivatives - principal	958	933	958	933
Embedded derivatives - interest	-	-	-	-
Total non - current fair value through profit & loss	958	933	958	933
<i>Loans and receivables</i>				
Finance lease receivable	2,010	2,174	2,010	2,174
Central Plains Water Limited	4,053	2,291	4,053	2,291
Less: provision for impairment	(2,343)	(2,291)	(2,343)	(2,291)
Total non - current loans and receivables	3,720	2,174	3,720	2,174
<i>Fair value through other comprehensive income</i>				
Selwyn Investment Holdings Limited	110,722	113,245	-	-
Transwaste (Canterbury) Limited	1,500	1,500	1,500	1,500
Orion Group Limited	-	-	67,788	67,788
Local Government Funding Agency	747	520	747	520
Total non - current fair value through other comprehensive income	112,969	115,265	70,035	69,808
<i>Held to maturity</i>				
Government bonds	1,985	1,979	1,985	1,979
Total non - current held to maturity	1,985	1,979	1,985	1,979
Total non - current portion	119,632	120,351	76,698	74,894

Fair value

Term deposits

The carrying value of term deposits approximates their fair value.

Government bonds

Government bonds are recognised at amortised cost. The fair value of government bonds is \$2,949,000 (2012: \$2,912,000). Fair value has been determined using quoted market bid prices from independently sourced market information for government bond prices.

Selwyn Investment Holdings Limited (SIHL)

Selwyn Investment Holdings Limited (SIHL) has issued but uncalled capital of \$8,151,000 preference shares at 30 June 2013 (2012: \$8,151,000 preference shares).

Central Plains Water Limited loan (CPWL)

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 prior to the establishment of the company. Under the loan agreement, the loans are 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 28th February 2005. The extension was provided on the same terms and conditions as the original loan balance.

On 8 October 2009, the Council paid \$494,146 to Christchurch City Council to purchase its loan to Central Plains Water Limited. This loan is on the same terms and conditions as Selwyn District Council's original loan.

Interest on the loans has accrued from 25 October 2004, 28 February 2005 and 8 October 2009 for the respective loan balances at an annual rate being the then current interpolated 12 month Local Government Stock rates plus a margin of 50 basis points. Interest is calculated daily and paid in arrears. Interest is included as part of the outstanding amount and is not capitalised.

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 its loans into shares, the loans will be repaid in cash over an agreed period.

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

Provision for loan write-down

The Council has provided support to the Central Plains Water scheme in the form of suspensory loans to Central Plains Water Limited as described above. The Council has made a provision for the possible non-repayment of the loans 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 making this provision, has done so due to this being the appropriate technical accounting approach. The Council is supportive of this project, which has the potential to provide significant employment and economic benefits to the district.

The Council entered into a new loan agreement with Central Plains Water Limited on the 9th November 2012. The agreement allows for a further \$5 million to part fund the detailed design work required for stage one of the scheme, and will help the company secure funding from the Government's Irrigation Acceleration Fund. Central Plains Water Limited has indicated that these two funding sources, together with existing cash balances, will provide sufficient funds to progress the scheme through the design phase and up to the point of construction. The loan will be issued to Central Plains Water Limited in five tranches bringing the total to \$5 million when all key milestones in the loan agreement have been met. As at 30 June 2013 the company has drawn down \$1,710,000. Interest on the loan is capitalised into the loan principal. The loan is repayable on 30 June 2015 and is secured by a General Security Agreement over the assets of Central Plains Water Limited.

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 \$4.0 million of which the Council has a 3% shareholding.

Note 17: Property held for sale

The Council owned land on Byron Street adjacent to State Highway 1 and land held in Springfield has been presented as held for sale following the approval by the Council on 14 September 2011 and subsequent meetings to sell this land. The Council has approved the sale of this land, as it will provide no future use to the Council. The completion date of the sale is expected to be by 30 June 2014.

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Opening balance 1 July	8,727	7,932	15,267	43,172
Transfers from development property (Note 22)	10,241	2	10,241	2
Transfers from property, plant and equipment (Note 21)	777	-	2,377	2,755
Movements in fair value	-	1,971	-	1,124
Disposals	(5,453)	(1,178)	(11,993)	(31,786)
Total non - current assets held for sale	14,292	8,727	15,892	15,267
Assets held for sale consists of:				
<i>Izone Southern Business Hub</i>	11,544	6,756	11,544	6,756
<i>Land and buildings</i>	2,748	1,971	4,348	2,755
Total non - current assets held for sale	14,292	8,727	15,892	9,511
Discontinued operation				
Forestry	-	-	-	1,841
Property, plant and equipment	-	-	-	444
Farm land	-	-	-	3,471
Total discontinued operation	-	-	-	5,756
Total non - current assets held for sale	14,292	8,727	15,892	15,267

The accumulated revaluation reserve recognised in equity for property held for sale as at 30 June 2013 is \$437,000 (2012: \$nil).

Note 18: Investments in associates and joint ventures

Investments in associates

	2013 \$000	2012 \$000
Investment in Central Plains Water Trust at cost	-	-
Summarised financial information of associate presented on a gross basis:		
	2013 \$000	2012 \$000
Assets	30	21
Liabilities	21	12
Net assets	9	9
Revenue	44	44
Surplus / (deficit)	-	-
Group's interest	50%	50%
Share of associate's contingent liabilities incurred jointly with CCC	-	-
Contingent liabilities that arise because of several liability	-	-

Central Plains Water Trust is a Council Controlled Organisation, as defined by Section 6 of the Local Government Act 2002. The Trust is jointly controlled with Christchurch City Council.

Investments in joint ventures (Group)

Sicon Ferguson Limited (SFL) has entered into a joint venture arrangement with BG Contracting Limited to complete Stage 6 of the Izone industrial subdivision at Rolleston. The joint venture is a jointly controlled entity under NZ IAS 31. SFL has a 50% share of the joint venture and has accounted for this share using the equity method under NZ IAS 31. SFL's share of the profit for the year to 30 June 2013 was \$766,705 (2012: \$33,657) and the investment in the joint venture at 30 June 2013 was \$240,362 (2012: \$33,657). At 30 June 2013 SFL's share of the joint venture assets was \$510,434 (2012: \$95,088) and liabilities \$406,186 (2012: \$61,431). The joint venture's revenue for the year ended 30 June 2013 was \$12,674,672 (2012: \$201,913). There was no initial investment required. The joint venture has no contingent assets or liabilities.

SFL has entered into a joint venture arrangement with Geotech Limited to undertake demolition and other earthquake related work in Christchurch. The joint venture is a jointly controlled entity under NZ IAS 31. SFL has a 50% share of the joint venture and has accounted for this share using the equity method under NZ IAS 31. SFL's share of the profit and investment in the joint venture for the year to 30 June 2013 was \$70,000 (2012: \$nil). At 30 June 2013 SFL's share of the joint venture assets was \$209,458 (2012: \$nil) and liabilities \$139,458 (2012: \$nil). The joint venture's revenue for the year ended 30 June 2013 was \$780,826 (2012: \$nil). There was no initial investment required. The joint venture has no contingent assets or liabilities.

	Group 2013 \$000	Group 2012 \$000
Balance at 1 July	33,657	-
Recognised surplus	836,705	33,657
Distributions by joint ventures	(560,000)	-
Investment in joint venture	310,362	33,657

Note 19: Investment property

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Opening balance 1 July	10,925	20,646	10,360	20,081
Additions	-	6	-	6
Transfer from development property	-	86	-	86
Disposals	(730)	(10,000)	(730)	(10,000)
Fair value gains / (losses) on valuation (Note 6)	830	187	785	187
Closing balance 30 June	11,025	10,925	10,415	10,360

Investment properties are valued annually effective at 30 June to fair value in accordance with NZ IAS 40: Investment Property.

S Newberry, B.Com (VPM), SPINZ (ANZIV), an independent registered valuer from Ford Baker Valuations Limited, Christchurch, performed the most recent valuation. Ford Baker Valuations Limited is an experienced valuer with extensive market knowledge in the types and location of investment properties owned by the Selwyn District Council.

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

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Rental Income	851	1,565	807	1,521

Note 20: Forestry assets

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Opening balance 1 July	334	460	334	460
Gains / (losses) attributable to physical changes	17	23	17	23
Gains / (losses) attributable to change in fair value less costs to sell	197	(118)	197	(118)
Decreases due to harvest	-	(31)	-	(31)
Valuation at 30 June	548	334	548	334
Less: transfer to assets held for sale (Note 17)	-	-	-	-
Closing balance 30 June	548	334	548	334

The Council owns 115.7 hectares of pinus radiata forest, which are at varying stages of maturity ranging from 2 to 34 years.

Valuation assumptions

Independent registered valuer Terry O'Neill (B For Sc. MNZIF), has valued forestry assets as at 30 June 2013. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- a discount rate of 8.0% (2012: 8.0%) has been used in discounting the present value of expected cash flows;
- notional land rental costs have been included for freehold land;
- the forest has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis;
- no allowance for inflation has been provided; and
- costs are current average costs. No allowance has been made for cost improvements in future operations.

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

Note 21: Property, plant and equipment

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Operational assets (Note 21 a & b)	212,151	173,074	223,802	186,336
Infrastructural assets (Note 21 c)	920,900	884,415	920,900	884,415
Total property, plant and equipment	1,133,051	1,057,489	1,144,702	1,070,751

Valuation

Land

The most recent valuation of land and buildings was performed by S Newberry, B.Com (VPM), SPINZ (ANZIV), an independent registered valuer from Ford Baker Valuations Limited, Christchurch. The valuation is effective as at 30 June 2013.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Buildings

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

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

Infrastructural assets

Sewerage, water, stormwater, land drainage, water races and the Council's roading network assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method.

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset.
- Estimates of the remaining useful life over which the asset will be depreciated.

The roading network was last valued as at 30 June 2011 by Mike Trapper BE Elec, MPINZ who is a senior valuer with Beca Valuation Limited. Water sewerage, stormwater, land drainage and water race assets were last valued as at 30 June 2011 by John Vessey BE Civil, BA Econs Transitional Certificate Econs, MIPENZ a partner of Opus International Consultants Limited.

A fair value assessment was performed over the Council's infrastructural assets as at 30 June 2013. The assessment indicated that there has not been any material movement from the last valuation completed in June 2011. Infrastructural assets continue to be carried at the 2011 valuation plus movements due to additions, disposals, impairment and depreciation.

a. Operational Assets - Parent

	Land	Farm land	Buildings	Heritage Assets	Plant and Machinery	Library Books	Work in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount:								
Balance at 1 July 2011	110,417	4,087	44,914	357	13,131	2,182	2,842	177,930
Additions	5,157	-	800	-	1,154	158	3,778	11,047
Disposals	(355)	-	(482)	-	(203)	-	-	(1,040)
Impairment	-	-	(375)	-	-	-	-	(375)
Transfers	60	-	550	-	254	-	(864)	-
Transfers to assets held for sale	(1,971)	-	-	-	-	-	-	(1,971)
Balance at 30 June 2012	113,308	4,087	45,407	357	14,336	2,340	5,756	185,591
Additions	5,012	-	9,473	-	4,283	156	2,499	21,423
Disposals	(1,629)	-	(510)	-	(106)	-	-	(2,245)
Net revaluation increase / (decrease)	17,500	418	2,155	(292)	-	-	-	19,781
Transfers	371	-	3,825	-	113	-	(4,309)	-
Transfers to assets held for sale	(777)	-	-	-	-	-	-	(777)
Balance at 30 June 2013	133,785	4,505	60,350	65	18,626	2,496	3,946	223,773
Accumulated depreciation:								
Balance at 1 July 2011	-	-	(959)	(67)	(7,508)	(1,735)	-	(10,269)
Disposals	-	-	7	-	194	-	-	201
Depreciation expense	-	-	(1,135)	(14)	(1,087)	(213)	-	(2,449)
Balance at 30 June 2012	-	-	(2,087)	(81)	(8,401)	(1,948)	-	(12,517)
Disposals	-	-	-	-	106	-	-	106
Net adjustments on asset revaluation	-	-	3,231	95	-	-	-	3,326
Depreciation expense	-	-	(1,144)	(14)	(1,143)	(236)	-	(2,537)
Balance at 30 June 2013	-	-	-	-	(9,438)	(2,184)	-	(11,622)
Net carrying amount at 30 June 2012	113,308	4,087	43,320	276	5,935	392	5,756	173,074
Net carrying amount at 30 June 2013	133,785	4,505	60,350	65	9,188	312	3,946	212,151

b. Operational Assets - Group

	Land	Farm land	Buildings	Heritage Assets	Plant and Machinery	Library Books	Work in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount:								
Balance at 1 July 2011	109,871	4,087	47,006	357	42,865	2,182	2,842	209,210
Additions	5,781	-	884	-	4,885	158	3,778	15,486
Disposals	(355)	-	(592)	-	(2,110)	-	-	(3,057)
Impairment	-	-	(375)	-	-	-	-	(375)
Transfers	60	-	550	-	254	-	(864)	-
Transfers to assets held for sale	(2,667)	-	(88)	-	-	-	-	(2,755)
Balance at 30 June 2012	112,690	4,087	47,385	357	45,894	2,340	5,756	218,509
Additions	6,979	-	9,473	-	5,467	156	2,499	24,574
Disposals	(1,629)	-	(632)	-	(3,946)	-	-	(6,207)
Net revaluation increase / (decrease)	18,202	418	2,192	(292)	-	-	-	20,520
Transfers	371	-	3,825	-	113	-	(4,309)	-
Transfers to assets held for sale	(2,377)	-	-	-	-	-	-	(2,377)
Balance at 30 June 2013	134,236	4,505	62,243	65	47,528	2,496	3,946	255,019
Accumulated depreciation:								
Balance at 1 July 2011	-	-	(859)	(67)	(26,033)	(1,735)	-	(28,694)
Disposals	-	-	69	-	1,821	-	-	1,890
Net adjustments on asset revaluation	-	-	(1,254)	-	1,254	-	-	-
Depreciation expense	-	-	(1,179)	(14)	(3,963)	(213)	-	(5,369)
Balance at 30 June 2012	-	-	(3,223)	(81)	(26,921)	(1,948)	-	(32,173)
Disposals	-	-	117	-	2,806	-	-	2,923
Net adjustments on asset revaluation / transfers	-	-	3,209	95	-	-	-	3,304
Depreciation expense	-	-	(1,179)	(14)	(3,842)	(236)	-	(5,271)
Balance at 30 June 2013	-	-	(1,076)	-	(27,957)	(2,184)	-	(31,217)
Net carrying amount at 30 June 2012	112,690	4,087	44,162	276	18,973	392	5,756	186,336
Net carrying amount at 30 June 2013	134,236	4,505	61,167	65	19,571	312	3,946	223,802

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 2011	457,299	75,837	21,712	123,725	91,913	76,105	4,634	5,463	856,688
Additions	11,432	1,832	1,451	2,212	25	13	8	27,383	44,356
Disposal	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Net revaluation increase / (decrease)	-	-	-	-	-	-	-	-	-
Transfers	1,475	8	-	98	-	-	-	(1,581)	-
Balance at 30 June 2012	470,206	77,677	23,163	126,035	91,938	76,118	4,642	31,265	901,044
Additions	18,103	2,745	1,996	28,055	-	112	-	2,414	53,425
Disposal	-	-	-	-	-	-	(4)	-	(4)
Impairment	-	-	-	-	-	-	-	-	-
Net revaluation increase / (decrease)	-	-	-	-	-	-	(874)	-	(874)
Transfers	16	10	-	27,156	-	12	-	(27,194)	-
Balance at 30 June 2013	488,325	80,432	25,159	181,246	91,938	76,242	3,764	6,485	953,591
Accumulated depreciation:									
Balance at 1 July 2011	-	-	-	-	-	-	(600)	-	(600)
Net adjustments on asset revaluation	-	-	-	-	-	-	-	-	-
Depreciation expense	(9,702)	(2,238)	(382)	(3,099)	(31)	(416)	(161)	-	(16,029)
Balance at 30 June 2012	(9,702)	(2,238)	(382)	(3,099)	(31)	(416)	(761)	-	(16,629)
Net adjustments on asset revaluation	-	-	-	-	-	-	923	-	923
Depreciation expense	(9,955)	(2,306)	(418)	(3,695)	(32)	(417)	(162)	-	(16,985)
Balance at 30 June 2013	(19,657)	(4,544)	(800)	(6,794)	(63)	(833)	-	-	(32,691)
Net carrying amount at 30 June 2012	460,504	75,439	22,781	122,936	91,907	75,702	3,881	31,265	884,415
Net carrying amount at 30 June 2013	468,668	75,888	24,359	174,452	91,875	75,409	3,764	6,485	920,900

Note 22: Development property

Property is classified as development property where work is being completed by the Council to prepare the land for future sale. Once the property has been developed for sale and is being actively marketed, it is reclassified as property held for sale.

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Opening balance 1 July	7,551	7,218	7,551	7,218
Additions	5,889	421	5,889	421
Transfers to assets held for sale (Note 17)	(10,241)	(2)	(10,241)	(2)
Transfers to investment property (Note 19)	-	(86)	-	(86)
Total development property	3,199	7,551	3,199	7,551
<i>Development property consists of:</i>				
Izone Southern Business Hub	3,199	7,551	3,199	7,551
Total development property	3,199	7,551	3,199	7,551

Note 23: Intangible assets

	Council Computer Software \$000	Group Computer Software \$000	Group Mining \$000	Group Goodwill \$000	Group Total \$000
Opening cost at 1 July 2012	729	1,167	508	2,396	4,071
Accumulated amortisation / impairment	(566)	(987)	(73)	(2,396)	(3,456)
Opening balance at 1 July 2012	163	180	435	-	615
Additions	220	222	43	-	265
Amortisation charge	(58)	(68)	(17)	-	(85)
Impairment	-	-	-	-	-
Disposals	-	(5)	(125)	-	(130)
Discontinued operation	-	-	-	-	-
Closing balance at 30 June 2013	325	329	336	-	665
Closing cost at 30 June 2013	949	1,384	426	2,396	4,206
Accumulated amortisation / impairment	(624)	(1,055)	(90)	(2,396)	(3,541)
Closing balance at 30 June 2013	325	329	336	-	665

	Council Computer Software \$000	Group Computer Software \$000	Group Mining \$000	Group Goodwill \$000	Group Total \$000
Opening Cost at 1 July 2011	660	1,082	508	2,396	3,986
Accumulated amortisation / impairment	(520)	(913)	(57)	(2,396)	(3,366)
Opening balance at 1 July 2011	140	169	451	-	620
Additions	69	91	-	-	91
Amortisation charge	(46)	(74)	(16)	-	(90)
Disposals	-	(6)	-	-	(6)
Closing balance at 30 June 2012	163	180	435	-	615
Closing cost at 30 June 2012	729	1,167	508	2,396	4,071
Accumulated amortisation / impairment	(566)	(987)	(73)	(2,396)	(3,456)
Closing balance at 30 June 2012	163	180	435	-	615

Note 24: Trade and other payables

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Trade payables	5,783	7,033	8,988	9,537
Deposits, retentions and accrued expenses	6,073	4,792	6,073	4,792
Amounts due to related parties	966	970	-	-
Rates in advance	262	238	262	238
Total trade and other payables	13,084	13,033	15,323	14,567

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.

Note 25: Employee benefit liabilities

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Accrued wages and salaries	230	207	1,324	691
Annual leave	632	659	1,504	1,616
Provision for long service leave	108	95	130	153
Provision for retirement gratuities	-	-	15	39
Provision for sick leave	12	12	38	40
Total employee benefit liabilities	982	973	3,011	2,539
<i>Comprising:</i>				
Current	874	878	2,887	2,364
Non - current	108	95	124	175
Total employee benefit liabilities	982	973	3,011	2,539

Note 26: Other provisions

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Current portion				
Bankside depot	-	-	-	96
Discontinued operation	-	-	-	(96)
Maintenance provision	-	-	50	33
Provision for refund	2,556	-	2,556	-
Weathertightness	50	50	50	50
Total current provisions	2,606	50	2,656	83
Non-current portion				
Landfill provision	386	383	386	383
Total non-current provisions	386	383	386	383

Council and group	Provision for refund \$000	Weather- tightness \$000	Landfill \$000	Maintenance provision \$000	Bankside depot \$000
2013					
Opening balance 1 July	-	50	383	33	96
Additional provisions made during the year	2,556	14	3	50	-
Amounts used during the year	-	(14)	-	(33)	(96)
Closing balance 30 June	2,556	50	386	50	-
2012					
Opening balance 1 July	-	340	379	368	17
Additional provisions made during the year	-	-	4	27	95
Amounts used during the year	-	(290)	-	(362)	(16)
Closing balance 30 June	-	50	383	33	96

Council

Provision for refund

As at October 2013, the Council is consulting on an amendment to its development contributions policy in relation to the Eastern Selwyn Sewerage Scheme. The Council has a commitment to refund the difference between the current charge and any revised charge that is adopted as a result of the amendment.

Weather tightness

The Council is aware of six potential claims in relation to the weathertightness of homes in the area. A provision has been made for the claims where reliable estimate of the potential cost to the Council can be made. Where it is not possible to make a reliable estimate, no provision has been recognised.

Landfill

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 in the year ended 30 June 2002. With the adoption of NZIFRS, the landfill provision was reclassified as a non-current provision with no expenditure being charged against the provision in 2013 (2012: \$nil).

Group

Maintenance provision

In general, Sicon Ferguson Limited 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. The maintenance provision as at 30 June 2013 is \$50,000 (2012: 33,000).

Note 27: Borrowings

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Current				
Bank overdraft and flexible credit facilities	-	-	3	2,245
Secured loans	19,969	15,052	20,132	15,340
Finance lease liabilities	-	-	18	90
Total current borrowings	19,969	15,052	20,153	17,675
Non-current				
Secured loans	70,126	68,179	72,963	74,516
Finance lease liabilities	-	-	-	19
Total non - current borrowings	70,126	68,179	72,963	74,535

Council

Secured loans

The Council's secured borrowings of \$90.1 million (2012: \$83.2 million) include floating rate borrowings of \$78.9 million and fixed borrowings of \$11.2 million. For the floating rate borrowings, the interest rate is set quarterly based on the 90 day bank bill rate plus a margin for credit risk. The interest rates for fixed rate borrowings range from 6.74% to 6.92%.

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

The total amount of the borrowings approximates its fair value.

Internal borrowings

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

Movements in internal borrowings are as follows:

	Opening balance \$000	Repayment of borrowings \$000	Closing balance \$000	Interest on borrowings \$000
Community facilities				
Arthurs Pass Public Toilet 25 Year Loan Reserve	834	(25)	809	50
Darfield Swimming Pool 15 Year Loan Reserve	97	(18)	79	6
Greendale Building/Pavillion Upgrade Loan Reserve	114	(14)	100	4
Halkett Community Centre 25 Year Loan Reserve	61	(4)	57	4
Kirwee Pavillion/Hall Reserve Loan Reserve	119	-	119	-
Rolleston Community Centre 20 Year Rating Loan Reserve	141	(21)	120	2
	1,366	(82)	1,284	66

Sicon Ferguson Limited

Composite banking facility

The company has a composite facility with the ANZ Bank New Zealand Limited that includes overdraft, commercial flexi and flexible credit facilities. The facility has a limit of \$4,000,000 apportioned between the facilities and is "on demand" which is the standard term for the bank's working capital facilities. Fees of 0.5% p.a. are charged on the facility and are payable quarterly. Interest is charged at the Business Bank Indicator Rate (BBIR) plus various margins. The interest rates applicable on 30 June 2013 were overdraft facility 9.6% and the commercial flexi facility 5.62%.

Term facility

The flexible rate term loan facility has a limit of \$3,000,000 and is interest only until March 2014. It is then repayable by monthly instalments of \$54,200. Interest is paid monthly and is charged at the bank reference rate plus a margin of 2.45%. The termination date of this facility is 30 March 2016.

Security

The ANZ Bank New Zealand Limited has registered first ranking security agreement over the present and after acquired property of the company. This is a security interest over all present and future assets and undertaking (including goodwill) of the company.

The ANZ Bank New Zealand Limited has a registered first ranking mortgage over land owned by the company situated at 1028 State Highway 6, Taramakau.

Analysis of finance lease

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Present value of minimum lease payments payable				
Not later than one year	-	-	20	90
Later than one year but not later than five years	-	-	-	19
Later than five years	-	-	-	-
Total present value of minimum lease payments	-	-	20	109
<i>Represented by:</i>				
Current	-	-	20	90
Non-current	-	-	-	19
Total finance leases	-	-	20	109
Total minimum lease payments payable				
Not later than one year	-	-	20	95
Later than one year but not later than five years	-	-	-	20
Later than five years	-	-	-	-
Total minimum lease payments	-	-	20	115
Less: future finance charges	-	-	(1)	(6)
Present value of minimum lease payments	-	-	19	109

Sicon Ferguson Limited

Finance leases

The company has entered into finance leases for various items of plant and equipment. The net carrying amount of the leased items is included under property, plant and equipment. No restrictions are placed on the company by any finance leasing arrangements.

Note 28: General funds				
	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Opening balance 1 July	563,400	553,962	606,601	596,674
<i>Transfers to:</i>				
Special funds	(27,228)	(20,901)	(27,228)	(20,901)
<i>Transfers from:</i>				
Revaluation reserve on disposal of property, plant and equipment	1,496	(122)	(7,318)	941
Special funds	14,135	16,929	14,135	16,929
Surplus for the year attributable to parent	36,686	13,532	27,592	12,958
Closing balance 30 June	588,489	563,400	613,782	606,601

Note 29: Fair value through other comprehensive income reserve

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Opening balance 1 July	56,200	56,106	27,410	27,410
Valuation gains / (losses) to other comprehensive income	(2,524)	94	-	-
Closing balance 30 June	53,676	56,200	27,410	27,410
<i>Represented by:</i>				
Selwyn Investment Holdings Limited	52,656	55,180	-	-
Transwaste Limited	1,020	1,020	1,020	1,020
Orion Group Limited	-	-	26,390	26,390
Closing balance 30 June	53,676	56,200	27,410	27,410

Note 30: Special funds

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Opening balance 1 July	37,770	33,798	37,770	33,798
Transfers to general funds	(14,135)	(16,929)	(14,135)	(16,929)
Transfers from general funds	27,228	20,901	27,228	20,901
Closing balance 30 June	50,863	37,770	50,863	37,770

Section 31 of Schedule 10 of the Local Government Act 2002 prescribes disclosures for reserve funds. A reserve fund is defined by the aforementioned act as money set aside by a local authority for a specific purpose. Reserve funds include amounts collected by targeted rates, development and financial contributions, lump sum contributions and internal borrowings within Council.

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

	Purpose of reserve fund	Opening 1 July 2012 \$'000	Deposits \$'000	Withdrawals \$'000	Closing 30 June 2013 \$'000
5 Waters					
Armack Drive Capital Injection Special Fund	D	-	-	-	-
Armack Drive Water Supply Renewal Reserve	B	(12)	1	-	(11)
Armack Drive Water Supply Special Fund	D	-	8	-	8
Arthurs Pass Sewerage Renewal Reserve	B	17	10	-	27
Arthurs Pass Water Supply Equipment Reserve	D	-	-	-	-
Arthurs Pass Water Supply Holding Capacity	D	(16)	-	-	(16)
Arthurs Pass Water Supply Renewal Reserve	B	21	24	-	45
Bealey River River Protection Reserve	D	21	-	-	21
Branthwaite Drive Water Supply Renewal Reserve	B	20	2	-	22
Branthwaite Drive Water Supply Reserve	A	24	1	-	25
Burnham Water Supply Renewal Reserve	B	8	11	-	19
Burnham Water Supply Reserve	A	23	1	-	24
Castle Hill Sewerage Renewal Reserve	B	12	31	-	43
Castle Hill Sewerage Reserve	A	6	-	(6)	-
Castle Hill Water Supply Renewal Reserve	B	14	81	(1)	94
Castle Hill Water Supply Reserve	A	2	-	-	2
Darfield Water Supply Capital Rate Reserve	A	417	294	(1,436)	(725)
Darfield Water Supply Renewal Reserve	B	822	245	(31)	1,036
Darfield Water Supply Water Quality Upgrade	C	600	13	(44)	569
District Holding Capacity	D	(83)	-	-	(83)
Doyleston Holding Capacity	D	(45)	45	-	-
Doyleston Sewerage Renewal Reserve	B	(10)	14	-	4
Doyleston Sewerage Reserve	A	166	12	(5)	173
Doyleston Water Supply Capital Contribution Reserve	A	162	5	(42)	125
Doyleston Water Supply Renewal Reserve	B	38	17	-	55
Dunsandel Water Supply Renewal Reserve	B	31	29	(6)	54
Dunsandel Water Supply Reserve	A	62	2	(2)	62
Edendale Water Supply Renewal Reserve	B	16	1	(4)	13
Edendale Water Supply Reserve	A	58	2	-	60
Ellesmere Sewerage Renewal Reserve	B	(6)	117	-	111
Ellesmere Water Race Renewal Reserve	B	(2)	8	-	6
ESSS Sewerage Contribution Reserve	D	6,070	-	(6,070)	-
ESSS Sewerage Contribution Renewal Reserve	B	-	129	-	129
Greenpark Land Drainage Reserve	A	19	-	-	19
Hororata River Land Drainage Reserve	A	14	1	-	15
Irwell Land Drainage Reserve	A	1	-	-	1
Johnson Road Capital Injection Special Fund	C	6	-	-	6
Johnson Road Water Supply Reserve	A	29	1	-	30
Johnston Road Water Supply Renewal Reserve	B	20	6	-	26
Jowers Road Water Supply Equipment Reserve	A	6	-	-	6
Jowers Road Water Supply Renewal Reserve	B	9	7	-	16
Kirwee Water Supply Equipment Reserve	A	407	48	(6)	449
Kirwee Water Supply Renewal Reserve	B	118	98	(4)	212
L2 River Land Drainage De-silting Reserve from Surpluses	C	94	3	-	97
L2 River Land Drainage Machinery Reserve from Surpluses	C	251	8	-	259
Lake Coleridge Quality Upgrade Special Reserve	C	84	19	-	103

	Purpose of reserve fund	Opening 1 July 2012 \$'000	Deposits \$'000	Withdrawals \$'000	Closing 30 June 2013 \$'000
Lake Coleridge Sewerage Electricorp Payment Reserve	C	48	2	-	50
Lake Coleridge Sewerage Renewal Reserve	B	119	57	-	176
Lake Coleridge Water Supply Renewal Reserve	B	2	20	-	22
Lake Coleridge Water Supply Reserve	A	2	-	-	2
Leeston Land Drainage Reserve	C	-	12	-	12
Leeston Sewerage Holding Capacity Reserve	D	(390)	298	-	(92)
Leeston Sewerage Renewal Reserve	B	210	455	-	665
Leeston Sewerage Reserve	A	(104)	104	-	-
Leeston Sewerage to Record Surpluses	C	42	1	(33)	10
Leeston Stormwater Reserve	A	78	1	(42)	37
Leeston Water Supply Renewal Reserve	B	130	100	-	230
Leeston Water Supply Reserve	A	600	139	(104)	635
Lincoln Sewerage Pipeline Reserve	C	324	10	-	334
Lincoln Sewerage Renewal Reserve	B	108	265	(6)	367
Lincoln Sewerage Reserve	A	939	27	(114)	852
Lincoln Stormwater Renewal Reserve	B	-	3	-	3
Lincoln Water Supply Renewal Reserve	B	65	96	(7)	154
Lincoln Water Supply Reserve	A	883	40	-	923
Malvern Area Water Race Renewal Reserve	B	9	46	-	55
Malvern Area Water Race Reserve	A	-	-	-	-
Malvern Hills Rural Water Supply Renewal Reserve	B	97	154	(4)	247
Malvern Hills Rural Water Supply Reserve	A	386	36	-	422
Osbourne Land Drainage Reserve	A	11	-	-	11
Osbourne Land Drainage Renewal Reserve	B	(24)	10	-	(14)
Paparua Water Race Renewal Reserve	B	-	43	-	43
Prebbleton Sewerage Renewal Reserve	B	6	41	-	47
Prebbleton Sewerage Reserve	A	249	1,411	(1,130)	530
Prebbleton Stormwater Renewal Reserve	B	-	3	-	3
Prebbleton Water Supply Renewal Reserve	B	229	118	(143)	204
Prebbleton Water Supply Reserve	A	1,425	279	(36)	1,668
Prebbleton/Kingcraft Drive Water Supply Holding Capacity Reserve	D	(67)	235	(168)	-
Rakaia Huts Water Supply Renewal Reserve	B	13	16	-	29
Rakaia Huts Water Supply Reserve	A	33	1	-	34
Raven Drive Water Supply Renewal Reserve	B	15	7	-	22
Raven Drive Water Supply Special Reserve	C	-	-	-	-
Rolleston Sewerage Helpet Reserve	C	25	90	(54)	61
Rolleston Sewerage Renewal Reserve	B	171	42	-	213
Rolleston Sewerage Reserve	A	685	62	(65)	682
Rolleston Stormwater Renewal Reserve	B	-	16	-	16
Rolleston Water Supply Renewal Reserve	B	543	354	(7)	890
Rolleston Water Supply Reserve	A	2,899	1,442	(297)	4,044
Selwyn Rural Water Supply Capital Rate Reserve	A	340	92	-	432
Selwyn Rural Water Supply Renewal Reserve	B	-	90	(18)	72
Selwyn Rural Water Supply Reserve	A	83	6	(15)	74
Sheffield Water Supply Renewal Reserve	B	10	25	(7)	28
Sheffield Water Supply Reserve	A	170	39	(13)	196
Southbridge Sewerage Contributions	A	81	3	(14)	70
Southbridge Sewerage Holding Capacity Reserve	D	(198)	-	-	(198)
Southbridge Sewerage Renewal Reserve	B	25	12	-	37
Southbridge Water Supply Renewal Reserve	B	22	40	(5)	57
Southbridge Water Supply Reserve	A	76	2	-	78
Springfield Water Supply (Annat Ext) Reserve	A	-	-	-	-
Springfield Water Supply (Kowai Ext) Reserve	A	-	-	-	-
Springfield Water Supply Renewal Reserve	B	44	30	-	74
Springfield Water Supply Reserve	A	51	6	-	57
Springston Sewerage Renewal Reserve	B	61	2	-	63
Springston Special Reserve	D	655	19	-	674
Springston/Aberdeen Subdivision Special Fund Reserve	D	88	2	(25)	65

	Purpose of reserve fund	Opening 1 July 2012 \$'000	Deposits \$'000	Withdrawals \$'000	Closing 30 June 2013 \$'000
Springston Stormwater Renewal Reserve	B	-	1	-	1
Springston Water Supply Renewal Reserve	B	28	40	(68)	-
Springston Water Supply Reserve	A	173	5	(8)	170
Tai Tapu Sewerage Holding Capacity Reserve	D	(397)	11	-	(386)
Tai Tapu Sewerage Renewal Reserve	B	46	14	-	60
Tai Tapu Sewerage Reserve	A	76	2	-	78
Tai Tapu Storwater Renewal Reserve	B	-	12	-	12
Tai Tapu Water Supply Renewal Reserve	B	67	36	(23)	80
Tai Tapu Water Supply Reserve	A	322	17	(7)	332
Tai Tapu/Otahuna Water Supply Reserve	A	98	3	-	101
Taumutu Culverts Land Drainage Reserve	A	42	1	-	43
Taumutu Water Supply Renewal Reserve	B	19	4	-	23
Te Pirita Rural Water Supply Renewal Reserve	B	27	8	-	35
Templeton/Claremont Capital Reserve	A	5	1	-	6
Templeton/Claremont Sewerage Renewal Reserve	B	(5)	5	-	-
Templeton/Claremont Sewerage Reserve	D	(40)	-	-	(40)
Templeton/Claremont Water Supply Renewal Reserve	B	6	15	-	21
Templeton/Claremont Water Supply Reserve	D	(37)	-	-	(37)
Templeton/Claremont Water Supply Reserve Surpluses	C	32	1	-	33
Upper Selwyn Huts Sewerage Renewal Reserve	B	84	67	-	151
Upper Selwyn Huts Water Supply Renewal Reserve	B	(1)	-	-	(1)
Wairiri Valley Land Drainage Reserve	A	4	-	-	4
West Melton Sewerage Renewal Reserve	B	(3)	7	-	4
West Melton Sewerage Reserve	A	(233)	5	(27)	(255)
West Melton Water Supply Renewal Reserve	B	23	77	-	100
West Melton Water Supply Reserve	A	-	4	-	4
		21,099	8,034	(10,097)	19,036

Community facilities

Albert Anderson Fund	D	-	16	(7)	9
Art Acquisition Reserve	D	21	5	-	26
Arthurs Pass Public Toilet 25 Year Loan Reserve	E	(834)	75	(50)	(809)
Arts Council Grants Reserve	D	6	-	-	6
Breach Block Proceeds Reserve	D	151	5	-	156
Broadfield Contributions Reserve	A	59	2	(8)	53
Broadfield Community Centre Reserve	A	47	2	-	49
Castle Hill Community Centre Reserve	A	(15)	-	-	(15)
Castle Hill Recreation Reserve Ex Land Subdivision	A	1	-	-	1
Civil Defence Special Reserve	D	9	-	-	9
Claremont Contributions Reserve	A	37	1	(8)	30
Coalgate Contributions Reserve	A	59	15	-	74
Coalgate/Glentunnel (Ex Land Subdivision) Recreation Reserve	A	5	-	-	5
Darfield (Tussock Square) Reserve	D	2	-	(1)	1
Darfield Christmas in the Park Reserve	D	-	5	-	5
Darfield Domain Reserve	A	69	2	-	71
Darfield Medical Centre Depreciation Reserve	D	61	13	-	74
Darfield Swimming Pool 15 Year Loan Reserve	E	(97)	18	-	(79)
Darfield Ward Contributions Reserve	A	55	5	-	60
District Reserve Contributions Reserve	A	83	2	-	85
Doyleston Contributions Reserve	A	94	53	(20)	127
Dunsandel Community Centre Reserve	A	44	2	-	46
Dunsandel Hall Renewal Reserve	B	-	71	-	71
Dunsandel Contributions Reserve	A	180	6	-	186
Edendale Contributions Reserve	A	41	1	(17)	25
Ellesmere Cemetery Investment Reserve	D	8	-	-	8
Ellesmere RSA Reserve	D	7	-	-	7
Glenroy Community Centre (Ex MoE) Reserve	A	-	-	-	-
Glenroy Community Centre Reserve	A	18	1	-	19
Glentunnel Community Centre Reserve	A	48	2	-	50
Glentunnel/Coalgate Capital Equipment Reserve	A	29	1	-	30

	Purpose of reserve fund	Opening 1 July 2012 \$'000	Deposits \$'000	Withdrawals \$'000	Closing 30 June 2013 \$'000
Greendale Building/Pavillion Upgrade Loan Reserve	E	(114)	14	-	(100)
Greendale Building/Pavillion Upgrade Reserve	C	-	-	-	-
Greendale Recreation Reserve	A	10	4	-	14
Halkett Community Centre 25 Year Loan Reserve	E	(61)	4	-	(57)
Halkett Community Centre Ex Land Subdivision Reserve	C	14	1	-	15
Horndon Street Land	D	(234)	89	-	(145)
Hororata Contributions Reserve	A	138	3	(15)	126
Hororata Cross Country Course Reserve	D	4	5	-	9
Hororata Reserve Board Reserve	A	9	9	(9)	9
Hororata Reserve Ex Land Subdivision Reserve	A	12	1	(6)	7
Johnsons Road Contributions Reserve	A	23	1	-	24
Kimberley Reserve Timber Sales Reserve	C	31	1	-	32
Kimberley Reserve Ex Land Subdivision Reserve	A	1	-	-	1
Kirwee Contributions Reserve	A	30	26	(40)	16
Kirwee Operational Reserve	A	23	1	-	24
Kirwee Pavillion/Hall Reserve	A	-	12	(4)	8
Kirwee Pavillion/Hall Reserve Loan Reserve	E	(119)	-	-	(119)
Kirwee Reserve Ex Land Subdivision Reserve	A	2	-	-	2
Ladbrooks Community Centre Investment Reserve	C	17	-	-	17
Ladbrooks Community Centre Reserve	A	90	12	-	102
Lake Coleridge Community Centre Reserve	A	11	-	-	11
Lake Coleridge Contributions Reserve	A	24	1	-	25
Lakeside Community Centre Reserve	A	5	1	-	6
Leeston Contributions Reserve	A	626	208	(292)	542
Leeston Progress League Reserve	D	1	-	-	1
Leeston Township Est NA Osbourne Reserve	D	64	2	-	66
Leeston Ward Contributions Reserve	A	6	-	(10)	(4)
Lincoln Community Centre Cheque Account Balance Reserve	A	24	-	-	24
Lincoln Community Centre Ex Paparua SF Reserve	A	8	-	-	8
Lincoln Community Centre Operating Account Credit Balance Reserve	A	88	2	(19)	71
Lincoln Contributions Reserve	A	1,493	536	(406)	1,623
Lincoln Library Ex Paparua Reserve	D	11	1	-	12
Malvern Recreation Centre Reserve	A	78	230	(46)	262
Metal Pits Reserve	D	1,079	32	-	1,111
Motukarara Contributions Reserve	A	13	5	-	18
Osbourne Park Pavilion Upgrade Reserve	C	1	-	(2)	(1)
Plant Depreciation Replacement Reserve	B	8	-	-	8
Prebbleton Cell Tower Special Fund Reserve	D	37	17	-	54
Prebbleton Contributions Reserve	A	814	1,547	(113)	2,248
Rakaia Huts Boat Ramp Reserve	D	57	1	-	58
Rhodes Park Grant Reserve	A	4	-	(4)	-
Rolleston Community Centre 20 Year Rating Loan Reserve	E	(141)	21	-	(120)
Rolleston Community Centre Cheque Account Reserve	A	19	-	-	19
Rolleston Community Centre Ex Paparua SF Reserve	A	18	-	-	18
Rolleston Community Centre Memorial Hall Site Reserve	A	185	6	-	191
Rolleston Community Centre Paparua Library Reserve	A	5	-	-	5
Rolleston Ward Contributions Reserve	A	1,913	2,202	(1,001)	3,114
Selwyn Aquatic Centre Hoist Purchase Special Fund	D	-	20	-	20
Sheffield Community Centre Carpet Replacement Reserve	B	2	-	-	2
Sheffield Community Centre Investment Reserve	A	2	-	-	2
Sheffield Contributions Reserve	A	48	1	-	49
Sheffield Res Ex Land Subdivision Reserve	A	14	1	-	15
Sheffield Reserve Special Funds Reserve	A	2	-	-	2
Sheffield Swimming Pool School Donation Reserve	C	1	-	-	1
Southbridge Contributions Reserve	A	78	20	-	98
Special fund Ex Local Funds Reserve	A	5	-	-	5
Springston Cemetery Investment Reserve	D	3	-	-	3
Springston Contributions Reserve	A	621	12	(433)	200
Springston Ex Ellesmere Reserve	A	40	1	(12)	29
Springston Road Gravel Reserve	D	6	1	-	7
Springston South Reserve Contribution Reserve	A	6	-	-	6

	Purpose of reserve fund	Opening 1 July 2012 \$'000	Deposits \$'000	Withdrawals \$'000	Closing 30 June 2013 \$'000
Tai Tapu ex Paparua Library Reserve	D	38	1	(3)	36
TaiTapu Contributions Reserve	A	399	49	(125)	323
Tawera Ward Contribution Reserve	A	9	-	-	9
Weedons Contribution Reserve	C	102	100	(4)	198
Weedons Discretionary Fund Reserve	D	3	-	-	3
Weedons Reserve Ex Paparua Investment Reserve	A	8	-	-	8
Weedons Reserve Ex Paparua Reserve	A	14	-	-	14
Weedons Reserve Loan Repayment Reserve	A	-	14	-	14
West Melton Capital Reserve	A	3	-	-	3
West Melton Community Centre Ex Paparua Reserve	A	30	1	-	31
West Melton Community Centre Future Development Reserve	B	-	-	-	-
West Melton Community Centre Scholarship Fund Reserve	C	39	2	(2)	39
West Melton Surplus Reserve	A	-	66	-	66
West Melton Land Purchase Reserve	C	66	1	(65)	2
West Melton Ward Contributions Reserve	A	319	617	(40)	896
Whitecliffs Contributions Reserve	A	26	1	-	27
Whitecliffs Reserve Ex Land Subdivision Reserve	A	1	-	-	1
		8,400	6,206	(2,762)	11,844
Community services					
District Recreation & Cultural Reserve	D	251	8	-	260
Ex Ellesmere - Ellesmere Clay Loan Reserve	A	25	-	-	25
Ex Ellesmere - Ellesmere Golf Loan Reserve	A	40	-	-	40
Ex Ellesmere - Leeston Ward Cash Reserve	A	244	7	-	251
Ex Ellesmere - Lincoln Reserve	A	-	-	-	-
Ex Ellesmere - Rolleston Reserve	A	2	-	-	2
Insurance Reserve Fund Reserve	A	624	19	-	643
Operational Assets Replacement Fund Reserve	B	446	13	-	459
Retentions Reserve	A	46	-	-	46
Selwyn District Education Fund Reserve	D	59	2	-	60
Undergrounding Reserve	A	3,665	103	(474)	3,294
		5,402	152	(474)	5,080
Democracy					
Barnett Bequest Reserve	D	3	-	-	3
Bealey Pit Improvement Reserve	D	-	-	-	-
Mayoral Emergency Special Fund Reserve	D	52	2	-	54
		55	2	-	57
Environmental services					
Weather Tightness Insurance Reserve	D	(307)	182	-	(125)
		(307)	182	-	(125)
Internal council services					
MAB Discretionary Fund Reserve	D	6	-	-	6
Investment Property Surplus	D	-	238	-	238
Earthquake Self Insurance Reserve	D	-	11,335	-	11,335
Pre 1989 Contributions Reserve	D	57	1	-	58
Shadow of the Alps	D	(15)	1	-	(14)
		48	11,575	-	11,623
Transportation					
Roading Contributions Reserve	A	3,069	1,073	(802)	3,340
		3,069	1,073	(802)	3,340
Closing balance 30 June		37,770	27,228	(14,135)	50,863

Note 31: Asset revaluation reserves

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Opening balance 1 July	481,298	481,551	472,664	473,223
Net revaluation gains / (losses)	23,156	-	23,949	757
Impairment of revalued property, plant and equipment	-	(375)	-	(375)
Less: tax effect on buildings	(18)	-	(18)	-
Transfer to general reserves on disposal	(1,496)	122	7,318	(941)
Closing balance 30 June	502,940	481,298	503,913	472,664

Property revaluation reserves for each asset class consist of:

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Land and buildings	93,770	72,546	94,743	65,390
Farm land	2,994	2,576	2,994	1,098
Roading	155,072	155,072	155,072	155,072
Water supplies	36,787	36,787	36,787	36,787
Stormwater	9,587	9,587	9,587	9,587
Sewerage	73,893	73,893	73,893	73,893
Land drainage	71,319	71,319	71,319	71,319
Water races	59,518	59,518	59,518	59,518
Closing balance 30 June	502,940	481,298	503,913	472,664

Note 32: Non-controlling interest

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Opening balance 1 July	-	-	20,437	19,495
Share in surplus	-	-	733	942
Realisation of assets	-	-	(21,170)	-
Closing balance 30 June	-	-	-	20,437

Note 33: Reconciliation of net surplus / (deficit) after tax to net cash flow from operating activities

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Surplus after taxation and discontinued operation	36,686	13,532	28,325	13,900
<i>Add / (less) non-cash items:</i>				
Vested assets revenue	(13,838)	(12,948)	(13,838)	(12,948)
(Gains) / losses on fair value of investment property	(830)	(187)	(875)	(187)
(Gains) / losses on fair value of forestry assets	(214)	126	(214)	126
Fair value increase of embedded derivative	(25)	(92)	(25)	(92)
Depreciation and amortisation	19,580	18,524	22,339	21,488
Impairments	-	-	-	-
Non - current employee benefits	13	(17)	13	(17)
Non - current provisions	3	4	3	4
Provision for refund	2,556	-	2,556	-
Movement in provision for doubtful debts	23	(168)	23	(168)
Net other (gains) / losses	-	(6)	(1,285)	(498)
Interest rate swap	(1,944)	3,443	(1,944)	3,280
Movement in deferred taxation	14	2	135	(2,194)
Share of joint venture (surplus) / deficit	-	-	(837)	(34)
	42,024	22,213	34,376	22,660
<i>Add / (less) movements in working capital items:</i>				
Trade and other receivables	8,397	(6,245)	5,992	(5,458)
Income tax receivable	(49)	3	(51)	2,828
Inventory & work in progress	-	-	(183)	138
Trade and other payables	1,116	(15)	1,835	(4,357)
Employee benefit liabilities	(106)	(88)	357	(384)
	51,382	15,868	42,326	15,427
<i>Add / (less) items classified as investing or financing activities:</i>				
Net gain on sale of property, plant and equipment	(10,529)	(3,711)	(11,308)	(3,711)
Net cash inflow / (outflow) from operating activities	40,853	12,157	31,018	11,716

Commitments

The total funds the Council is committed to spending in the future on maintenance and capital projects is \$10,827,000 (2012: \$54,997,000).

Detailed below are the activities in which commitments from 1 July 2013 occur. Commitments represent contracts entered into but where the services have not been delivered.

The Council has a contract with Transwaste Canterbury Limited for the transport and disposal of refuse.

	Within one year \$000	One to two years \$000	Two to five years \$000	Total \$000
Road maintenance	598	100	-	698
Utilities*	1,442	-	-	1,442
Reserves*	754	-	-	754
Rating valuations	180	30	-	210
Refuse	686	-	-	686
Refuse - Resource Recovery Park*	169	-	-	169
RH developments	475	950	830	2,255
Total operating commitments	4,304	1,080	830	6,214

* These commitments are with Sicon Ferguson Limited and do not represent commitments external to the group.

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Property, plant and equipment	4,613	41,593	4,613	41,593
Intangible assets	-	-	-	-
Investment property	-	-	-	-
Total capital commitments	4,613	41,593	4,613	41,593

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

The Council's subsidiaries have capital commitments as at 30 June 2013 for the purchase of property, plant and equipment of \$nil (2012: \$nil).

Operating leases

Operating leases as lessee

The Council and its subsidiaries lease property, plant and equipment in the normal course of business. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Not later than one year	104	104	356	756
Later than one year and not later than five years	52	156	324	1,100
Later than five years	-	-	-	8
Total non-cancellable operating leases	156	260	680	1,864

Operating leases as lessor

The Council leases three properties under operating leases. Two of these properties have a non-cancellable term of 3 years with the leases commencing on 1 July 2010. The other property has a non-cancellable lease of 9 years commencing on 1 April 2011 and a non-cancellable term of 12 years commencing on 1 May 2010. The future aggregate minimum lease payments collectable under non-cancellable operating leases are as follows:

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Not later than one year	942	950	860	868
Later than one year and not later than five years	3,064	3,981	3,064	3,899
Later than five years	355	745	355	745
Total non-cancellable operating leases	4,361	5,676	4,279	5,512

Note 35: Contingent liabilities and contingent assets

Contingent liabilities

Council

Financial guarantees

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

Unquantified claims

The Council is aware of six potential claims in relation to the weather tightness of homes in the area. As detailed in Note 26, a provision has been made for claims where a reliable estimate of the potential cost to the Council can be made. The outcome of the other claims is uncertain and the Council is not able to estimate reliably its potential liability. It has not made any provision in respect of these claims. The Council is also exposed to potential future claims (which have not yet been advised) until the statutory limitation period expires. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services Act 2006, but other statutory limitation periods could also affect claims. The Council does not have insurance cover for any of the claims for which it has not made a provision. The Council is funding the cost of weather tightness claims through general rates and has allowed funding of \$150,000 in the 2012/13 financial year.

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

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

New Zealand Local Government Funding Agency (LGFA)

Selwyn District Council is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Selwyn District Council is one of 19 shareholders of the NZLGFA. In that regard, it has uncalled capital of \$0.4 million (2012: \$0.4 million). When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified. In addition, together with the other shareholders, Selwyn District Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2013, NZLGFA had borrowings totalling \$2,475 million (2012: \$835 million).

Financial reporting standards require Selwyn District Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

Landfills located within Selwyn district

The Council does not operate any landfills in the district. The Council has recognised the costs of closing and rehabilitating the Killinchy and Hawkins landfills that were the two largest when operated.

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

Group

Sicon Ferguson Limited (SFL)

Sicon Ferguson Limited is a participating employer 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, SFL could be responsible for the entire deficit of the Scheme. Similarly, if a number of employers ceased to participate in the Scheme, SFL could be responsible for an increased share of the deficit.

The fund has advised that 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 deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

As at 31 March 2012, the Scheme had a past service surplus of \$19,833 million (31 March 2011 - \$37,582 million) 8.3% of the liabilities (31 March 2011 - 16.4% of the liabilities). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19.

The Actuary to the Scheme recommended previously that the employer contributions were suspended with effect from 1 April 2011. In the latest report, the Actuary recommended employer contributions remain suspended.

From time to time SFL has performance bonds and bonds in lieu of retention to third parties. \$1.9 million was committed to as at 30 June 2013 (2012: \$1.5 million).

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

On 6 May 2013 sediment was discharged into Akaroa Harbour from a SFL worksite following heavy rain. Environment Canterbury issued an abatement notice which was subsequently lifted following remedial action. On 18 June 2013 Environment Canterbury gave notice to SFL that it was investigating the incident. This investigation is on-going and could possibly result in prosecution of the company for the discharge. The penalty on conviction for an offence could be a fine. The company is uncertain if prosecution will result from the investigation and the amount of any fine is unknown.

Contingent assets

Council

The Council has no contingent assets as at 30 June 2013.

Group

Sicon Ferguson Limited (SFL)

Sicon Ferguson Limited has a bad debt to Pike River Coal Company Limited, which was written off by Ferguson Brothers Limited in 2010. This was partially recovered in 2011. Since the sale of the assets of Pike River Coal Company Limited to Solid Energy NZ Limited, negotiations to recover some or all of the remaining debt have been progressed. It is uncertain at balance date how much if any will be recovered.

Note 36: Related party transactions

The Council is the ultimate parent of the group and controls its subsidiaries, Selwyn Investment Holdings Limited and the Selwyn District Charitable Trust. Through Selwyn Investment Holdings Limited, the Council has the ability to control Sicon Ferguson Limited. The Council also exerts significant influence over Central Plains Water Trust, Tramway Reserve Trust, and the Orion Selwyn District Centenary Educational Trust.

Related party transactions with subsidiaries and associates

Selwyn Investment Holdings Limited

The Council entered into normal commercial transactions with Selwyn Investment Holdings Limited during the year.

	2013 \$000	2012 \$000
Dividend revenue	15,524	4,281
Dividends receivable	985	3,209
Current account balance receivable	3	14
Tax losses transferred to the Council	-	292

During the year, the Council provided accounting services to Selwyn Investment Holdings Limited at no charge.

There were no commitments with Selwyn Investment Holdings Limited as at 30 June 2013 (2012: \$nil).

Selwyn District Charitable Trust

The Council entered into normal commercial transactions with the Selwyn District Charitable Trust during the year.

	2013 \$000	2012 \$000
Donations received from the Trust	409	1
Accounts receivable	63	78

In addition to the above transactions, the Council has provided accounting services to the Trust at no charge and will pay the audit fee on behalf of the Trust totalling \$2,900 (2012: \$1,500). The Council owes the Trust \$100 as a capital injection as at 30 June 2013 (2012: \$100).

There were no commitments with the Selwyn District Charitable Trust as at 30 June 2013 (2012: \$nil).

Selwyn Plantation Board Limited

The Council entered into normal commercial transactions with Selwyn Plantation Board Limited during the year. All transactions with the company were on terms equivalent to those that prevail in arm's-length transactions.

	2013 \$000	2012 \$000
Rates revenue received	15	18
Other revenue received	-	27
Purchased property from SPBL	-	-
Accounts receivable	-	-

There were no commitments with Selwyn Plantation Board as at 30 June 2013 (2012: \$nil).

Sicon Ferguson Limited

The Council entered into normal commercial transactions with Sicon Ferguson Limited during the year. All transactions with the company were on terms equivalent to those that prevail in arm's-length transactions.

	2013 \$000	2012 \$000
Rates, royalties and lease revenue received	187	190
Contract services received from SFL	6,017	7,703
Accounts receivable	12	21
Accounts payable	966	970

There were no commitments with Sicon Ferguson Limited as at 30 June 2013 (2012: \$nil).

Central Plains Water Trust

The Council entered into normal commercial transactions with the Central Plains Water Trust during the year. The Council makes payments on behalf of the Trust, which then reimburse the Council.

	2013 \$000	2012 \$000
Payments to suppliers on behalf of the Trust	54	38
Accounts receivable	6	6

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

There were no commitments with the Central Plains Water Trust as at 30 June 2013 (2012: \$nil).

Tramway Reserve Trust

The Council entered into normal commercial transactions with the Tramway Reserve Trust during the year. The Council makes payments on behalf of the Trust, which then reimburse the Council.

	2013 \$000	2012 \$000
Payments to suppliers on behalf of the Trust	2	-
Grant paid to the Trust	2	-

During the year, the Council provided accounting services to the Tramway Reserve Trust at no charge and will pay the audit fee on behalf of the Trust totalling \$1,640 (2012: \$1,500).

There were no commitments with the Tramway Reserve Trust as at 30 June 2013 (2012: \$nil).

Transactions with key management personnel

Key Management Personnel Compensation

	2013 \$000	2012 \$000
Salaries and other short-term employee benefits	1,460	1,472
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	180
Total key management personnel compensation	1,460	1,652

Key management personnel include the Mayor, Councillors, Chief Executive, and other senior management.

Related party transactions with key management personnel

During the year, Councillors and senior management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, purchase of rubbish bags etc.).

All related party transactions with key management personnel were on terms equivalent to those that prevail in arm's-length transactions. All amounts are GST exclusive unless otherwise stated.

- Councillor Mark Alexander donated \$5,000 to the Selwyn District Charitable Trust during the year.
- Councillor Malcolm Lyall is director of Allways Electrical Limited from whom the Council purchased goods and services totalling \$428.
- Councillor John Morten's wife is part owner of Foothill Flowers from whom the Council purchased goods and services totalling \$840.
- During the year, Councillor Lindsay Philips contracted Sicon Ferguson Limited, which is a related party of Selwyn District Council, to carry out contract works totalling \$948. The works were on normal commercial terms equivalent to those that prevail in arms – length transactions. The balance outstanding at 30 June 2013 was \$nil.

There are close family members of key management personnel employed by the Council and group. The terms and conditions of those arrangements are no more favourable than the Council and group would have adopted if there were no relationship to key management personnel.

No provision has been required, nor any expense recognised for impairment of receivables, for any loans or other receivable to related parties (2012: \$nil).

Transactions with key management personnel in the previous financial year:

- Mayor Kelvin Coe donated \$10,000 to the Selwyn District Charitable Trust during the year.
- Councillor Nigel Barnett donated \$10,000 to the Selwyn District Charitable Trust during the year.
- Councillor Mark Alexander donated \$5,000 to the Selwyn District Charitable Trust during the year.
- Douglas Marshall (Manager Corporate Services) donated \$2,500 to the Selwyn District Charitable Trust during the year.
- A family member of key management personnel donated \$500 to the Selwyn District Charitable Trust during the year.
- Councillor John Morten's wife is part owner of Foothill Flowers from whom the Council purchased goods and services totalling \$660.
- Councillor Malcolm Lyall is director of Allways Electrical Limited from whom the Council purchased goods and services totalling \$6,366.
- During the year, Douglas Marshall (Manager Corporate Services) contracted SICON Limited, which is a related party of Selwyn District Council, to carry out contract works totalling \$6,196. The works were on normal commercial terms equivalent to those that prevail in arms - length transactions. There was no outstanding balance as at 30 June 2012.
- During the year, Mayor Kelvin Coe contracted SICON Limited, which is a related party of Selwyn District Council, to carry out contract works totalling \$33,668. The works were on normal commercial terms equivalent to those that prevail in arms - length transactions. The balance outstanding at 30 June 2012 was a credit of \$6,200.

Elected members

The Council is required to include a report, on the remuneration that in the year to which the annual report relates, was received by, or payable to; the Mayor, each of the other members and to the Chief Executive of the Selwyn District Council. This is a statutory requirement of the Local Government Act 2002: Part 3, Schedule 10, Section 18.

The following table shows the remuneration received by all elected members from 1 July to 30 June:

	2013 Base salary \$	2013 Hearing fees \$	2013 Total remuneration \$	2012 Base salary \$	2012 Hearing fees \$	2012 Total remuneration \$
<i>Council</i>						
Mayor Kelvin Coe	101,300	-	101,300	96,800	-	96,800
Councillor Sarah Walters (Deputy Mayor)	35,363	-	35,363	34,613	320	34,933
Councillor Nigel Barnett	30,363	1,200	31,563	29,613	400	30,013
Councillor Debra Hasson	30,363	2,200	32,563	29,613	900	30,513
Councillor Malcolm Lyall	30,363	-	30,363	29,613	-	29,613
Councillor Lindsay Philps	30,363	4,100	34,463	29,613	1,688	31,301
Councillor John Morten	30,363	-	30,363	29,613	-	29,613
Councillor Sam Broughton	30,363	2,240	32,603	29,613	374	29,987
Councillor Pat McEvedy	30,363	-	30,363	29,613	-	29,613
Councillor Mark Alexander	30,363	1,440	31,803	29,613	400	30,013
Councillor Peter Hill	30,363	-	30,363	29,613	-	29,613
Councillor Jeff Bland	30,363	-	30,363	29,613	-	29,613
<i>Malvern Community Board</i>						
Jenny Gallagher (Chairperson)	11,275	-	11,275	11,000	-	11,000
Allan Thorne	7,687	-	7,687	7,500	-	7,500
Mary Ireland	7,687	-	7,687	7,500	-	7,500
Bill Frost	7,687	-	7,687	7,500	-	7,500
Bob Mugford	7,687	-	7,687	125	-	125
Ray Pearson	-	-	-	6,250	-	6,250
<i>Selwyn Central Community Board</i>						
Liz Russell (Chairperson)	9,635	-	9,635	9,400	-	9,400
Joyce Davey	7,892	-	7,892	7,700	-	7,700
Sandy Williams	7,892	-	7,892	7,700	-	7,700
Alan French	7,892	-	7,892	7,700	-	7,700

The following Councillors also received directors' fees as directors of the Council's subsidiary companies Selwyn Investment Holdings Limited, Selwyn Plantation Board Limited, Sicon Ferguson Limited and the Selwyn Waihora Zone Committee.

	2013 \$	2012 \$
<i>Selwyn Investment holdings Limited</i>		
Councillor Malcolm Lyall	9,134	-
Councillor John Morten	7,200	6,000
Councillor Sarah Walters	7,200	-
<i>Selwyn Plantation Board Limited</i>		
Councillor John Morten	16,750	19,000
<i>Sicon Ferguson Limited</i>		
Councillor John Morten	22,500	-
<i>Selwyn Waihora Zone Committee</i>		
Councillor Pat McEvedy	4,500	-

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 \$307,149 (2012: \$261,889). This included a non - taxable allowance of \$251 (2012:\$362).

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 the Council.

For the year ended 30 June 2013, the Council made one severance payments to a Council employee totalling \$6,000 (2012: three payments totalling \$200,479).

The value of each of the severance payments was \$6,000 (2012: \$180,479, \$15,000 and \$5,000).

Note 38: Construction contracts – Group

	Group 2013 \$000	Group 2012 \$000
<i>For contracts in progress as at 30 June:</i>		
Contract costs incurred	2,382	970
Recognised profits	682	35
Progress billings	3,020	1,005
Gross amount due from customers	341	661
Retentions receivable	60	89

Note 39: Events after balance date

Council

Selwyn Investment Holdings Limited was placed in solvent liquidation on 4 September 2013. The Directors of Selwyn Investment Holdings Limited appointed Rhs Cain and Bruce Gemmell as liquidators of the company. Assets transferred through to the Council by the liquidators include:

- 8,580,000 ordinary shares in Orion New Zealand Limited with a value of \$67.8 million
- 3,294,350 ordinary shares in Sicon Ferguson Limited with a value of \$10.3 million
- McHughs Plantation in Darfield with a value of \$1.6 million
- Cash and cash equivalents totalling \$30.3 million
- Financial assets with a value of \$1.1 million.

The liquidators have yet to complete their final distribution to the Council.

Group

Selwyn Investment Holdings Limited

Selwyn Investment Holdings Limited was placed into solvent liquidation following Board approval in September 2013.

40a: Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Financial assets				
<i>Fair value through surplus or deficit</i>				
Embedded derivatives	958	933	958	933
Interest rate swaps - cash flow hedges	-	-	-	-
Unlisted shares - shareholding	-	-	-	-
Total fair value through surplus or deficit	958	933	958	933
<i>Loans and receivables</i>				
Cash and cash equivalents	3,529	18,321	4,210	20,646
Cash and cash equivalents - discontinued operation	-	-	-	634
Trade and other loans and receivables	24,090	19,480	28,424	23,159
Trade and receivables - discontinued operation	-	-	-	381
Term deposits	11,000	-	41,219	12,000
Term deposits - discontinued operation	-	-	-	45,148
Total loans and receivables	38,619	37,801	73,853	101,968
<i>Fair value through other comprehensive income</i>				
Selwyn Investment Holdings Limited	110,722	113,245	-	-
Transwaste Canterbury Limited	1,500	1,500	1,500	1,500
Orion Group Limited	-	-	67,788	67,788
Unlisted shares - shareholding	747	520	747	520
Total fair value through other comprehensive income	112,969	115,265	70,035	69,808
<i>Held to maturity</i>				
Government bonds	1,985	1,979	1,985	1,979
Total held to maturity	1,985	1,979	1,985	1,979
Financial liabilities				
<i>Financial liabilities through surplus or deficit</i>				
Interest rate swaps	2,631	4,575	2,631	4,602
Total fair value through surplus or deficit	2,631	4,575	2,631	4,602
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	13,084	13,033	15,260	22,995
Trade and other payables - discontinued operation	-	-	-	26
<i>Borrowings</i>				
- bank overdraft	-	-	3	2,245
- secured loans	90,095	83,231	93,095	89,856
- finance lease liabilities	-	-	19	109
Total financial liabilities at amortised cost	103,179	96,264	108,377	115,231

40b: fair value hierarchy disclosures

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

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

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

	Total	Quoted market price	Observable inputs	Significant non - observable inputs
	\$000	\$000	\$000	\$000
Council 2013				
<i>Financial assets</i>				
Embedded derivatives	958	-	958	-
Interest rate swaps	-	-	-	-
Selwyn Investment Holdings Limited	110,722	-	-	110,722
Transwaste Canterbury Limited	1,500	-	-	1,500
<i>Financial liabilities</i>				
Interest rate swaps	2,631	-	2,631	-
Group 2013				
<i>Financial assets</i>				
Embedded derivatives	958	-	958	-
Interest rate swaps	-	-	-	-
Transwaste Canterbury Limited	1,500	-	-	1,500
Orion Group Limited	67,788	-	-	67,788
Unlisted shares	747	-	-	747
<i>Financial liabilities</i>				
Interest rate swaps	2,631	-	2,631	-
Council 2012				
<i>Financial assets</i>				
Embedded derivatives	933	-	933	-
Interest rate swaps	-	-	-	-
Selwyn Investment Holdings Limited	113,245	-	-	113,245
Transwaste Canterbury Limited	1,500	-	-	1,500
<i>Financial liabilities</i>				
Interest rate swaps	4,575	-	4,575	-
Group 2012				
<i>Financial assets</i>				
Embedded derivatives	933	-	933	-
Interest rate swaps	-	-	-	-
Transwaste Canterbury Limited	1,500	-	-	1,500
Orion Group Limited	67,788	-	-	67,788
Unlisted shares	520	-	-	520
<i>Financial liabilities</i>				
Interest rate swaps	4,602	-	4,602	-

Valuation techniques with significant non-observable inputs

The table below provides reconciliation from the opening balance to the closing balance for the financial assets and liabilities measured using valuation techniques with significant non-observable inputs.

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Balance at 1 July	114,745	114,651	69,288	69,288
Gains / (losses) recognised in surplus / deficit	-	-	-	-
Gains / (losses) in other comprehensive income	(2,524)	94	-	-
Balance at 30 June	112,221	114,745	69,288	69,288

40c: financial instruments risks

The Selwyn District 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 has established Council approved Liability Management and Investment policies.

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate because 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. The Council has not entered into any significant foreign currency transactions during the year and therefore has no exposure to currency risk.

Fair value interest rate risk

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

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

Cash flow interest rate risk

Cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments held at variable interest rates expose the Council to fair value interest rate risks.

The Council's policy is to maintain between 50% and 95% of its borrowings in fixed rate instruments and it uses interest rate swaps to convert floating rate borrowing to fixed rate borrowing to manage interest rate risk. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Selwyn District Council causing a loss. In the normal course of its business, credit risk arises from debtors, deposits with banks, bond investments and derivative financial instruments. The Council's investment policy limits the amount of credit exposure to any one financial institution.

Maximum exposure to credit risk

The Council's maximum exposure to credit risk for each class of financial instrument is set out below:

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Cash and cash equivalents	3,529	18,321	4,210	20,646
Cash and cash equivalents - discontinued operation	-	-	-	634
Trade and other receivables	24,090	19,480	28,424	23,159
Trade and receivables - discontinued operation	-	-	-	381
Term deposits	11,000	-	41,219	12,000
Term deposits - discontinued operation	-	-	-	45,148
Government bonds	1,985	1,979	1,985	1,979
Derivatives	958	933	958	933
Total credit risk	41,562	40,713	76,796	104,880

Credit quality of financial assets

The Council only deposits funds with entities that have a high credit rating. The cash and term deposits are with registered banks that have high credit ratings. The Government Bond and associated embedded derivative is a New Zealand Government Bond. For its other financial instruments, the Council does not have high concentrations of credit risk. There is no collateral held as security against these financial instruments including those that are overdue or impaired.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	Council 2013 \$000	Council 2012 \$000	Group 2013 \$000	Group 2012 \$000
Counterparties with credit ratings				
<i>Cash at bank and term deposits</i>				
Continuing operations AA-	14,529	18,321	45,429	32,646
Discontinued operation AA-	-	-	-	45,782
Total cash at bank and term deposits	14,529	18,321	45,429	78,428
<i>Government Bonds</i>				
AA+	1,985	1,979	1,985	1,979
<i>Derivative financial instruments</i>				
AA+	958	933	958	933
Total counterparties with credit ratings	2,943	2,912	2,943	2,912
Counterparties without credit ratings				
<i>Community and related party loans</i>				
Existing counterparty with no defaults in the past	148	165	148	165
Existing counterparty with defaults in the past	-	-	-	-
Total loans to related parties	148	165	148	165
<i>Trade and other receivables</i>				
Existing counterparty with no defaults in the past	-	-	-	-
Existing counterparty with defaults in the past	-	-	-	-
Total trade and other receivables	-	-	-	-

Trade and other receivables arise mainly from the Council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of trade and other receivables with reference to internal or external credit ratings. Other than the dividends payable within the group, the Council has no significant concentrations of credit risk in relation to trade and other receivables as it has a large number of customers, mainly ratepayers, and the Council has powers under the Local Government (Rating Act) 2002 to recover outstanding debts from ratepayers.

Liquidity risk

Liquidity risk is the extent to which the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

As at 30 June 2013, the Council has a multi-option credit facility of \$40 million (2012: \$40 million) against which it had drawn \$24 million (2012: \$22 million).

Sicon Ferguson Limited has a maximum amount that can be drawn down against their overdraft facility of \$4.0 million (2012: \$2.6 million). There are no restrictions on the use of this facility.

Contractual maturity analysis on financial liabilities

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts shown are the contractual undiscounted cash flows including interest.

	Liability carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
Council 2013					
Trade and other payables	13,084	13,084	13,084	-	-
Secured loans	90,095	100,081	23,005	61,665	15,411
Net settled derivatives (interest rate swap)	2,631	5,669	1,256	3,539	874
Group 2013					
Trade and other payables	15,260	15,260	15,260	-	-
Trade and other payables - discontinued operation	-	-	-	-	-
Bank overdraft	3	3	3	-	-
Secured loans	93,095	103,440	23,321	64,708	15,411
Finance leases	19	20	20	-	-
Net settled derivatives (interest rate swap)	2,631	5,696	1,256	3,539	874
Council 2012					
Creditors and other payables	13,033	13,033	13,033	-	-
Secured loans	83,231	93,531	24,190	48,610	20,731
Net settled derivatives (interest rate swap)	4,575	6,560	1,320	4,343	897
Group 2012					
Trade and other payables	22,995	22,995	22,995	-	-
Trade and other payables - discontinued operation	26	26	26	-	-
Bank overdraft	2,245	2,245	2,245	-	-
Secured loans	89,856	103,825	26,339	51,951	25,534
Finance leases	109	115	95	20	-
Net settled derivatives (interest rate swap)	4,602	6,587	1,347	4,343	897

Contractual maturity analysis of financial assets

The table below analyses financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Asset Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 year \$000	1-5 years \$000	More than 5 years \$000
Council 2013					
Cash and cash equivalents	3,529	3,529	3,529	-	-
Trade and other loans and receivables	24,090	25,085	21,853	1,815	1,417
Government bonds	1,985	2,237	90	2,147	-
Term deposits	11,000	11,000	11,000	-	-
Embedded derivatives	958	932	34	898	-
Group 2013					
Cash and cash equivalents	4,210	4,210	4,210	-	-
Cash and cash equivalents - discontinued operation	-	-	-	-	-
Trade and other loans and receivables	28,424	29,446	26,214	1,815	1,417
Trade and other receivables - discontinued operation	-	-	-	-	-
Government bonds	1,985	2,237	90	2,147	-
Term deposits	41,219	41,219	41,219	-	-
Term deposits - discontinued operation	-	-	-	-	-
Interest rate swaps	-	-	-	-	-
Embedded derivatives	958	932	34	898	-
Council 2012					
Cash and cash equivalents	18,321	18,321	18,321	-	-
Trade and other loans and receivables	19,480	20,633	17,384	1,832	1,417
Government bonds	1,979	2,327	90	2,237	-
Term deposits	-	-	-	-	-
Embedded derivatives	933	966	34	932	-
Group 2012					
Cash and cash equivalents	20,646	20,646	20,646	-	-
Cash and cash equivalents - discontinued operation	634	634	634	-	-
Trade and other loans and receivables	23,159	24,329	21,080	1,832	1,417
Trade and other receivables - discontinued operation	381	381	381	-	-
Government bonds	1,979	2,327	90	2,237	-
Term deposits	12,000	12,000	12,000	-	-
Term deposits - discontinued operation	45,148	45,148	45,148	-	-
Interest rate swaps	-	-	-	-	-
Embedded derivatives	933	966	34	932	-

Sensitivity analysis for Interest rate risk

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

	Surplus \$000	-100bps Other equity \$000	Surplus \$000	+100bps Other equity \$000
Council 2013				
Interest rate risk				
<i>Financial assets</i>				
Cash and cash equivalents	(35)	-	35	-
Interest rate swaps	-	-	-	-
<i>Financial liabilities</i>				
Interest rate swaps	(2,190)	-	2,067	-
Secured loans	789	-	(789)	-
Bank overdraft	-	-	-	-
Total sensitivity	(1,436)	-	1,313	-
Other price risk				
<i>Financial assets</i>				
Embedded derivatives	(29)	-	29	-
Unlisted shares	-	-	-	-
Total sensitivity	(29)	-	29	-
Council 2012				
Interest rate risk				
<i>Financial assets</i>				
Cash and cash equivalents	(183)	-	183	-
Interest rate swaps	-	-	-	-
<i>Financial liabilities</i>				
Interest rate swaps	(2,653)	-	2,519	-
Secured loans	720	-	(720)	-
Bank overdraft	-	-	-	-
Total sensitivity	(2,116)	-	1,982	-
Other price risk				
<i>Financial assets</i>				
Embedded derivatives	(29)	-	29	-
Unlisted shares	-	-	-	-
Total sensitivity	(29)	-	29	-

	Surplus \$000	-100bps Other equity \$000	Surplus \$000	+100bps Other equity \$000
Group 2013				
Interest rate risk				
<i>Financial assets</i>				
Cash and cash equivalents	(42)	-	42	-
Cash and cash equivalents - discontinued operation	-	-	-	-
Interest rate swap	-	-	-	-
Embedded derivatives	-	-	-	-
Term deposits	(412)	-	412	-
Term deposits - discontinued operation	-	-	-	-
<i>Financial liabilities</i>				
Interest rate swap	(2,190)	-	2,067	-
Secured loans	819	-	(819)	-
Bank overdraft	-	-	-	-
Total sensitivity	(1,825)	-	1,702	-
Other price risk				
<i>Financial assets</i>				
Government bonds	(29)	-	29	-
Unlisted shares	-	-	-	-
Total sensitivity	(29)	-	29	-
Group 2012				
Interest rate risk				
<i>Financial assets</i>				
Cash and cash equivalents	(206)	-	206	-
Cash and cash equivalents - discontinued operation	(6)	-	6	-
Interest rate swap	-	-	-	-
Embedded derivatives	-	-	-	-
Term deposits	(120)	-	120	-
Term deposits - discontinued operation	(451)	-	451	-
<i>Financial liabilities</i>				
Interest rate swap	(2,653)	-	2,519	-
Secured loans	785	-	(785)	-
Bank overdraft	(22)	-	22	-
Total sensitivity	(2,674)	-	2,540	-
Other price risk				
<i>Financial assets</i>				
Government bonds	(29)	-	29	-
Unlisted shares	-	-	-	-
Total sensitivity	(29)	-	29	-

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 ratepayers 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 ratepayers in future generations 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 (LTP) and its annual budget to meet the expenditure needs identified in those plans. 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 LTP.

Selwyn District Council has the following council created reserves:

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

Reserves for targeted rate activities are used where surpluses (or deficits) from the year's 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. Generally the release of these funds 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.

Note 42: 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 2012.

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.

	Group 2013 \$000	Group 2012 \$000
Profits attributable to discontinued operations		
Operating revenue	20	2,784
Interest received	1,419	1,686
Other gains / (losses)	964	3
Fair value adjustment	-	526
Total revenue	2,403	4,999
Operating expenses	228	2,725
Total expenditure	228	2,725
Surplus / (deficit) before tax	2,175	2,274
Taxation expense	311	581
Surplus / (deficit) after tax	1,864	1,693
Other comprehensive income		
Property, plant and equipment revaluation gains	-	757
Total other comprehensive income	-	757
Total comprehensive income	1,864	2,450
	Group 2013 \$000	Group 2012 \$000
Cash flows from discontinued operation		
Opening cash balance	634	13,814
Net cashflows from operating activities	2,532	3,533
Net cashflows from investing activities	47,082	(16,713)
Net cashflows from financing activities	(50,248)	-
Closing cash balance	-	634

	Group 2013 \$000	Group 2012 \$000
Impact on the financial position from discontinued operation		
<i>Other current assets relating to discontinued operation:</i>		
Cash and cash equivalents	-	634
Trade and other receivables	-	381
Inventory and work in progress	-	-
Intangible assets	-	-
Other financial assets	-	45,148
Other current assets relating to discontinued operation	-	46,163
<i>Other current liabilities relating to discontinued operation:</i>		
Trade and other payables	-	26
Employee benefit liabilities	-	-
Provisions	-	87
Other current liabilities relating to discontinued operation	-	113

Note 43: 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 further minor damage.

By the end of the 2013 financial year, \$8.9 million has been spent on repairing damaged assets and the Council estimates that the total cost to repair its assets is \$12.1 million. (This is an increase compared with the estimate of \$10.7 million that was included in the 2012 annual report.)

The main areas of damage are:

	Council and Group	
	Updated 2013 estimate \$000	2012 estimate \$000
Areas of damage		
Community centres and other facilities	4,056	3,599
Property and buildings	3,833	3,416
Roading	3,737	3,448
Waste water systems	222	129
Water systems	211	138
Total estimated significant earthquake damage	12,059	10,730

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 2013, the Council has recognised revenue from insurance and other sources totalling \$10.3 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.

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

	Council and Group	
	2013	2012
	\$000	\$000
Impact on income		
Insurance	796	3,130
NZTA subsidy	24	140
Government grant	-	256
Other cost recovery	-	384
Impact on income	820	3,910
Impact on expenditure		
Earthquake repairs	1,882	1,309
Civil defence response	-	-
Impact on expenditure	1,882	1,309
Impact on operating surplus before tax	(1,062)	2,601
Impact on other comprehensive income		
Impairment of property plant and equipment	-	(375)
Impact on total comprehensive income	(1,062)	2,226
Impact on capital expenditure		
Earthquake repairs	447	447
Impact on capital expenditure	447	447

* The \$375,000 impairment in 2012 related to the write-off of the book value of the Lakeside, Dunsandel and Greenpark community halls.

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 not placed cover for future earthquake events. The Council is in the process of establishing a self-insurance fund to cover the risk of earthquake damage.

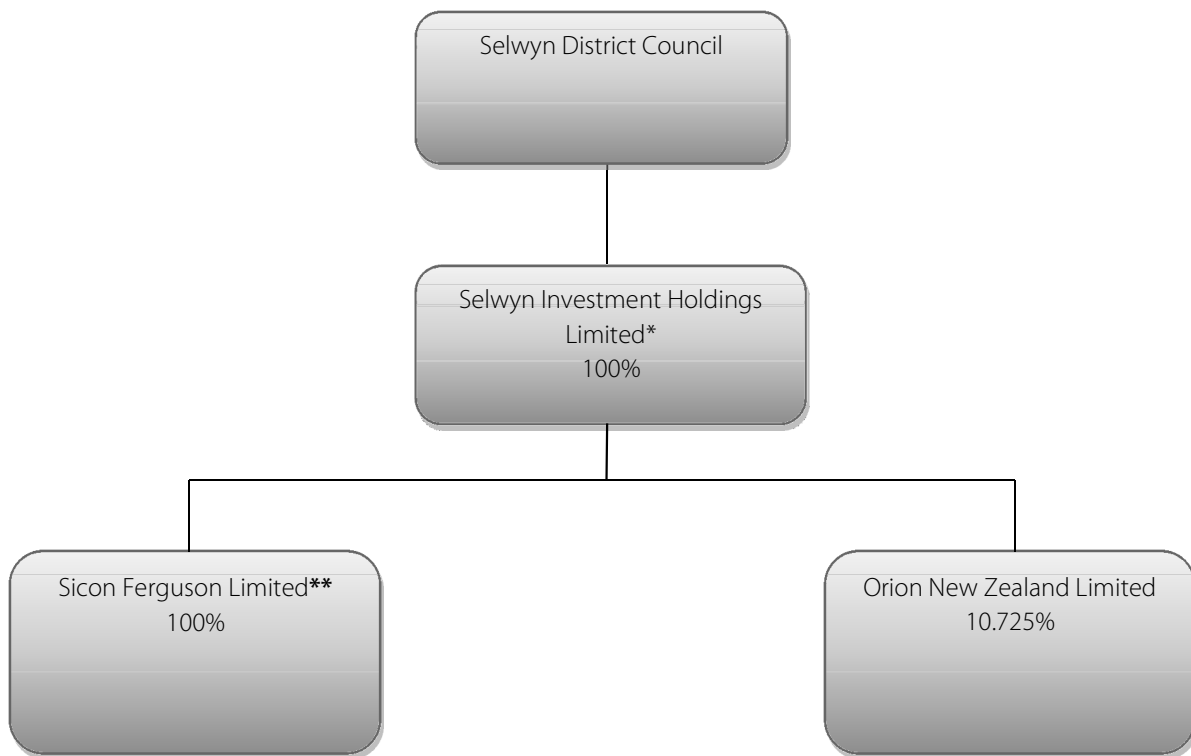
Note 44: Reclassification

The Council and group have changed the presentation of items within income to comply with the new presentation requirements of the Local Government (Financial Reporting) Regulations 2011.

The effects of the changes to income are shown in the table below:

	2012 before reclassification \$000	2012 Reclassification \$000	2012 after reclassification \$000
Council			
<i>Income</i>			
Rates revenue	27,984	(27,984)	-
Rates, excluding targeted water supply rates	-	27,578	27,578
Fees, charges and targeted rates for metered water	-	10,194	10,194
Development and financial contributions	-	10,209	10,209
Subsidies and grants	-	6,172	6,172
Other revenue	49,538	(26,169)	23,369
Gains	4,043	-	4,043
Total income	81,565	-	81,565
Group			
<i>Income</i>			
Rates revenue	27,962	(27,962)	-
Rates, excluding targeted water supply rates	-	27,556	27,556
Fees, charges and targeted rates for metered water	-	10,007	10,007
Development and financial contributions	-	10,209	10,209
Subsidies and grants	-	6,172	6,172
Other revenue	82,261	(25,982)	56,279
Gains	4,049	-	4,049
Total income	114,272	-	114,272

Financial interests



*Selwyn Investment Holdings Limited was placed into solvent liquidation on the 4th September 2013.

**Ferguson Brothers Limited amalgamated with SICON Limited on the 31 March 2012.

Community Trusts Administered by the Council:

- Central Plants Water Trust
- Tramway Reserve Trust
- Orion Selwyn District Centenary Educational Trust
- Selwyn District Charitable Trust

Financial interests – Selwyn Investment Holdings Limited

Relationship to the Council

The Council retains control over the activities of Selwyn Investment Holdings Limited (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 to separate 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 enables the Council a facility to efficiently borrow in commercial markets.

The Company's revenue is in the form of dividends from Orion New Zealand Limited and Sicon Ferguson Limited. Net income is distributed to the Council via a fixed dividend distribution policy.

The Company was placed into voluntary liquidation on the 4th September 2013. Assets of the Company have been distributed through to the Council as part of the liquidation process.

Objective

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

Key performance targets

The Company's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2013 is set out below:

	Status	Actual 2013	Target 2013
Surplus / (deficit) before taxation and impairments	Achieved	\$22,231,245	\$21,017,336
Surplus / (deficit) after taxation	Achieved	\$22,110,001	\$20,876,620
Ordinary dividend	Not achieved	\$4,524,438	\$4,900,060
Debt / total assets	Achieved	0.00%	0.00%
Return on total assets	Not achieved	19.90%	20.28%
Return to shareholders' funds	Not achieved	20.08%	20.87%

Summary of financial performance

	Actual 2013 \$000	Actual 2012 \$000
Revenue	22,335	4,621
Expenditure	104	340
Surplus / (deficit) before taxation	22,231	4,282
Surplus / (deficit) after taxation	22,110	4,234
Interim dividend	3,539	2,000
Final dividend	985	1,209
Special dividend	11,000	1,073

Financial interests – Sicon Ferguson Limited

Relationship to the Council

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

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

Nature and scope of the company

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

Objective

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

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

Key performance targets

The Company's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2013 is set out below:

	Status	Actual 2013	Target 2013
Return after tax on opening total assets	Not achieved	8.8%	10.8%
Return after tax to opening shareholder funds	Achieved	21.8%	18.4%
To maintain ISO 9001:2008 Quality Standard Certification	Achieved		
To maintain ACC WSMP Certification to Tertiary Level	Not achieved		
To maintain NZS 4801 Safety Management Systems Certification	Achieved		
To maintain NZS 14001 Environmental Standard Certification	Achieved		

Summary of financial performance

	Actual 2013 \$000	Actual 2012 \$000
Revenue	46,597	30,973
Expenditure	44,612	32,258
Surplus / (deficit) before taxation	1,984	(1,285)
Surplus / (deficit) after taxation	1,984	(1,285)
Ordinary dividend	750	-

Financial interests – Orion New Zealand Limited

Relationship to the Council

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

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

Nature and scope of the company

Orion's activities are to:

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

Objective

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

Key performance targets

The Company's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 31 March 2013 is set out below:

Financial performance targets:

	Status	Actual 2013	Target 2013	Note
Profit after tax	Achieved	\$49.0m	\$34.0m	1,2
Profit after tax / average shareholders' equity	Achieved	7.8%	5.4%	1,2
Fully imputed dividends	Achieved	\$32.0m	\$32.0m	3
Debt ratio	Achieved	9%	13%	4
Equity ratio	Achieved	91%	87%	5

Note 1 – the group's net profit for the year ended 31 March 2013 was \$15.0 million above its SOI target due, primarily to the following favourable variances:

	\$m Post tax
Below budget expenses	6.0
Above budget electricity distribution network delivery revenue	3.1
Above budget connection revenue and capital contribution revenue	2.6
Above budget proceeds from 4RF Communications Limited (in receivership)	1.8
Other net differences	1.5
	15.0

Note 2 – the group's net profit for the year ended 31 March 2013 was \$5.2 million below last year's net profit due, primarily to the following variances:

	\$m Post tax
Electricity distribution network delivery revenue was above last year	8.2
Expenses were below last year	5.4
The receipt from 4RF Communications Limited (in receivership) didn't occur last year	1.8
Insurance cash settlement proceeds were below last year's proceeds	(19.2)
Other net differences	(1.4)
	(5.2)

Note 3 – Debt is defined as group borrowings, net of cash and cash equivalents. The percentage disclosed is debt to debt plus equity.

Note 4 – Equity is defined as shareholders' equity of the group. The percentage disclosed is equity to debt plus equity.

Note 5 – The Company pays dividends to its shareholders after taking into account the Company's financial position, profitability and future investment requirements. Any dividends paid to shareholders are determined by the board after consideration of the company's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993. The Company paid fully imputed dividends of \$16.0 million on 20 June 2012 and \$16.0 million on 20 December 2012, consistent with the Company's SOI target.

Network reliability targets:

	Number of customer connections 31 March 2013	Affected by earthquakes		Unaffected by earthquakes		
		Actual 2013	Target 2013	Actual 2012	5 year average	Gazetted average 2012

Orion network interruptions in minutes
per year per connected customer (SAIDI):

- Urban	165,913	33	100	208	18	
- Rural	23,341	536	412	389	493	
- Overall	189,254	94	137	231	75	177

Number of supply interruptions per year
per connected customer (SAIFI):

- Urban	165,913	0.5	1.6	2.0	0.3	
- Rural	23,341	4.4	3.6	3.6	3.3	
- Overall	189,254	1.0	1.8	2.2	0.6	1.9

Comments:

- Orion network interruptions exclude those caused by transmission grid and electricity generation interruptions. All figures in the "affected by earthquakes" columns above are stated gross – that is, they are not adjusted for "major event days" as otherwise allowed under the Commerce Commission's default price quality path regulatory information disclosures.
- For SAIDI, the company has assumed that all network outages caused by the 22 February 2011 earthquake were network fault-related outages only up until 31 March 2011. This applies to the figures above for the year ended 31 March 2011. The only on-going outages as at that date were due to circumstances beyond the company's control – this especially applies to the cordoned off CBD area (approximately 2,000 mainly business customer connections).
- SAIDI and SAIFI measures are international industry standards which enable assessment of network performance. The gazetted industry averages noted above are for all New Zealand electricity distribution networks and include rural and urban networks. Orion's network includes a significant rural component.
- SAIDI: system average interruption duration index – an international index which measures the average duration of interruptions to supply that a consumer experiences in a given period.

SAIDI = $\frac{\text{Sum of (number of interrupted consumers x interruption duration)}}{\text{Average number of connected consumers}}$

SAIFI: system average interruption frequency index – an international index which measures the average number of interruptions that a consumer experiences in a given period.

SAIFI = $\frac{\text{Sum of number of interrupted consumers}}{\text{Average number of connected consumers}}$

Earthquake recovery and disaster resilience targets:

- Repair the company's damaged underground cables. (Status: On track).
- Lay and commission a permanent 66kV feed from the Bromley grid exit point to the Dallington and Rawhiti zone substations. Then remove the temporary 66kV overhead lines that the company installed after the 22 February 2011 earthquake. (Status: Likely to be delayed by up to 12 months).

- *Work with the Canterbury Earthquake Recovery Authority (CERA) and the Christchurch City Council to re-establish power and network resiliency to the central business district (CBD) according to agreed priorities and timeframes. (Status: On track).*
- *Construct and move into a new office building built to level 4 (lifelines) standard and develop a back-up 'hot site' emergency location. (Status: On track).*
- *Consider the recommendations of the Kestrel Group independent review into the company's readiness for and performance during the earthquakes, and adopt practical recommendations in the company's 10-year network asset management plan (AMP) for the 10 years commencing 1 April 2013. (Status: Achieved).*
- *Undertake a review of the company's network architecture and network security of supply standard. (Status: Achieved).*
- *Align the company's 10-year network asset management plan (AMP) with the National Infrastructure Plan (NIP). (Status: Achieved).*
- *Continue to support the key regional earthquake recovery planning documents. (Status: On track).*

Environmental targets:

- *Continue to undertake and encourage consumer demand side management. (Status: Achieved).*
- *Continue support for and sponsorship of Community Energy Action (CEA). (Status: Achieved).*
- *Support the Christchurch City Council's sustainable energy strategy. (Status: Achieved).*

Community and employment targets:

- *Zero work related lost time accidents for employees and contractors. (Status: Not achieved).*
- *Zero number of injury accidents (excluding car versus pole traffic accidents) involving members of the public. (Status: Achieved).*
- *Continue with a local public safety education and awareness programme in the safe use of electricity. (Status: Achieved).*
- *Undertake an annual formal employee survey and follow up on the results. (Status: Achieved).*
- *Achieve voluntary staff turnover of less than 5% for Orion and less than 10% for Connetics for the year. (Status: Achieved for Orion. Not achieved for Connetics).*
- *Continue with the engineering development programme. (Status: On track).*
- *Continue to develop the Connetics apprentice scheme. (Status: Achieved).*
- *Continue to support the CPIT Trades Innovation Centre. (Status: On track).*

Summary of financial performance

	Actual 2013 \$000	Actual 2012 \$000
Revenue	261,094	245,512
Expenditure	195,374	177,386
Surplus / (deficit) before taxation	65,720	68,126
Surplus / (deficit) after taxation	48,991	54,154
Ordinary dividend	750	34,000

Financial interests – Central Plains Water Trust

Relationship to the Council

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

Nature and scope of activities

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

The Trust holds all necessary resource consents for the Central Plains Water Scheme.

Objective

The Council recognises a major regional economic benefit in managing the water resource in the Central Canterbury Plains, including significant employment creation. The Council also wishes to be involved to ensure its own infrastructure will not be adversely affected by any proposed scheme.

Key performance targets

The Trust's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2012 is set out below:

- To provide assistance to Central Plains Water Limited and monitor progress obtaining the necessary resource consents for the Central Plains irrigation scheme on behalf of the Trust.*

The Trust has monitored progress with regard to the various resource consent applications, funding and other priority matters through regular reports, briefings and meetings between the company, the Trust, project management and consultants.

The Trust has also monitored legal matters undertaken by the company and where necessary has obtained independent legal advice, and has obtained and recorded copies of all agreements in relation to the Scheme which concern the Trust and the consent process and in relation to legal proceedings and settlements, and of other relevant documentation to which it is entitled.

The Trust has also assisted the Company in attending and participating in mediation meetings and other discussions with appellants in the appeal process in the Environment Court.

- To consult, develop scheme recreational opportunities and environmental community enhancers.*

Priority has been directed towards consent hearings and the mediation of appeals in the Environment Court. In that process the Trust has been able to ensure that environmental recreational educational and social benefits have been addressed in accordance with the Trust's objects.

The Trust has also held a public meeting on 13 December 2011 in which its activities and the progress of the water scheme generally have been discussed.

- The Trustees' will prepare an annual budget and will report the financial results.*

Financial statements were provided to the settlors for the quarters ending 30 September, 31 December, 31 March and 30 June.

Summary of financial performance

	Actual 2013 \$000	Actual 2012 \$000
Revenue	44	44
Expenditure	44	44
Surplus / (deficit) before taxation	-	-

Financial interests – Tramway Reserve Trust

Relationship to the Council

Tramway Reserve Trust is a Council Controlled Organisation (CCO) of the Council.

Nature and scope of activities

Tramway Reserve, at the end of Tramway Reserve Road, will be subject to restoration and enhancement to be led by the Tramway Reserve Trust. The restoration project was agreed as mitigation for the past and on-going use of Tramway Reserve Drain for 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.

Key performance targets

The Trust's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2013 is set out below:

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

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

Summary of financial performance

	Actual 2013 \$000	Actual 2012 \$000
Revenue	2	-
Expenditure	2	-
Surplus / (deficit) before taxation	-	-

Financial interests – Orion Selwyn District Centenary Educational Trust

Relationship to the Council

The Orion Selwyn District Centenary Educational Trust is a Council Controlled Organisation (CCO) of the Council. The Council exercises significant influence over the activities of the Trust through its ability to appoint the Trustees.

Nature and scope of activities

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.

Key performance targets

The Trust's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2013 is set out below:

- *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.*

In the year ended 30 June 2013, the Trust earned \$6,414 (2012: \$6,519) in interest revenue, and paid out scholarships totalling \$3,750 (2012: \$3,750) to students from the three designated schools.

Summary of financial performance

	Actual 2013 \$000	Actual 2012 \$000
Revenue	6	7
Expenditure	4	4
Surplus / (deficit) before taxation	3	3

Financial interests – Selwyn District Charitable Trust

Relationship to the Council

The Selwyn District Charitable Trust is a Council Controlled Organisation (CCO) of the Council.

Nature and scope of activities

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

Key performance targets

The Trust's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2013 is set out below:

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

During the period the Trust received a total of \$394,100 (2012: \$78,960) in donation revenue. The Trust has distributed \$408,782 (2012: \$1,460) to the Selwyn District Council during the year. The donations received by the Trust during the year are to be used for the benefit of the Selwyn Aquatic Centre.

The Trust distributed the donations received for the benefit of the Selwyn Aquatic Centre during the year. This included an interest component earned on these donations. At year end there was \$63,143.34 in donations and interest revenue payable to Selwyn District Council.

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

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

Summary of financial performance

	Actual 2013 \$000	Actual 2012 \$000
Revenue	394	79
Expenditure	394	79
Surplus / (deficit) before taxation	-	-

Independent Auditor's Report

To the readers of Selwyn District Council and group's annual report for the year ended 30 June 2013

The Auditor-General is the auditor of Selwyn District Council (the District Council) and group. The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District Council and group that comprise:
 - the statement of financial position as at 30 June 2013 on page 51;
 - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 49 to 50 and pages 52 to 53;
 - the funding impact statement of the District Council on page 9; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 54 to 122;
- the statement of service provision (referred to as the statement of service performance) of the District Council on pages 3 to 4 and pages 10 to 46, and the funding impact statements in relation to each group of activities of the District Council on pages 10 to 46; and
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 10 to 46.

In addition, the Auditor-General has appointed me to report on whether the District Council and group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on page 92;
 - council-controlled organisations on pages 123 to 132;
 - reserve funds on pages 95 to 99
 - each group of activities carried out by the District Council on pages 10 to 46;
 - remuneration paid to the elected members and certain employees of the District Council on pages 108 to 109;
 - employee staffing levels and remuneration on page 72; and
 - severance payments on page 109;
 - a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 8; and
 - a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 7

Opinion

Audited information

In our opinion:

- the financial statements of the District Council and group on pages 49 to 122:
 - o comply with generally accepted accounting practice in New Zealand; and
 - o fairly reflect:
 - the District Council and group's financial position as at 30 June 2013; and
 - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 9, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 10 to 46, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the statement of service performance of the District Council on pages 10 to 46:
- complies with generally accepted accounting practice in New Zealand; and
- fairly reflects the District Council's levels of service for the year ended 30 June 2013, including:
 - o the levels of service as measured against the intended levels of service adopted in the long-term plan; and
 - o the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 10 to 46, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.

Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the District Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 30 October 2013. This 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 our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported statement of service performance within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statement of service performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council and group's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast;
 - a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
 - funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
 - statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan; and
 - the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

The Council's responsibilities arise under the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements, we have no relationship with or interests in the District Council or any of its subsidiaries.

A handwritten signature in black ink, reading "Ian Lothian". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

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

Council information

Mayor and Councillors

Mayor		Deputy Mayor (Selwyn Central Ward Councillor)	
Kelvin Coe	513 The Lake Road RD 3 LEESTON 7683 (H) (03) 329 1768 (C) 027 267 7732 kelvin.coe@selwyn.govt.nz	Sarah Walters	143 Midhurst Road RD 1 CHRISTCHURCH 7671 (H) (03) 318 1227 (C) 027 270 1215 sarah.walters@selwyn.govt.nz
Selwyn Central Ward		Springs Ward	
Mark Alexander	478 Two Chain Road RD 7 CHRISTCHURCH 7677 (H) (03) 347 6393 (F) (03) 347 6392 (C) 027 526 6388 mark.alexander@selwyn.govt.nz	Debra Hasson	152 Chamberlains Road RD 4 CHRISTCHURCH 7674 (H) (03) 329 5445 (C) 027 435 5055 debra.hasson@selwyn.govt.nz
Jeff Bland	Weedons Road RD 8 CHRISTCHURCH 7678 (H) (03) 347 4070 (C) 027 399 9206 jeff.bland@selwyn.govt.nz	Malcolm Lyall	520 Springs Road PREBBLETON 7604 (H) (03) 349 7990 (C) 027 433 9964 malcolm.lyall@selwyn.govt.nz
Peter Hill	1316 Tramway Road RD 2 LEESTON 7682 (H) 325 4450 (C) 027 364 5834 peter.hill@selwyn.govt.nz	Lindsay Philps	73 Robinsons Road LADBROOKS CHRISTCHURCH 8150 (H) (03) 325 2130 (C) 027 295 3868 lindsay.philps@selwyn.govt.nz
Malvern Ward		Ellesmere Ward	
Sam Broughton	275 Waireka Road RD1 DARFIELD 7571 (H) (03) 318 8284 (C) 027 223 8345 sam.broughton@selwyn.govt.nz	Pat McEvedy	80 St John Street SOUTHBRIDGE 7602 (H) (03) 324 2572 (C) 027 430 3818 pat.mcevedy@selwyn.govt.nz
John Morten	224 Waireka Road RD 1 DARFIELD 7571 (H) (03) 317 9001 (F) (03) 317 9002 (C) 027 200 2578 john.morten@selwyn.govt.nz	Nigel Barnett	176 Dunsandel/Hororata Road Dunsandel, RD 2 LEESTON 7682 (H) (03) 325 4205 (C) 027 484 4888 nigel.barnett@selwyn.govt.nz

Community Board Members

Malvern Community Board		Selwyn Central Community Board	
Jenny Gallagher (Chairperson)	43 Tramway Road RD 1 DARFIELD 7571 (H) (03) 318 1784 (C) 027 497 0120 jenny.gallagher@selwyn.govt.nz	Liz Russell (Chairperson)	7 Oak Tree Lane ROLLESTON 7614 (H) (03) 347 7262 (C) 027 240 7964 liz.russell@selwyn.govt.nz
Allan Thorne (Deputy Chairperson)	Arbourlea 2143 Bealey Road RD 2 DARFIELD 7572 (H) (03) 318 0798 (F) (03) 318 0797 allan.thorne@selwyn.govt.nz	Alan French (Deputy Chairperson)	23 Delamare Way ROLLESTON 7614 (H) (03) 347 2338 (C) 027 664 4305 alan.french@selwyn.govt.nz
Mary Ireland	3D Perrin Place DARFIELD 7510 (H) (03) 318 8649 (F) (03) 318 8648 mary.ireland@selwyn.govt.nz	Sandy Williams	3 Verona Court ROLLESTON 7614 (H) (03) 377 2908 (C) 021 663 692 sandy.williams@selwyn.govt.nz
Bill Frost	55 Station Road RD 1 COALGATE 7673 (H) (03) 318 2604 (F) (03) 318 2601 bill.frost@selwyn.govt.nz	Joyce Davey	6 Juliet Place ROLLESTON 7614 (H) (03) 347 8217 joyce.davey@selwyn.govt.nz
Bob Mugford	PO Box 35 COALGATE 7646 (H) (03) 318 2877 Bob.mugford@selwyn.govt.nz		

Where to go for more information

This 2012/2013 annual report 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 or (03) 318 8338	
Website	Selwyn District Council Offices
www.selwyn.govt.nz	2 Norman Kirk Drive PO Box 90 ROLLESTON 7643
Service Centres	
Leeston Library / Service Centre High Street Private Bag 1 LEESTON Phone: (03) 347 2820	Darfield Library / Service Centre 1 South Terrace DARFIELD 7510 Phone: (03) 318 8338
Lincoln Library / Service Centre Gerald Street LINCOLN 7608 Phone: (03) 347 2875	Rolleston Library / Service Centre Rolleston Drive ROLLESTON 7614 Phone (03) 347 2880
Auditors	Bankers
Audit New Zealand PO Box 2 CHRISTCHURCH 8140 On behalf of the Auditor-General	Westpac PO Box 2721 CHRISTCHURCH 8140
Solicitors	Sister districts
Buddle Findlay PO Box 322 CHRISTCHURCH 8140	Akitakata City City Offices, Yoshida 791 Yoshida Cho, Hiroshima 731 0592 JAPAN
	Town of Yubetsu Minatomachi 31, Yubetsu-Cho Monbetsu-gun, hokkaido 099 640, JAPAN The Malvern Community Board has been delegated the authority to facilitate relationships with Yubetsu-Cho.
	Shandan County Government North Road No 3 Qingquan Town Shandan County Gansu Province CHINA 734100

Council controlled trading organisations

Council companies

Selwyn Investment Holdings Limited (<i>in liquidation</i>) (100% owned by the Council)	Sicon Ferguson Limited (100% owned by Selwyn Investment Holdings Limited)
PO Box 90 ROLLESTON 7643 Phone: (03) 347 2800 Fax: (03) 347 2799 Website: www.sih.co.nz	3 South Terrace PO Box 40 DARFIELD 7541 Phone: (03) 324 3068 or (03) 318 8320 Fax: (03) 318 8578 Email: sicon@sicon.co.nz Website: www.sicon.co.nz
Board (<i>as at 30 June 2013</i>) M Lyall (Chairperson) J Morten S Walters	Board (<i>as at 30 June 2013</i>) P Carnahan (Chairperson) L Roulston N McBreen J Morten

Other council organisations

Central Plains Water Trust (50% owned by Selwyn District Council)	Izone Southern Business Hub Council committee established to develop an industrial park at Rolleston
PO Box 90 ROLLESTON 7643 Phone: (03) 347 2800 Fax: (04) 347 2799	PO Box 90 ROLLESTON 7643 Phone: (03) 347 2800 Fax: (03) 347 2799 Website: www.izone.org.nz
Trustees (<i>as at 30 June 2013</i>) DJ O'Rourke (Chairperson) DJ Catherwood RW Davison DAR Haslam V Smart C Williams	Committee Members (<i>as at 30 June 2013</i>) JB Morten (Chairperson) JL Christensen WJ Bell S Price R McEwan
	Chief Executive RD Hughes Developments Limited Attention: Robin Hughes Phone: (03) 379 2609
	The Council Manager responsible Douglas Marshall - Manager Corporate Services

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.



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www.selwyn.govt.nz

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