# SELWYN DISTRICT COUNCIL Annual Report

for the year 2014/2015



# Welcome to Selwyn District Council's Annual Report 2014/15

#### **About the Annual Report**

The purpose of the Annual Report is to compare the actual activities and performance of the Council against those set out in the Long Term Plan and Annual Plan. The Annual Report also enhances 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 third year of the Selwyn District Council Long term Plan 2012/2022 that was adopted on 27 June 2012.

This is the first Annual Report prepared in accordance with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS).

#### **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. Selwyn is the fastest growing area in New Zealand and has also been ranked by BERL (Business and Economic Research Limited) as the district with the strongest economic performance in the country for the past three years running.

It really is an exciting time for the District with so much development taking place. The District continues to figure strongly in Canterbury's rebuild and economic growth. The total number of building consents issued in Selwyn for the year to June 2015 was 2,790.

# How we performed - summary

#### **Financials**

Expenditure for the year was \$85 million compared with the budget of \$81 million



The Council reduced borrowings by \$20 million during the year

(This reflects the Council's strong operating cash flow.)

Total assets of \$1.4 billion



\$38 million of Rates revenue was levied during the year

\$28 million

Capital works was completed during the year

\$23 million of Development contributions revenue was received during the year

Selwyn District Council continued to experience high levels of growth during the 2014/15 financial year. The financial results for the year are a reflection of a number of extraordinary circumstances. These include the rapid and sustained population growth in the District, special dividend revenue received from our investments and land sales in the Izone Southern Business hub ahead of budget.

Expenditure for the year was \$85.1 million compared with the budget of \$80.8 million. The main variances compared with budget were:

- Other expenses were \$43.3 million, \$5.9 million higher than budgeted. The Council has reviewed the treatment of Izone land sales under the new accounting standards and concluded that the Council's land held for sale is more appropriately classified as inventory rather than assets held for sale under PBE IPSAS 12: Inventories. The main change under PBE IPSAS 12 is the requirement to recognise the carrying amount of inventories sold as an expense in the period in which the related revenue is recognised, as opposed to the treatment of assets held for sale under PBE IFRS 5 which requires the net gain/loss on sale to be recognised. The change accounts for \$4.4 million of the above budget expenditure.
- Depreciation and amortisation expenditure was \$21.4 million, \$1.4 million below budget, mainly due to the delay in the timing of capital projects.

Revenue for the year was \$157.1 million compared with the budget of \$97.6 million. The main variances compared with budget were:

- Fees and charges were \$16.2 million, \$1.3 million above budget of \$14.9 million, again reflecting the level of population growth in the district as developers and new residents paid for building and resource consents. Admission numbers to the Selwyn Aquatic Centre were also higher than originally budgeted.
- Dividend revenue was \$7.5 million, \$2.3 million above budget of \$5.2 million, due to special dividend revenue received from our investments in Orion New Zealand Limited and Sicon Ferguson Limited.
- Interest revenue was \$3.3 million, \$1 million above budget of \$2.3 million, due to higher levels of cash investments held and higher returns received on term deposit investments.
- Rates revenue was \$37.5 million, \$1.8 million above budget of \$35.7 million, due to higher levels of population growth in the district compared with those projected and reclassification of rates penalties as rates revenue rather than fees and charges in the budget.
- Subsidies and grants revenue was \$6.1 million, \$1.3 million above budget of \$4.8 million, largely due to additional subsidies received from the New Zealand Transport Agency to fund projects including the Rolleston to Lincoln cycleway.
- · Land sales revenue was ahead of budget by \$23.8 million due to sale of land in the Izone Southern Business Hub being significantly ahead of budget.

In our revenue statement we have also incorporated a number of exceptional revenue items including:

- Development contributions revenue was \$23 million, \$6.1 million above budget of \$17.1 million as the level of population growth in the district continues to be more rapid than expected. Development contributions are retained in a separate account to fund new infrastructure and are not available to reduce the level of rates.
- Vested asset revenue was \$29.7 million, \$19.2 higher than budget of \$10.5 million, due to the higher than expected level of subdivision activity. Vested assets are predominantly infrastructure, such as roads and water services, established by developers then transferred to the council for ongoing ownership and management. This is a non-cash item and is not available to reduce

#### Service performance



There were 282,000 admissions to the Selwyn Aquatic Centre during the year



60% of residents rated Council's overall performance as good or very good in the biennial residents' survey

No rural properties were affected by unplanned Water SUPPLY interruptions of more than 24 hours

2,790 building consents were issued during the year with an average processing time of 12 days

42% of residents used the Pines Resource Recovery Park during the year

870 metres of new township footpaths were installed during the year

#### Our services

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

Some of the things we do every day include:

- Maintaining over 2,400 kilometres of roads.
- Providing rubbish and recycling services to more than 12,000 households. 93% of residents rated this service as good or very
- Providing and maintaining 181 reserves and playgrounds, and 37 recreation reserves. 78% of people living in Selwyn visited a park last year.
- Providing and running the Selwyn Aquatic Centre and eight community pools. The Aquatic Centre had 282,000 admissions during the year, up from 258,000 in 2013/14. Swim numbers per capita were 5.82, up from 5.44 in 2013/14.
- Providing and maintaining 24 community centres and halls. 67% of residents rated this service as good or very good.
- Running libraries in Darfield, Lincoln, Leeston, Rolleston and a mobile library and assisting a volunteer library. The performance rating for libraries was 83% of residents rated this service as good or very good.
- 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 12 working days compared to the statutory timeframe of 20 working days. 85% of the people who use consent services were satisfied with the service they received.

#### Growth continues to be strong

The strong population growth occurring in Selwyn has continued during the past year. Selwyn continues to be the fastest growing district in New Zealand and 2,790 building consents were issued in the year to June 2015. The building consent team continued to perform well under pressure, with the average building consent processing timeframe being 12 days, well under the 20 day statutory period. The team also took won the Society of Local Government Managers' 2015 Supreme Excellence Award for the Council's online building consent processing system developed in partnership with Alpha One.

The development of Izone Southern Business Hub is helping to provide Selwyn residents with greater employment opportunities in our district. In the past year a further 28 hectares of land have been sold in Izone, well ahead of the 10 hectares of sales the Council had aimed to achieve for the period.

#### Selwyn 2031: District Development Strategy

The Council has continued to focus on planning for the district's future. In October 2014, the Council adopted the Selwyn 2031 – District Development Strategy. Selwyn's population is expected to grow from around 53,000 now to over 74,000 by 2031. The strategy will provide a long term view of how Selwyn will develop in the future which will help the Council to plan and deliver services.

In Malvern and Ellesmere, the first stage of work to develop local Area Plans also began.

#### Residents enjoy life in Selwyn

New and existing residents are enjoying life in Selwyn. Our 2015 residents' survey found that 90% of residents believe Selwyn is a great place to live. Overall satisfaction with Council performance also increased this year according to the Council's independent resident's survey.

#### Council facilities and parks provide popular

The Selwyn Aquatic Centre has proved popular with residents. The facility, opened in June 2013, had 282,000 admissions in the year to June 2015, up from 258,000 visits last year. 98% of people taking part in our resident's survey said they had used a community facility in the past year. 78% of people also reported they visited a park in our 2015 resident's survey, while over 60% of residents had visited a library or community centre or hall. Satisfaction with most facilities and parks is high – with over 80% of people satisfied with reserves, playgrounds, libraries and swimming pools.

#### The development of Foster Recreation Park continues

Construction continued this year at Foster Recreation Park in Rolleston, Selwyn's largest new sport and Recreation Park. The first playing fields have been levelled and sown, and some fields have started to be used by winter sporting codes. A new well and water storage tank have also been installed near Dynes Road to provide water for irrigation, independent from the Rolleston water supply. The park will be designed to be used for a range of activities including sports training and games, community events and concerts as well as exercising dogs, picnics and walking and cycling.

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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 our district and the Council.

Signs of growth and development can be seen across Selwyn. The construction of a new high school and primary school are underway in Rolleston and the Ministry of Education has announced a fourth primary school will also be built in Rolleston. The first stage of the Central Plains Water Scheme has been developed to provide water to properties in south Malvern. New subdivisions can be seen in Rolleston, Lincoln, Darfield, Leeston and a number of other townships.

Our building consent team has been exceptionally busy in recent years with so much construction activity occurring in Selwyn. They have also had a very successful year, taking home SOLGM's Supreme Excellence Award for their online building consent application system which was developed in partnership with Alpha Group.

The development of IZONE is helping to provide Selwyn residents with employment in our district. In the past year a further 28 hectares of land have been sold in IZONE, well ahead of the 10 hectares of sales the Council had aimed to achieve.

New and existing residents are enjoying life in Selwyn as our 2015 residents survey found that 90% of residents though that Selwyn was a great place to live. It was also pleasing to see that satisfaction with Council performance has increased this year.

The Council continues to focus on planning for the future and supporting our growing community. In June we adopted our Long Term Plan for 2015-2025 which identifies a number of major infrastructure projects we will be progressing in the future. We also adopted an Open Space Strategy which will expand and improve our parks and recreation network in the future. Two new cycleways, from Springston to Lincoln and Lincoln to Rolleston have also been constructed. The development of Foster Park, a major new sport and recreation park, continues and the park's first paths will soon be open for people to walk and cycle on.

In Malvern and Ellesmere, the first stage of work to develop local Area Plans began. Selwyn has a youthful population and a new Health and Community Directory was developed by the Council listing local health, education and support services. Work has also begun on a Newcomers and Migrants Strategy, which is being developed in partnership with a range of government and community organisations. The Council has also hosted a range of very successful community events including summer family picnics, pool parties and a Sport and Recreation Have a Go Day in Lincoln which attracted over 2,000 people. The Council and Selwyn Arts Trust are also working together to promote and encourage a greater range of arts activities and opportunities in Selwyn.

We would like to thank Council staff, Councillors, members of community committees and local residents for their support over the past year to help us achieve so much.

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 2015 fairly reflect the financial position and operations of the Selwyn District Council.

Mayor of Selwyn District

David Ward Chief Executive

Corporate Services Manager

28 October 2015

# 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 tāonga.

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 2014/15 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.
- $\cdot \quad \text{Details of how the Council manages changing demand for any service, including the impact of population changes.}$
- · 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 conducted in June 2015. 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 very poor job) equals zero. No responses were excluded from the survey analysis.

#### **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 revenue and expenditure items such as vested asset revenue (revenue 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 revenue sources, including general rates, targeted rates, fees and charges, subsidies, interest, dividends and development contributions. The revenue 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 revenue funds both types of costs it is treated as operating revenue.

Similarly, expenditure is split between operating and capital items. The statement shows how the difference between revenue 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 revenue 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 revenue and cash expenditure need to be funded by a combination of borrowing, investments and reserves.

The amount of general rate revenue 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 revenue from dividends, interest and other sources that is used to reduce the amount of general rate revenue that needs to be charged to ratepayers. This revenue is treated as corporate revenue and included in the support services funding impact statement. This means that the general rate revenue line in this statement is actually a reduction in the general rate requirement, rather than an amount of revenue to be collected from ratepayers. In effect, it offsets the amount of general rate expenditure that would need to be charged to ratepayers if the Council did not have dividend and interest revenue.

	2015	2015	2014	2014
	Actual	Annual Plan	Actual	Annual Plan
	\$'000	\$'000	\$'000	\$'000
Sources of operating funding	<b>4</b> 000	<b>4</b> 000	<b>\$</b>	<b>\$</b>
General rates	13,792	12,835	12,088	11,602
Targeted rates (other than for metered water supply)	23,745	22,852	19,532	19,053
Subsidies and grants for operating purposes	3,528	2,719	3,040	2,676
Fees, charges and targeted rates for metered water	16,190	14,901	14,050	12,761
Interest and dividends from investments	10,837	7,529	6,909	6,711
Other operating funding	296	197	485	185
Total operating funding (A)	68,388	61,033	56,104	52,988
Application of operating funding				
Payments to staff and suppliers	53,646	53,817	49,714	49,575
Finance costs	3,652	5,234	5,254	6,459
Other operating funding applications	3,651	458	373	564
Total application of operating funding (B)	60,949	59,509	55,341	56,598
Surplus / (deficit) of operating funding (A-B)	7,439	1,524	763	(3,610)
Sources of capital funding				
Subsidies and grants for capital expenditure	2,576	2,100	2,286	1,925
Development and financial contributions	23,252	17,138	24,961	7,411
Increase / (decrease) in debt	(20,051)	22,070	(14,966)	34,108
Gross sales proceeds from sale of assets	32,909	13,640	15,671	16,591
Total sources of capital funding (C)	38,686	54,948	27,952	60,035
Applications of capital funding				
Capital expenditure to meet additional demand	16,010	52,601	18,203	37,791
Capital expenditure to improve the level of service	4,586	8,033	2,515	12,674
Capital expenditure to replace existing assets	7,810	9,220	4,833	8,035
Increase / (decrease) in reserves	9,499	(6,289)	13,309	(3,861)
Increase / (decrease) of investments	8,220	(7,093)	(10,145)	1,786
Total applications of capital funding (D)	46,125	56,472	28,715	56,425
Surplus / (deficit) of capital funding (C-D)	(7,439)	(1,524)	(763)	3,610
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	37 main recreation reserves with a total area of over 528 ha.	Township reserves and streetscapes	181 reserves and playgrounds covering over 68ha.
Cemeteries	19 cemeteries (two closed).	Rental housing	22 houses.
Public toilets	20 facilities.	Gravel reserves	200 sites in total with 12 operational.
Community centres and halls	24 facilities.	Forestry	57 sites with a total area of 88.2 ha.
Swimming pools	1 District Aquatic Centre 5 community pools 3 with halls/reserves.	Property and buildings	District Headquarters 27 strategic properties.
Libraries	At Rolleston, Lincoln, Leeston, Darfield plus 2 volunteer libraries and a mobile library.	Total asset value	\$214 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. In 2013 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 continue to work 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.

#### Internal borrowings

Internal borrowings are disclosed in Note 26: Borrowings.

#### 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 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 5.82 (2014: 5.44) and is well in excess of the target of 4.0.

#### 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. 78% (2014: 76%) of residents surveyed have used or visited a public park or reserve in the past 12 months and residents' satisfaction rating remains high at 87/100 (2014: 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 80/100 (2014: 79/100) performance rating. The number of buildings in average condition or below has remained consistent at 10.7% and within our target of <25% of buildings being in average condition or below.

#### Cemeteries

Many headstones were damaged in the magnitude 7.1 September 2010 earthquake. Since the Canterbury earthquakes, the Council has been working through a staged programme of cemetery repairs to fix damaged headstones in public cemeteries. Repairs to Lincoln, Greendale, Springston, Dunsandel, Brookside, Shands Road, and Weedons cemeteries are now complete.

The remaining repairs will be staged over the next two years and will include the cemeteries at Prebbleton, Bishops Corner, Killinchy, South Malvern, Kirwee, Kimberley, Waddington, Kowhai Pass, Hororata and Ellesmere Public and Catholic cemeteries.

The Council achieved its service target of less than 10 complaints in relation to cemeteries, with 5 complaints received during the year. Residents' satisfaction rating remains high at 83/100 for cemeteries.

#### 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 53% of the total population. This is a decrease of 2% on the previous financial year, and below our target of 60%. During the year there were 13 issues per patron (2014: 13.5) which was below the target of 17.5 issues or better.

# 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 Residents' Survey.	≥85	Achieved 87 (2014: Not measured)
	Hectares per 1000 population is above the average for similar sized district authorities (Minimum 3 ha/1000).	≥4.5 ha	<b>Achieved</b> 4.88 ha (2014: Achieved 4.88 ha)
	Percentage of residents who have used or visited a public park or reserve in the past 12 months.	≥70%	Achieved 78% (2014: Not measured)
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	Percentage of townships where all residents are serviced by a reserve within 400 metres.	≥70%	<b>Achieved</b> 72% (2014: Achieved 75%)
social contact.	The performance (out of 100) for playgrounds in the Biennial Residents' Survey.	≥75	Achieved 87 (2014: 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 Residents' Survey	≥75	Achieved 80 (2014: Not measured)
	Number of buildings in average condition or below.	≤25%	<b>Achieved</b> 10.7% (2014: Achieved 10.7%)
Swimming pools			
Public swimming pools contribute to Selwyn District being an attractive place to live and provide opportunities for residents to enjoy	Number of local and District public pools.	8 local 1 indoor	Achieved (2014: Achieved)
healthy, active lifestyles and to learn life skills such as swimming.	Number of swims per capita of District population per year.	4.0	Achieved 5.82 (Results based on Selwyn Aquatic Centre admissions.)  (2014: Achieved 5.44 (The Selwyn Aquatic Centre was closed 3 weeks during 2014 due to pool
			contamination and to complete repairs and maintenance.)
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 Residents' Survey.	≥65	Achieved 76 (2014: 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 Residents' Survey.	≥70	Achieved 83 (2014: Not measured)		
	Number of complaints received per annum related to cemetery service.	<10	Achieved (5 complaints were received during the year.) (2014: Achieved 4 complaints)		
Libraries					
Provide library and cultural services.	Registered library users as a percentage of total population.	60%	Not achieved 53.09% (2014: Not achieved 55%)		
	Issues per patron per annum.	17.5	Not achieved 13 issues per patron. (2014: Not achieved 13.5)		
	The performance rating (out of 100) for libraries in the Biennial Residents' Survey.	≥85	Achieved 88 (2014: Not measured)		

# Community facilities funding impact statement

	2015	2015	2014	Movement
	Actual	LTP	LTP	Actual vs
	\$'000	\$'000	\$'000	LTP 2015
Sources of operating funding				
General rates	4,958	4,792	4,720	
Targeted rates	5,897	5,304	5,015	Note 1
Subsidies and grants for operating purposes	240	12	12	
Fees and charges	3,397	3,068	2,922	Note 2
Internal charges and overheads recovered	-	-	-	
Other operating funding	57	1	1	Note 3
Total operating funding (A)	14,549	13,176	12,670	
Application of operating funding				
Payments to staff and suppliers	9,171	7,867	7,918	Note 4
Finance costs	743	1,748	1,623	Note 5
Internal charges applied	2,650	2,204	2,127	
Other operating funding applications	108	114	110	
Total application of operating funding (B)	12,672	11,933	11,778	
Surplus / (deficit) of operating funding (A-B)	1,877	1,243	892	
Sources of capital funding				
Subsidies and grants for capital expenditure	19	-	-	
Development and financial contributions	10,378	1,553	1,553	Note 6
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	788	738	6,499	
Total sources of capital funding (C)	11,185	2,292	8,052	
Applications of capital funding				
Capital expenditure to meet additional demand	4,585	1,039	1,082	Note 7
Capital expenditure to improve the level of service	1,808	1,592	3,453	
Capital expenditure to replace existing assets	993	506	723	Note 8
Increase / (decrease) in reserves	6,367	(189)	(973)	
Increase / (decrease) of investments	(691)	587	4,659	
Total applications of capital funding (D)	13,062	3,535	8,945	
Surplus / (deficit) of capital funding (C-D)	(1,877)	(1,243)	(892)	
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 substantial growth in the District.
- **Note 2** Fees and charges revenue is higher than the LTP due to higher admissions to the Selwyn Aquatic Centre than originally budgeted in the LTP.
- **Note 3** Other operating funding is higher than the LTP due to insurance proceeds received during the period.
- **Note 4** Payments to staff and suppliers is higher than the LTP largely due to higher staff costs of operating the Selwyn Aquatic Centre due to increased demand, particularly around enrolments in the swim school programme.
- **Note 5** Finance costs are lower than the LTP due to lower borrowings than originally budgeted. The lower borrowing is due to the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.
- Note 6 Development contributions revenue is higher than the LTP due to substantial growth in the District.
- **Note 7** Capital expenditure to meet additional demand is higher than the LTP largely due to the timing of landscaping of the Lincoln Library \$199,000, Greenpark community centre facility \$598,000, Darfield public toilet \$445,000 and Foster Recreation Park development \$1.6 million.
- **Note 8** Capital expenditure to replace existing assets is higher than the LTP largely due to additional projects not originally included in the LTP. These projects include the Coes Ford public toilet renewal \$128,000 and Dunsandel tennis court resurfacing \$149,000.

# 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, including:

- 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.
- Welcoming newcomers and migrants to the District.
- Recreation programmes, including physical activity programmes to meet the needs and interests of residents of all ages and life stages.
- Recreation and sport.
- Business promotion activities, including working with local businesses.
- A network of libraries across the District.
- Tourist promotion activities.
- 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 and wellbeing 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. 85% of residents reported a sense of community, an increase of 5% on the 2014 survey result. The Council's initiatives such as day clubs, library services, and a variety of new agencies providing 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, events 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'.

Biz-Online is a business directory hosted on the Selwyn District Council website. The Selwyn Business Directory is available for companies and organisations in Selwyn to promote their business, and to help Selwyn Residents find locally-provided goods and services. Listing is free and is available for businesses which are located within the Selwyn District, or provide services principally within the Selwyn District. During the year there has been a 26% increase in businesses listing on the Biz-Online directory, exceeding our target of 1%.

Business welcome packs are no longer offered to new businesses establishing in the Selwyn District due to the change in the contract with NZ Trade and Enterprise changing focus. However, Council has worked with new businesses individually.

Selwyn residents will visit our newest sister city – Coventry in Rhode Island, USA in October 2015. The relationship with Coventry was first established by former Selwyn Mayor Bill Woods and has been fostered by Selwyn's Sister City committee. It has now been formalised with the signing of a sister city agreement. Coventry will be Selwyn's fifth sister city. Other sister city / districts are: Akitakata-shi and Yubetsu-cho in Japan, Shandan in China and North Toraja Regency in Indonesia. The relationship developed with Coventry will create future opportunities to promote Selwyn District on a global level.

The Creative Communities Scheme administered by the Selwyn District Council on behalf of Creative New Zealand supports local arts and cultural activities. The fund is used to support projects or activities that encourage community involvement, support diverse arts and cultural traditions, or enable young people to actively participate in the arts. The Council has administered \$37,000 of grants during the year. These grants have funded exhibitions, productions, concerts, festivals, workshops and presentations that offer opportunities for community involvement in the arts. Funding has also supported artist-led projects involving local communities, materials, promotion of arts activities, and personnel costs for one-off, short term projects.

# Service targets for community services

Objective	Performance measure	Service target	Achievement
Provide community development services and advice to Selwyn residents.	Residents' sense of community.	≥85%	Achieved 85% (2014: Not measured)
	Percentage of Selwyn residents engaging in 30 minutes of moderate intensity physical activity on at least 5/7 days per week.	59%	Not measured (2014: Not measured)
	Increase in number of businesses registering for Biz-Services or the Biz-Online Business Directory.	1% increase	Achieved 75 new businesses registered for Biz-Online during the year. An increase of 26% on 2014.  (2014: Achieved 13.7% increase)
	Business 'welcome packs' developed and issued to new businesses establishing in the District.	2% increase	Not achieved Welcome packs not yet offered but businesses worked with individually.  (2014: Not achieved)
	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  (2014: Not measured)
	Percentage of clients satisfied with Council / NZ Trade and Enterprise business training service.	≥85%	Not measured (2014: Not measured)
	Newcomer 'welcome packs' issued to new home owners settling in the District.	90% of new home owners settling in the District receive a welcome pack.	Achieved (2014: Not measured)

# Community services funding impact statement

	2015	2015	2014	Movemen
	Actual	LTP	LTP	Actual v
	\$'000	\$'000	\$'000	LTP 201
Sources of operating funding				
General rates	2,360	2,281	2,228	
Targeted rates	-	-	-	
Subsidies and grants for operating purposes	169	165	175	
Fees and charges	259	38	37	
Internal charges and overheads recovered	-	-	-	
Other operating funding	18	-	-	
Total operating funding (A)	2,806	2,484	2,440	
Application of operating funding				
Payments to staff and suppliers	2,006	2,017	1,957	
Finance costs	-	-	-	
Internal charges applied	295	271	263	
Other operating funding applications	57	40	39	
Total application of operating funding (B)	2,358	2,328	2,258	
Surplus / (deficit) of operating funding (A-B)	448	155	182	
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	33	-	-	
Total sources of capital funding (C)	33	-	-	
Applications of capital funding				
Capital expenditure to meet additional demand	372	197	88	Note 1
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	6	-	-	
Increase / (decrease) of investments	103	(42)	95	
Total applications of capital funding (D)	481	155	182	
Surplus / (deficit) of capital funding (C-D)	(448)	(155)	(182)	
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Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 Capital expenditure to meet additional demand is higher than the LTP largely due to additional projects not originally included in the LTP. These projects include the purchase of a new tanker \$83,000, the purchase of a flood pump \$76,000, new storage shed at Pines \$61,000 and a replacement smoke chaser for Arthur's Pass \$50,000.

# 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) as it believes, by conducting its 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 for the Community Centre and Reserve 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 Trust 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.

	2015	2014
	Actual	Actual
Banks Peninsula trotting	1,373	2,104
Community special events	21,000	29,630
Discretionary fund - Wards	51,172	53,083
Discretionary fund - Councillors	9,909	8,908
Education bursaries	10,000	5,250
Life education	4,793	4,644
Lincoln Envirotown Trust	35,572	34,469
Mayoral fund	-	3,231
Summit Road protection authority	1,643	1,643
Waihora Ellesmere trust	23,750	23,014
Other minor grants	-	-
Total grant funding	159,211	165,976

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 \$378,539 (2014: \$348,840).

### 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 368 submissions on the Council's consultation document 'Towards 25' and we appreciate the time and thought that went into each of them. The submissions covered a range of matters, from district-wide rates for urban water and wastewater, district wide rates for community centres, halls and recreation reserves, and transportation projects including upgrading major routes connecting to the Christchurch Southern Motorway and connecting Rolleston across State Highway 1 through a flyover. We have responded to each submitter individually and thanks go to all those individuals, committees and organisations that made a submission or attended one of the consultation meetings. The Long Term Plan was formally adopted on the 24 June 2015.

The Council conducted 11.3% (2014: 13.8%) 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 239 reports, 27 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 11.3% of Council's business was held in a public excluded meeting. (2014: Not achieved 13.8%)
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.	2014 annual report adopted on time with an unmodified audit opinion. 2015/25 LTP adopted on time with an unmodified audit opinion.	Achieved The 2014 annual report was adopted on 22 October 2014 with an unmodified audit opinion.  The 2015/2025 LTP was adopted on 24 June 2015 with an unmodified audit opinion. (2014: Achieved)

# **Democracy funding impact statement**

	2015	2015	2014
	Actual	LTP	LTP
	\$'000	\$'000	\$'000
ources of operating funding			
General rates	2,779	2,686	2,573
argeted rates	659	617	606
ubsidies and grants for operating purposes	72	-	-
ees and charges	14	-	-
nternal charges and overheads recovered	-	-	-
Other operating funding	-	-	-
otal operating funding (A)	3,524	3,303	3,179
application of operating funding			
Payments to staff and suppliers	1,427	1,706	1,489
inance costs	-	-	-
nternal charges applied	1,758	1,822	1,743
Other operating funding applications	71	106	102
otal application of operating funding (B)	3,256	3,634	3,334
urplus / (deficit) of operating funding (A-B)	268	(331)	(155)
ources of capital funding			
ubsidies and grants for capital expenditure	-	-	-
evelopment and financial contributions	-	-	-
ncrease / (decrease) in debt	-	-	-
Fross sales proceeds from sale of assets	-	-	-
otal 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	-	-	-
ncrease / (decrease) in reserves	(23)	-	-
ncrease / (decrease) of investments	291	(331)	-
otal applications of capital funding (D)	268	(331)	-
Surplus / (deficit) of capital funding (C-D)	(268)	331	-
unding balance (A-B) + (C-D)	-	-	(155)

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.

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.

#### Monitoring

This activity monitors the conditions placed on resource consents for compliance and responds to complaints where activities 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. More recently the Council has been involved in the development of the Land Use Recovery Plan which provides clear direction where development should occur and what form it should take to support earthquake recovery. The Selwyn 2031: District Development Strategy which covers the balance of the District is a major initiative designed to investigate what opportunities existed and what the Council can do to create the desired future in the next 17 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 nine out of sixteen performance measures in the 2014/2015 year for the environmental services activity.

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**

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 were attended to within 4 hours. The Council responded to 98.5% of non-urgent callouts within 72 hours below our targets of 100% but still good results.

#### Building

Building and resource consent activity has shown another sharp rise in demand over the past year. In the year to June 2015, a total of 2,790 building consents were issued. The number of resource consent applications processed also increased by 2% - up from 633 to 645. 99% of resource consent applications received in the past year were processed within 20 working days. The Council processed 93% of building consents within statutory timeframes of 20 working days which was just below our target of 100% and a slight reduction on last year, where 97% were processed within 20 working days. The average time taken to process building consents was 12 working days (2014: 11 working days).

The new online building consent system has been popular with consent applicants – with 87% of customers saying the online application process was clear and easy to complete. The system won the SOLGM Supreme Excellence Award this year.

#### Environmental health and sale of liquor

All premises have been classified according to risk and all 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 Licencing 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. 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

Objective	Performance measure	Service target	Achievement		
Animal control					
Registration of all known dogs.	Registration of all known dogs by year end 30 June.	100%	<b>Achieved</b> 100% (2014: Achieved 100%)		
All complaints in regard to dog control are investigated in a timely manner.	Percentage of urgent callouts attended to within 4 hours.	100%	<b>Achieved</b> 100% (2014: Not achieved 99.09%)		
	Percentage of non-urgent callouts attended to within 72 hours.	100%	<b>Not achieved</b> 98.5% (2014: Not achieved 98.35%)		
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 93.44% 2,607 of 2,790 consents (2014: Not achieved 96.88% 2,703 of 2,790)		
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 93.83% 1,963 of 2,092 certificates (2014: Not achieved 94.29% 2,031 of 2,154 certificates)		
	Proportion of Building Consent Applicants satisfied or very satisfied.	90%	<b>Achieved</b> 91% (2014: Achieved 94.89%)		
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 99.22% 640 of 645 consents (2014: Not achieved 99%)		
	Preparation of Environment Court appeals settled or found in the Council's favour.	70%	Achieved 100% (no appeals) (2014: Achieved 100% no appeals)		
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%	<b>Achieved</b> 85% (2014: Achieved 95.65%)		
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%	<b>Achieved</b> 100% (2014: Not achieved 98.5%)		

Objective	Performance measure	Service target	Achievement
Sale of liquor		· · · · · · · <b>·</b>	
All licence applications are processed efficiently in accordance with legislative requirements.	Proportion of special licences issued within 15 working days of the receipt of reports filed by the Police and the Medical Officer of Health.	90%	Achieved 99% (2014: Not achieved 40%)
	Proportion of all other uncontested licences issued within 20 working days of the closing date for objections.	90%	Not achieved 40% (2014: Not achieved 70%)
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.  (2014: Achieved)
	Private plan changes processed within statutory time frames.	100%	<b>Achieved</b> 100% (2014: Achieved 100%)
Engaging with local communities, developers and other interested parties to develop a strategic direction.	Adoption of the strategies.	Implementation of the Future for Selwyn Strategy including structure plans.	Not achieved Consultation to be completed during the 2015/16 financial year and adoption of strategies during the 2016/17 financial year.  (2014: Not achieved)
	Residents' survey of satisfaction is increased.	Residents' satisfaction is maintained or increased.	Achieved (2014: Not measured)

# Statistics for resource and building consents

Indicator	Number processed	Working days target	Target % within working days	% achieved within working days target	Average processing days
Subdivision consents – notified (with hearing)	-	70	90%	100%	-
Subdivision consents – notified (no hearing)	1	50	90%	100%	54
Subdivision consents – limited notification (with hearing)	1	70	90%	100%	53
Subdivision consents – limited notification (no hearing)	5	70	90%	100%	36.60
Subdivision consents – non-notified (no hearing)	187	20	90%	99%	12.38
Land use consents – notified (with hearing)	6	70	90%	100%	59.33
Land use consent – notified (no hearing)	5	50	90%	100%	39.20
Land use consent – limited notification (with hearing)	2	70	90%	100%	55
Land use consent – limited notification (no hearing)	9	70	90%	100%	36.22
Land use consent – non-notified (no hearing)	424	20	90%	99%	9.81
Building consents	2,790	20	90%	93.44%	12.30
Full code of compliance certificates	2,092	20	100%	93.83%	6.49

# **Environmental services funding impact statement**

	2015	2015	2014	Movement
	Actual	LTP	LTP	Actual vs
	\$'000	\$'000	\$'000	LTP 2015
Sources of operating funding				
General rates	3,865	3,735	3,658	
Targeted rates	-	-	-	
Subsidies and grants for operating purposes	115	49	26	
Fees and charges	6,453	4,650	4,506	Note 1
Internal charges and overheads recovered	-	-	-	
Other operating funding	-	-	-	
Total operating funding (A)	10,433	8,434	8,190	
Application of operating funding				
Payments to staff and suppliers	8,031	7,190	6,968	Note 2
Finance costs	-	-	-	
Internal charges applied	1,283	1,211	1,174	
Other operating funding applications	-	21	21	
Total application of operating funding (B)	9,314	8,422	8,163	
Surplus / (deficit) of operating funding (A-B)	1,119	12	27	
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	22	-	-	
Total sources of capital funding (C)	22	-	-	
Applications of capital funding				
Capital expenditure to meet additional demand	15	-	-	
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	172	-	-	
Increase / (decrease) of investments	954	12	27	
Total applications of capital funding (D)	1,141	12	27	
Surplus / (deficit) of capital funding (C-D)	(1,119)	(12)	(27)	
Funding balance (A-B) + (C-D)				
runumy balance (A-D) + (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 \$4.6 million, \$2 million higher than budgeted.
- Note 2 Payments to staff and suppliers is higher than the LTP due to the additional staff costs and other variable costs associated with the increased building activity in the District.

# Significant activities – transportation

#### Overview

The Council provides a 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. Providing a resilient transport network is an important role to manage the vulnerability of travellers and communities from a loss of transport connectivity when there are floods, snow or disasters like earthquakes that can 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. Council also has other transport strategies for the likes of walking and cycling, and those that deal with the effects of high growth and increasing traffic volumes in Eastern Selwyn. Included are road upgrade programmes on how to connect Stage 2 of the Southern Motorway Extension into the districts local roading network when it extends from Christchurch through to Rolleston commencing in 2016.

# 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 Plan. 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. Council is leading a process with other key stakeholders such as NZTA, Kiwi Rail and developers to identify and progress operational and road upgrades to service the Rolleston Industrial Zone (including the two "inland ports") to ensure freight can move efficiently and safely to and from this area to key transport routes and ports.

#### **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 nine out of nineteen performance measures in the 2014/15 year for the transportation activity. Of the remaining performance measures not met on average they were within 91% of doing so.

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. The Council has been actively promoting the helpdesk system and encouraging members of the community to report potholes and other minor defects on the network. The Council received 2,136 (2014: 2,539) public service requests in relation to road maintenance, works and operations, which was greater than the target level of less than 2,100 requests but was likely higher partially due to the active promotion of the helpdesk system.

Service request levels for road safety and street lighting were within our service performance targets, however we received 155 service requests for walking, cycling and public transport putting it above our target of less than 120. This likely reflects our growing urban communities and the demand for transport choices that are not dependant solely on private motor vehicles. A new cycleway was built between Springston and Lincoln while Environment Canterbury changed their metro bus service to a new model which meant changes to routes and stops that likely generated a number of additional requests.

Urban roads received a performance rating in the residents' survey of 69/100, a slight decrease on the previous survey, compared to the target of 75/100. The Council achieved its targeted length of annual pavement resealing by resealing 89km of our existing sealed roads during the year. Rural roads received a ranking of 57/100 which was less than the target of 60/100. The 2014/15 financial year saw the introduction of the \$60 targeted rate for further roading repair and renewal works beyond what can be funded through nationally co-funded programmes. The benefits of this further investment in the roading network are expected to become more apparent as time goes on.

The residents' satisfaction survey provided a favourable result in footpaths of 74/100. In recent times Council has been constructing new sections of footpath on busier roads and filling in gaps in the existing footpath network as part of an improvement programme originating from Council's Walking and Cycling Action Plan. 870m of new footpath extensions were completed as part of this programme in 2014/15. Cycle ways received a performance rating in the residents' survey of 70/100 which was above the target of 60/100. This likely reflected that Council had been building new cycle ways as identified above and was advising of plans to undertake more as included in its 2015-25 Long Term Plan.

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. This is informed by Council's Annual Road Safety Action Plan which is overseen by Council's District Road Safety Subcommittee. This follows the 'Selwyn Safety Strategy 2020' along with the government's '2010 Safer Journeys' national strategy which 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. The recently formed Regional Road Safety Working Group continues to improve cooperation and collaboration on road safety over the region. This 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. There were 6 (2014: 11) deaths and 38 (2014: 33) serious casualties in the 2014/15 year. 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. Whilst fatal causalities decreased this follows a general trend that as crashes become more survivable, through improvements to road and vehicle safety systems for example, serious causality rates can correspondingly increase. Any increases can also 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 60% (2014: 95%) of its New Zealand Transport Authority Agency funding for minor safety improvements which did not achieve its target of 95%. One of the reasons for this is that some works were held back to 2015/16 to coordinate with a new cycleway being built between Lincoln and Rolleston under construction late in 2014/15. The remaining funding has been carried forward to 2015/16 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 74/100 performance rating in the residents' survey. The Council also received a performance rating of 66/100 from the community demonstrating that the perception is that our local roads are becoming safer. There were fewer public service requests for road safety issues than the level set, which was a decrease compared with the 2013/14 financial year.

We attended nine out of ten 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	Road maintenance, works and operations ≤2,200	Achieved 2,136 service requests received (2014: Not achieved 2,539)
	request and further promotion and use of service request system.	Road safety ≤215	Achieved 120 service requests received (2014: Achieved 197)
		Walking, cycling and public transport ≤120	Not achieved 155 service requests received
			(2014: Not achieved 150)
		Street lighting ≤215	Achieved 142 service requests received
			(2014: Achieved 197)
	The performance rating (out of 100) in the Biennial Residents' Survey.	Urban Roads ≥75	Not achieved 69
			(2014: Not measured)
		Rural Roads ≥60	Not achieved 57
			(2014: Not measured)
		Footpaths ≥75	Not achieved 74
			(2014: Not measured)
		Cycleways ≥60	Achieved 70
			(2014: Not measured)
	Road roughness (NAASRA counts/km which is an industry	Sealed roads ≤65	Achieved 62
	based standard) is measured by the biennial road roughness survey		(2014: Not measured)
	which calculates an average count over the respective sealed and unsealed networks.	Unsealed roads ≤100	Not achieved
	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.		(2014: Not measured)
	The length in kilometres of annual pavement resealing achieved.	≥75	<b>Achieved</b> 89 km
			(2014: Not achieved 48.7km)

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	≥1	Achieved 19 larger projects were undertaken during the year.*
	upgrade schedules.		(2014: Achieved 7 projects)
	The percentage of larger capital projects generally completed in the year that they were programmed to occur.	≥75%	Not achieved 14 of 19 (74%) planned projects were completed during the year.* (2014: Achieved 86% 6 of 7 projects)
	The length in metres of new or extended township footpaths installed per year consistent with the Walking and Cycling Strategy	≥350	<b>Achieved</b> 870 metres completed during the year.
	and Action Plan.		(2014: Achieved 449 metres)
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	Progressively reducing number of fatal and serious	<b>Not achieved</b> 6 deaths and 38 serious injuries.
	Strategy.	casualties.	(2014: Not achieved)
	The performance rating (out of 100) for promotion of road safety in the Biennial Residents' Survey.	≥75	Not achieved 74
			(2014: Not measured)
	The performance rating (out of 100) for making district roads safer in the Biennial Residents' Survey.	≥60	<b>Achieved</b> 66
			(2014: Not measured)
	Utilisation of New Zealand Transport Agency funding for minor (safety) improvements.	≥95%	<b>Not achieved</b> 60%
	or (surety) improvements.		(2014: Achieved 95%)
Contribute to an integrated and responsive local and regional transportation system.	Attendance at relevant Regional Transport Committee (RTC) and Regional Transport Officers Group	≥95%	<b>Not achieved</b> 8 out of 9 attended (90%).
	(TOG) meetings and forums.		(2014: Achieved 100%)

<sup>\*</sup> Large capital projects include capital and operating projects greater than \$50,000.

#### **Transportation funding impact statement**

	2015	2015	2014	Movemer
	Actual	LTP	LTP	Actual v
	\$'000	\$'000	\$'000	LTP 201
Sources of operating funding				
General rates	5,917	5,718	4,767	
Targeted rates	1,035	-	-	Note 1
Subsidies and grants for operating purposes	2,883	2,093	2,176	Note 2
Fees and charges	17	-	-	
Internal charges and overheads recovered	-	-	-	
Other operating funding	172	192	185	
Total operating funding (A)	10,024	8,003	7,129	
Application of operating funding				
Payments to staff and suppliers	5,900	4,705	4,652	Note 3
Finance costs	834	1,351	1,070	Note 4
Internal charges applied	1,339	1,218	1,175	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	8,073	7,274	6,897	
Surplus / (deficit) of operating funding (A-B)	1,951	729	231	
Sources of capital funding				
Subsidies and grants for capital expenditure	2,557	1,842	1,925	Note 2
Development and financial contributions	1,663	804	787	Note 5
Increase / (decrease) in debt	2,024	2,623	3,040	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	6,244	5,269	5,751	
Applications of capital funding				
Capital expenditure to meet additional demand	3,832	1,368	423	Note 6
Capital expenditure to improve the level of service	1,112	871	1,033	
Capital expenditure to replace existing assets	5,450	3,980	4,010	Note 7
Increase / (decrease) in reserves	1,532	(175)	656	
Increase / (decrease) of investments	(3,731)	(46)	(140)	
Total applications of capital funding (D)	8,195	5,998	5,982	
Surplus / (deficit) of capital funding (C-D)	(1,951)	(729)	(231)	
Funding balance (A-B) + (C-D)	-	-	-	

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

- Note 1 The Council introduced a \$60 targeted roading rate during the year to allow the Council to continue investing in road repairs and resealing so that roads can be kept at an acceptable standard as traffic increases. The targeted rate was not included in the LTP. The Council's subsequent amendment to the LTP and Revenue and Financing policy includes the new transportation targeted rate.
- **Note 2** 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.
- **Note 3** Payments to staff and suppliers is higher than the LTP due to sealed pavement maintenance and environmental maintenance completed during the year. A snow event with the clearing and resultant additional ice gritting resulted in additional costs to environmental maintenance.
- **Note 4** Finance costs are lower than the LTP due to lower borrowings than originally budgeted. The lower borrowing is due to the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.
- Note 5 Development contributions revenue is higher than the LTP due to substantial growth in the District.
- **Note 6** Capital expenditure to meet additional demand is higher than the LTP due to the timing of completion of some significant roading projects, including the development of Lowes Road \$1.6 million, Lincoln to Rolleston cycleway \$479,000, Manor Drive upgrade \$393,000 and the Ahuriri Road reseal extension \$192,000.
- **Note 7** Capital expenditure to replace existing assets is higher than the LTP due largely due to the higher levels of road repairs and resealing work completed utilising the roading targeted rate.

# 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 was 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 twenty six 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 Waste Management (NZ) Limited and five local authorities in Canterbury, including Selwyn District Council). The Councils' collective share is 50% with 3% of that belonging 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 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 92/100, 92/100, and 91/100 respectively. In addition 42% of surveyed residents independently use the Resource Recovery Park. The number of residents using the RRP compared with 41% in 2014 and 37% in 2013 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' Biennial Survey.	Rubbish collection ≥85	Achieved 92 (2014: Not measured)
			· ·
		Recycling ≥85	Achieved 92
			(2014: Not measured)
		Organic waste collection ≥65	<b>Achieved</b> 91
			(2014: Not measured)
The Council protects the environment from illegal dumping.	The proportion of households using the Pines Resource Recovery Park.	25%	Achieved 42%
The solid waste service is effective and efficient.	Tank		(2014: Not measured)
The Council's service is sustainable.  Waste minimisation is achieved by reducing the amount of residual waste.	Number of written complaints received per annum related to solid waste service.	≤15	<b>Achieved</b> No written complaints were received during the year.
			(2014: Achieved no written complaints)
	Numbers of customers changing to private providers.	≤5%	<b>Achieved</b> 1 customer changed to a private provider.
			(2014: Achieved no changes)
	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 7.9% 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.  (2014: Not achieved 7.9% increase)

# Solid waste management funding impact statement

	2215	2015	201.	
	2015	2015	2014	Movement
	Actual	LTP	LTP	Actual vs
	\$'000	\$'000	\$'000	LTP 2015
Sources of operating funding				
General rates	-	-	-	
Targeted rates	4,616	3,745	3,637	Note 1
Subsidies and grants for operating purposes	48	15	15	
Fees and charges	2,042	1,422	1,354	Note 2
Internal charges and overheads recovered	-	-	-	
Other operating funding	-	-	-	
Total operating funding (A)	6,706	5,182	5,006	
Application of operating funding				
Payments to staff and suppliers	5,355	4,664	4,408	Note 3
Finance costs	-	-	-	
Internal charges applied	330	347	335	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	5,685	5,011	4,743	
Surplus / (deficit) of operating funding (A-B)	1,021	171	263	
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	2	55	529	
Capital expenditure to improve the level of service	-	-	_	
Capital expenditure to replace existing assets	-	_	_	
Increase / (decrease) in reserves	-	_	_	
Increase / (decrease) of investments	1,019	116	(266)	
Total applications of capital funding (D)	1.021	171	263	
Surplus / (deficit) of capital funding (C-D)	(1,021)	(171)	(263)	
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Funding balance (A-B) + (C-D)	-	-	_	
J				

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** Fees and charges revenue is higher than the LTP due to higher usage of the Pines Resource Recovery Park.
- Note 3 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	30 schemes (public health)
Land drainage	10 schemes (making land farmable)
Stormwater urban	22 schemes (urban stormwater management)
Water races rural and urban	3 schemes (stock water, amenity, habitat)
Community wastewater schemes	15 schemes and ESSS (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 81 separately rated water based schemes within the District. The 5 Waters assets are valued at \$433 million with water supplies valued at \$99 million, sewerage schemes \$170 million, stormwater \$36 million, land drainage \$42 million and water races \$86 million.

Drinking water is provided by the Council to over 75% of the population of the District, around 41,000 people. By comparison, wastewater services are provided to approximately 29,000 people. The largest consented wastewater treatment and disposal area is the Pines Wastewater Treatment Plant, servicing Rolleston, West Melton, 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.

#### 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 (ESSS) 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 99.7% and 99.4% compliance for E-Coli in water leaving the treatment plant, and water in the distribution systems respectively. We did not quite achieve all of our high performance targets with 7 transgressions from 1,124 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'.

## Firefighting (urban fire districts)

68% of the urban fire district area is within 135m of one fire hydrant and 270m of two fire hydrants which is a slight improvement on last year's 63% and above our target of 57%.

#### **Extended water supply interruption**

In the past year, water services have proved to be reliable with only the Kirwee Township affected by an unplanned water supply interruption of more than 5 hours due to the failure of the Council's infrastructure. No properties were affected by water supply interruptions of more than 24 hours.

#### Water quality

Selwyn residents tend to be high users of water, using an average of 1,400 litres of water per residential property per day in the 2014/15 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

77% of residential properties in Selwyn are serviced with water and 55% of residential properties are serviced by the Council's waste water systems. The average operating cost per serviced property for water services provided in the District is \$334 per year for water and \$335 per year for wastewater 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%	Achieved 99.7% compliance for E-Coli, 11 transgressions from 3,838 water samples. (2014: Not achieved 98%)
	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 99.4% compliance for E-coli, 7 transgressions from 1,124 water samples. (2014: Not achieved 97%)
Firefighting (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.	57%	Achieved 68% of the urban fire District is within stated parameters. (2014: Achieved 63%)
Extended water supply interruption (un	rban)		
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.	35%	<b>Achieved</b> Only Kirwee township was affected by an unplanned water supply interruption of more than 5 hours.
			(2014: Achieved on property affected)
Extended water supply interruption (ru	ural 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.	35%	Achieved No properties were affected by unplanned water supply interruptions of more than 24 hours.
			(2014: Achieved no properties affected)
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 4 overflow events during the year. Overflows were minor in nature being of very low volumes.  (2014: Not achieved 7 overflows)
Water quantity			, ,
The community is provided with water	Average volume of water consumed per	900	Not achieved
services to a standard that protects their health and property.	residential property per day in the Total Water Serviced Area' (litres/property/day).	500	Average volume of water consumed per residential property per day in the total urban water serviced area was 1,400 litres.  (2014: Not achieved 1,300 litres)
Service disruption response (water race	es)		, , , , , , , , , , , , , , , , , , , ,
		10hr	Not achieved
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.  (2014: 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.	75%	Achieved 77% of residential properties are serviced with water. (2014: Achieved 74%)
	Proportion of residential properties serviced with wastewater within the District expressed as a percentage of total residential properties.	55%	Achieved 55% of residents are serviced by the Council's waste water systems.  (2014: Achieved 55%)
Operating costs			
Water Services are provided in a cost effective manner.	Total average water operating cost per serviced property.	\$335	Achieved \$334 per annum. (2014: Achieved \$308)
	Total average wastewater operating cost per serviced property.	\$390	Achieved \$335 per annum. (2014: Achieved \$365)

## Community water supplies funding impact statement

	2015	2015	2014	Movement
	Actual	LTP	LTP	Actual vs
	\$'000	\$'000	\$'000	LTP 2015
Sources of operating funding				
General rates	-	-	-	
Targeted rates (other than for metered water supply)	4,220	3,798	3,400	Note 1
Subsidies and grants for operating purposes	-	-	-	
Fees and charges and targeted rates for metered water	1,206	481	464	Note 2
Internal charges and overheads recovered	1,048	822	792	
Other operating funding	3	-	-	
Total operating funding (A)	6,477	5,101	4,657	
Application of operating funding				
Payments to staff and suppliers	2,898	2,114	2,175	Note 3
Finance costs	-	-	-	
Internal charges applied	2,096	1,644	1,585	
Other operating funding applications	111	-	-	
Total application of operating funding (B)	5,105	3,758	3,760	
Surplus / (deficit) of operating funding (A-B)	1,372	1,343	898	
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	389	186	175	Note 4
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	389	186	175	
Applications of capital funding				
Capital expenditure to meet additional demand	1,603	-	-	Note 5
Capital expenditure to improve the level of service	1,099	118	21	Note 6
Capital expenditure to replace existing assets	952	649	435	
Increase / (decrease) in reserves	235	1,057	1,367	
Increase / (decrease) of investments	(2,128)	(296)	(749)	
Total applications of capital funding (D)	1,761	1,528	1,074	
Surplus / (deficit) of capital funding (C-D)	(1,372)	(1,343)	(898)	
<u> </u>	,			
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 substantial growth in the District.
- **Note 2** 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 3 Payments to staff and suppliers is higher than the LTP due to both increased cost of supply and growth in the District.
- Note 4 Development contributions revenue is higher than the LTP due to substantial growth in the District.
- **Note 5** Capital expenditure to meet additional demand is higher than the LTP due to the completion of projects not included in the LTP but included in the Annual Plan. These projects include Rolleston water supply improvements \$1,088,000, Lincoln water supply improvements \$276,000 and Prebbleton water supply improvements \$166,000.
- Note 6 Capital expenditure to improve the level of service is higher than the LTP due to the completion of projects not included in the LTP but included in the Annual Plan. These projects include Burnham water supply connection to Rolleston \$128,000, Doyleston water supply upgrade \$113,000, Kirwee water supply UV treatment \$112,000, and West Melton water supply upgrade \$416,000.

## Community wastewater funding impact statement

	2015	2015	2014	Moveme
	Actual	LTP	LTP	Actual
	\$'000	\$'000	\$'000	LTP 20
Sources of operating funding				
General rates	-	-	-	
argeted rates	4,445	4,070	3,738	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	658	218	211	Note 1
nternal charges and overheads recovered	591	447	431	
Other operating funding	-	-	-	
otal operating funding (A)	5,694	4,735	4,380	
Application of operating funding				
Payments to staff and suppliers	2,863	2,954	2,790	
inance costs	1,697	3,940	3,610	Note 2
nternal charges applied	1,183	894	862	
Other operating funding applications	-	-	-	
otal application of operating funding (B)	5,743	7,788	7,262	
Surplus / (deficit) of operating funding (A-B)	(49)	(3,053)	(2,882)	
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	10,701	3,008	2,937	Note 3
ncrease / (decrease) in debt	(8,340)	-	1,500	Note 4
Gross sales proceeds from sale of assets	-	-	-	
otal sources of capital funding (C)	2,361	3,008	4,437	
Applications of capital funding				
Capital expenditure to meet additional demand	3,251	-	2,862	Note 5
Capital expenditure to improve the level of service	291	-	431	
Capital expenditure to replace existing assets	201	2,922	142	Note 6
ncrease / (decrease) in reserves	1,009	(2,174)	413	
ncrease / (decrease) of investments	(2,440)	(793)	(2,293)	
otal applications of capital funding (D)	2,312	(45)	1,555	
	49	3,053	2,882	

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

- Note1 Fees and charges revenue is higher than the LTP is largely due to trade waste revenue totalling \$350,000 being received during the year.
- Note 2 Finance costs are lower than the LTP due to lower borrowings than originally budgeted. The lower borrowing is due to the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.
- Note 3 Development contributions revenue is higher than the LTP due to substantial growth in the District.
- Note 4 Debt has decreased due to the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.
- Note 5 Capital expenditure to meet additional demand is higher than the LTP due to the completion of projects not included in the LTP but included in the Annual Plan. These projects include Ellesmere wastewater \$209,000, Lincoln wastewater \$536,000, Rolleston wastewater \$344,000 and Eastern Selwyn Sewerage Scheme \$2.3 million.
- Note 6 Capital expenditure to replace existing assets is lower than the LTP due to the timing of replacement of Lincoln wastewater assets.

## Community stormwater funding impact statement

2015	
LTP	LTP LTF
\$'000	\$'000 \$'00
-	
452	452 439
-	
-	
-	
-	
452	452 439
391	391 364
249	249 231
143	143 137
-	
783	783 732
(331)	(331) (294
-	
227	227 222
-	
-	
227	227 222
231	231 5
-	- 135
-	- 9
-	- (31
(335)	(335) (190
(104)	(104) (72
331	331 294
15) 51 • <b>0</b>	51

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

## Water races and land drainage funding impact statement

	2015	2015	2014
	Actual	LTP	LTP
	\$'000	\$'000	\$'000
ources of operating funding			
General rates	17	16	16
Targeted rates	1,721	1,811	1,691
Subsidies and grants for operating purposes	-	-	-
Fees and charges	373	183	166
nternal charges and overheads recovered	300	280	270
Other operating funding	-	-	-
Fotal operating funding (A)	2,411	2,290	2,143
Application of operating funding			
Payments to staff and suppliers	1,809	1,602	1,539
inance costs	-	-	-
nternal charges applied	600	560	540
Other operating funding applications	-	-	-
Total application of operating funding (B)	2,409	2,162	2,080
urplus / (deficit) of operating funding (A-B)	2	128	63
ources of capital funding			
ubsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
ncrease / (decrease) in debt	-	-	-
Gross sales proceeds from sale of assets	-	-	-
Fotal sources of capital funding (C)	-	-	-
Applications of capital funding			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	127	54	509
Capital expenditure to replace existing assets	46	4	-
ncrease / (decrease) in reserves	94	(1)	(155)
ncrease / (decrease) of investments	(265)	71	(291)
Total applications of capital funding (D)	2	128	63
Surplus / (deficit) of capital funding (C-D)	(2)	(128)	(63)
Funding balance (A-B) + (C-D)	-	-	-

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

## 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 and has achieved the budgeted level of revenue from Izone for the current financial year with 28 hectares of land sold during the year for \$32 million. Izone had budgeted for sales of \$14.5 million. The Council brought forward the development of Stage 6 and 7 and has continued the development during 2014. Demand continues to be strong with high sales activity expected for the 2016 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	<b>Achieved</b> 28 hectares of land sold.
			(2014: Not achieved)

<sup>\*</sup> Projected asset sales are based on 77 ha over 10 years.

## Izone Southern Business Hub funding impact statement

	2015	2015	2014	Movemen
	Actual	LTP	LTP	Actual v
	\$'000	\$'000	\$'000	LTP 201
Sources of operating funding				
General rates	-	-	-	
Targeted rates	-	-	-	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	113	-	-	
Internal charges and overheads recovered	-	-	-	
Other operating funding	28	-	-	
Total operating funding (A)	141	-	-	
Application of operating funding				
Payments to staff and suppliers	2,839	1,186	1,152	Note 1
Finance costs	43	1,534	1,879	Note 2
Internal charges applied	-	-	-	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	2,882	2,720	3,032	
Surplus / (deficit) of operating funding (A-B)	(2,741)	(2,720)	(3,032)	
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	(10,103)	(10,000)	(4,000)	
Gross sales proceeds from sale of assets	32,066	14,542	10,092	Note 3
Total sources of capital funding (C)	21,963	4,542	6,092	
Applications of capital funding				
Capital expenditure to meet additional demand	1,915	-	2,539	Note 4
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	-	-	-	
Increase / (decrease) of investments	17,307	1,822	521	
Total applications of capital funding (D)	19,222	1,822	3,060	
Surplus / (deficit) of capital funding (C-D)	2,741	2,720	3,032	
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 borrowing is due to the reduction in the requirement to borrow due to the sale of Izone land being ahead of budget.
- Note 3 Gross sales proceeds from sale of assets are higher than the LTP due to the timing of the sale of commercial property at the Izone Southern Business Hub.
- Note 4 Capital expenditure to meet additional demand is higher than the LTP due to construction work completed on Stage 6 which was carried forward from prior years and the start of work on Stage 7 earlier than originally planned.

## 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 revenue, including dividends, interest and property leases. Because it includes corporate revenue, the Internal Council Services activity generates a surplus. This surplus is used to reduce the general rate requirement so that all ratepayers benefit from this revenue. 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 revenue received is used to offset the cost of running our rates department.

## **Internal Council services funding impact statement**

	2015	2015	2014	Movement
	Actual	LTP	LTP	Actual vs
	\$'000	\$'000	\$'000	LTP 2015
Sources of operating funding				
General rates	(6,104)	(6,616)	(6,353)	Note 1
Targeted rates	603	320	320	
Subsidies and grants for operating purposes	-	7	7	
Fees and charges	1,658	2,518	2,384	Note 2
Internal charges and overheads recovered	11,182	10,011	9,655	Note 3
Other operating funding	10,855	6,758	6,487	Note 4
Total operating funding (A)	18,194	12,998	12,501	
Application of operating funding				
Payments to staff and suppliers	11,062	9,015	8,668	Note 5
Finance costs	208	1,363	1,266	Note 6
Internal charges applied	1,370	1,246	1,209	
Other operating funding applications	3,305	164	159	
Total application of operating funding (B)	15,945	11,788	11,301	
Surplus / (deficit) of operating funding (A-B)	2,249	1,210	1,200	
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	_	
Increase / (decrease) in debt	(3,652)	(5,000)	-	Note 7
Gross sales proceeds from sale of assets	-	-	_	
Total sources of capital funding (C)	(3,652)	(5,000)	-	
Applications of capital funding				
Capital expenditure to meet additional demand	415	528	512	
Capital expenditure to improve the level of service	3	-	-	
Capital expenditure to replace existing assets	168	-	-	
Increase / (decrease) in reserves	67	-	-	
Increase / (decrease) of investments	(2,056)	(4,318)	688	
Total applications of capital funding (D)	(1,403)	(3,790)	1,200	
Surplus / (deficit) of capital funding (C-D)	(2,249)	(1,210)	(1,200)	
Funding balance (A-B) + (C-D)	-	-	-	

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

- Note 1 General rates revenue is higher due to rates penalties being included in the actual for 2015 whereas they are included in fees and charges in the Long Term Plan.
- Note 2 Fees and charges revenue is lower that the LTP due to the sale of an investment property during the 2013 financial year leading to lower levels of rental revenue received.
- Note 3 Internal charges and overheads recovered is higher than the LTP due to higher staff costs due to the restructuring in the asset service area and as a result of a changed approach to on-charging water testing costs.
- Note 4 Other operating funding revenue is higher than the LTP due to higher interest revenue received on cash balances held. Cash balances held are significantly higher than budgeted in the LTP following the liquidation of Selwyn Investment Holdings Limited and faster growth than originally envisaged. Dividend revenue is also higher than the LTP due to special dividends received from both Sicon Ferguson and Orion New Zealand Limited.
- Payments to staff and suppliers is higher than the LTP largely due to \$350,000 of earthquake repairs being settled during the Note 5 year that were not forecast in the LTP along with higher staff levels to meet the demands associated with growth in the District.
- Note 6 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 7 Debt has decreased due to the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.

## Financials – financial highlights

#### Introduction

Selwyn District Council continued to experience high levels of growth during the 2014/15 financial year. The financial results for the year are a reflection of a number of extraordinary circumstances. These include the rapid and sustained population growth in the District, special dividend revenue received from our investments and land sales in the Izone Southern Business hub ahead of budget.

## **Expenditure**

Expenditure for the year was \$85.1 million compared with the budget of \$80.8 million. The main variances compared with budget were:

- Other expenses were \$43.3 million, \$5.9 million higher than budgeted. The Council has reviewed the treatment of Izone land sales under the new accounting standards and concluded that the Council's land held for sale is more appropriately recognised as inventory rather than assets held for sale under PBE IPSAS 12: Inventories. The main change under PBE IPSAS 12 is the requirement to recognise the carrying amount of inventories sold as an expense in the period in which the related revenue is recognised, as opposed to the treatment of assets held for sale under PBE IFRS 5 which requires the net gain/loss on sale to be recognised. The change accounts for \$4.4 million of the above budget expenditure.
- Depreciation and amortisation expenditure was \$21.4 million, \$1.4 million below budget, mainly due to the delay in the timing of capital projects.

#### Revenue

Revenue for the year was \$157.1 million compared with the budget of \$97.6 million. The main variances compared with budget were:

- Fees and charges were \$16.2 million, \$1.3 million above budget of \$14.9 million, again reflecting the level of population growth in the district as developers and new residents paid for building and resource consents. Admission numbers to the Selwyn Aquatic Centre were also higher than originally budgeted.
- Dividend revenue was \$7.5 million, \$2.3 million above budget of \$5.2 million, due to special dividend revenue received from our investments in Orion New Zealand Limited and Sicon Ferguson Limited.
- Interest revenue was \$3.3 million, \$1 million above budget of \$2.3 million, due to higher levels of cash investments held and higher returns received on term deposit investments.
- Rates revenue was \$37.5 million, \$1.8 million above budget of \$35.7 million, due to higher levels of population growth in the district compared with those projected and reclassification of rates penalties as rates revenue rather than fees and charges in the budget.
- Subsidies and grants revenue was \$6.1 million, \$1.3 million above budget of \$4.8 million, largely due to additional subsidies received from the New Zealand Transport Agency to fund projects including the Rolleston to Lincoln cycleway.
- · Land sales revenue was ahead of budget by \$23.8 million due to sale of land in the Izone Southern Business Hub being significantly ahead of budget.

In our revenue statement we have also incorporated a number of exceptional revenue items including:

- Development contributions revenue was \$23 million, \$6.1 million above budget of \$17.1 million as the level of population growth in the district continues to be more rapid than expected. Development contributions are retained in a separate account to fund new infrastructure and are not available to reduce the level of rates.
- Vested asset revenue was \$29.7 million, \$19.2 higher than budget of \$10.5 million, due to the higher than expected level of subdivision activity. Vested assets are predominantly infrastructure, such as roads and water services, established by developers then transferred to the council for ongoing ownership and management. This is a non-cash item and is not available to reduce rates.

#### Cashflow

The Council has a positive **operating** cash flow of \$65 million. The operating cash flow is used to fund the capital expenditure programme.

**Investing** activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are activities that result in change in the size and composition of the contributed equity and borrowings of the Council.

#### **Equity**

- The value of the Council's net assets increased by \$68.7 million for the year ended 30 June 2015.
- The increase was due to the surplus of \$68.7 million.
- The value of the Council's net assets is \$1.311 billion (2014: \$1.243 billion).

#### **Assets**

- Cash and cash equivalents held at year end is higher than budgeted by \$3.4 million largely due to the rapid population growth in the District, special dividend revenue received from our investments and land sales in the Izone Southern Business hub ahead of budget.
- **Inventory** is higher than budgeted by \$11.9 million due to the change in treatment of Izone land sales under the new accounting standards which concluded that the Council's land held for sale is more appropriately classified as inventory rather than assets held for sale under PBE IPSAS 12: Inventories. The main change under PBE IPSAS 12 is the requirement to recognise the carrying amount of inventories as sold an expense in the period in which the related revenue is recognised, as opposed to the treatment of assets held for sale under PBE IFRS 5 which requires the net gain/loss on sale to be recognised.
- Other financial assets which includes term deposits held by council, are higher than budget by \$22.3 million largely due to higher cash balances held at year end. As discussed above, cash is higher than expected due to the rapid population growth in the District, special dividend revenue received from our investments and land sales in the Izone Southern Business hub ahead of budget.
- Property held for sale is lower than budget by \$11.3 million due to the change in treatment of Izone land sales discussed above under inventory.
- Investment in council controlled organisations is higher than budget by \$4.6 million largely due to the increase in the value of CCO's following the valuation conducted during the 2014 financial year being higher than originally budgeted.
- **Investment property** is lower than budgeted by \$10 million as the budget included the purchase of an investment property not yet purchased.
- Property, plant and equipment is lower than budget by \$96 million largely due to the downward valuation movement conducted during the 2014 financial year lower than originally budgeted.

## Liabilities

Borrowings are lower than budget by \$46.7 million because the budget included higher borrowing levels in the current year to fund capital projects which have been funded using existing cash reserves or have been carried forward for completion in future periods.

## Financials – annual report disclosure statement for year ending 30 June 2015

#### What is the purpose of this statement?

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

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement. The Council and group has adjusted its comparative year financial statements for the year ended 30 June 2014 due to transition to the new PBE accounting standards. The 2014 comparative graphs have been updated accordingly.

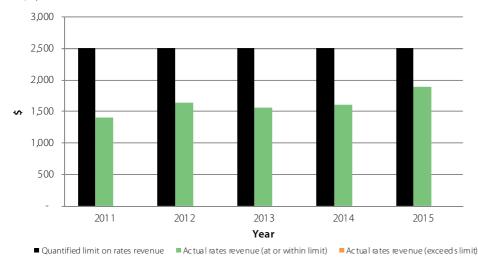
#### Rates affordability benchmark

The council meets the rates affordability benchmark if –

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

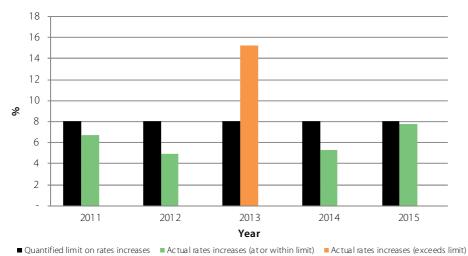
#### Rates (revenue) affordability

The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is actual rates revenue (excluding GST) will not exceed \$2,500 per ratepayer.



## Rates (increases) affordability

The following graph compares the Council's actual average rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long-term plan. The quantified limit is 8% per annum.



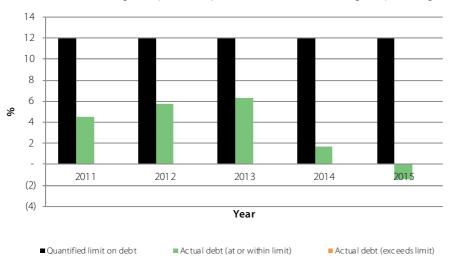
2013 – The Council exceeded the quantified limit on rates increases in 2013 as a result of the introduction of a one-off \$135 earthquake rate per rating unit to help meet the costs associated with the 4 September 2010 earthquake damage.

#### Debt affordability benchmark

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

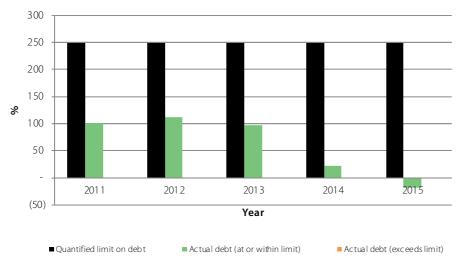
## Net borrowing as percentage of equity

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net borrowing as a percentage of equity will be less than 12%.



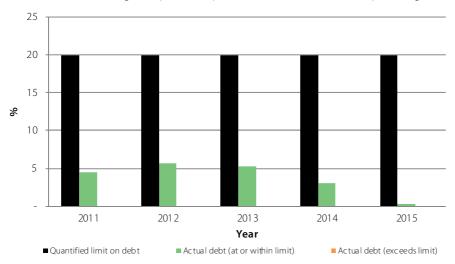
#### Net borrowing as percentage of revenue

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net borrowings as a percentage of revenue will be less than 250%.



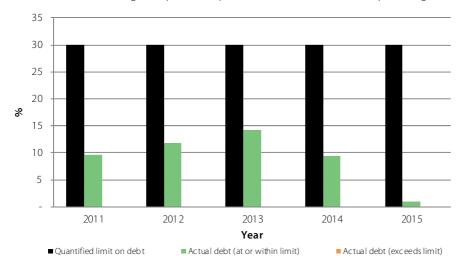
#### Net interest as percentage of revenue

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is net interest as a percentage of revenue will be less than 20%.



## Net interest as percentage of rates revenue

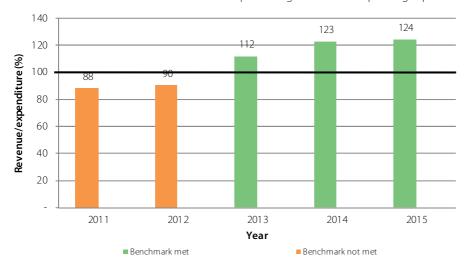
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net interest as a percentage of rates revenue will be less than 30%.



#### **Balanced budget benchmark**

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

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



2011 to 2012 – The Council did not meet the balanced budget benchmark during the 2011 and 2012 financial years due to the Council's decision to not fully fund depreciation (the Council generally funds renewals rather than depreciation).

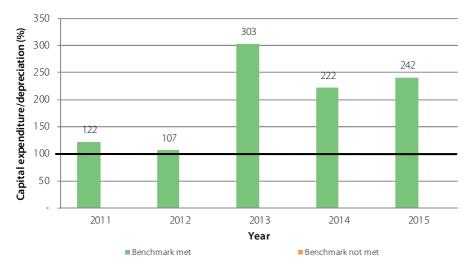
2013 – The Council met the balanced budget benchmark largely because of a one off special dividend received from Selwyn Investment Holdings Limited totalling \$11.0 million during the financial year.

2014 – The Council met the balanced budget benchmark due to a non-cash accounting adjustment of \$24.9 million, as a result of Council liquidating its former investment in Selwyn Investment Holdings Limited in September 2013. This is a technical accounting recognition of previous movements in the value of Council's investment in SIHL, and does not increase the Council's overall equity.

#### **Essential services benchmark**

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

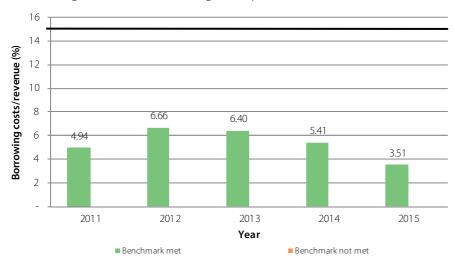
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



#### **Debt servicing benchmark**

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

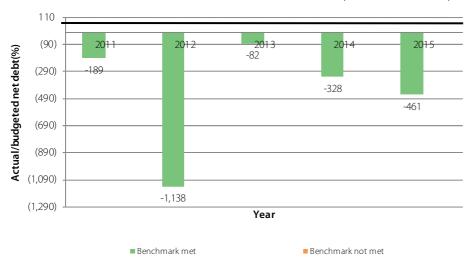
Because Statistics New Zealand projects the Council's population will grow faster than the national population growth rate, it means the debt servicing benchmark if it's borrowing costs equal or are less than 15% of its revenue.



#### **Debt control benchmark**

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

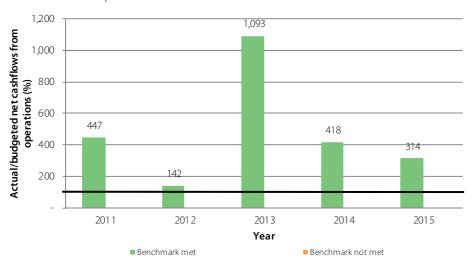
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



#### **Operations control benchmark**

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

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



#### Rating base information

- The number of rating units within the district at the end of the preceding financial year: 23,345
- The total capital value of rating units within the district at the end of the preceding financial year: \$15,770 million
- The total land value of rating units at the end of the preceding financial year: \$8,612 million

#### Insurance of assets

- The total value of all assets that are covered by insurance contracts: \$840.1 million
- The maximum amount to which assets are insured: \$498.6 million. (The maximum amount insured increased to \$520.1 on 1 July 2015 on renewal of the Council's insurance policy.)
- The maximum amount to which assets are covered by financial risk sharing arrangements: \$250 million
- The total value of the Council's self-insurance fund: \$12.2 million

The total value of all assets covered by insurance contracts is \$840.1 million. \$570 million of these assets are underground assets which are covered by \$250 million through financial risk sharing arrangements.

Central Government provides financial support for essential repairs to a Council's infrastructure after a natural disaster. The support equates to 60% of a Council claim.

The Council's underground insurance policy provides cover up to a maximum of \$250 million with 40% or \$100 million provided by the insurance policy and 60% or \$150 million provided by Central Government.

Council also has 2 self-insurance funds as follows:

- Earthquake self-insurance reserve as at 30 June 2015 \$11.5 million.
- General insurance reserve as at 30 June 2015: \$0.6 million.

# Financials – statement of comprehensive revenue and expense for the year ended 30 June 2015

	Note	Council 2015 \$000	Council Budget \$000	Council 2014 \$000	Group 2015 \$000	Group 2014 \$000
Revenue						
Rates, excluding targeted water supply rates Fees, charges and targeted rates for metered water Development and financial contributions Subsidies and grants Other revenue Gains Release to profit from fair value through equity reserve	2 3 4 5 6 28	37,537 16,190 23,252 6,104 73,314 656	35,691 14,901 17,138 4,819 15,571 9,432	31,620 14,050 24,961 5,326 46,518 5,086 24,932	37,532 15,950 23,252 6,104 101,463 1,408	31,615 13,817 24,961 5,326 78,651 5,630
Total revenue	1	157,053	97,552	152,493	185,709	160,000
	·	101,7000	21,000	,		,
Expenditure  Employee benefit expenses  Depreciation and amortisation expense  Other expenses  Finance costs  Total operating expenditure	7 8 9 10	15,568 21,362 43,267 4,920 85,117	15,493 22,763 37,357 5,234 80,847	14,321 21,395 38,288 3,536 77,540	26,696 23,157 56,490 4,947	26,947 23,504 55,387 3,732
rotal operating experience	·	33,	20,0	77,510	, 250	103/370
Operating surplus / (deficit) before taxation		71,936	16,705	74,953	74,419	50,430
Share of associate surplus / (deficit)	18	-	-	-	-	-
Surplus / (deficit) before taxation		71,936	16,705	74,953	74,419	50,430
Income taxation expense / (benefit)	11	3,271	-	1	2,918	1
Surplus / (deficit) after taxation		68,665	16,705	74,952	71,501	50,429
Surplus after taxation from discontinued operation	40	-	-	-	-	133
Surplus after taxation and discontinued operation		68,665	16,705	74,952	71,501	50,562
Other comprehensive revenue and expense Items that will be reclassified to surplus / (deficit)						
Financial assets at fair value Realisation of assets	28 28	-	2,087	13,279	-	13,612
Items that will not be reclassified to surplus / (deficit)	20	-	-	(24,932)	-	-
Gain / (loss) on infrastructure assets revaluation	21	-	-	(16,487)	-	(16,487)
Gain / (loss) on land and building revaluation	21	-	-	-	(82)	60
Impairment of property plant and equipment Deferred taxation on revaluation	21	-	-	-	-	-
	11	-		-	-	-
Total other comprehensive revenue and expense		-	2,087	(28,140)	(82)	(2,815)
Other comprehensive revenue and expense (discontinued operation)	40	-	-	-	-	-
Total other comprehensive revenue and expense		-	2,087	(28,140)	(82)	(2,815)
Total comprehensive revenue and expense		68,665	18,792	46,812	71,419	47,747
Total comprehensive revenue and expense attributable Selwyn District Council	to:	68,665	18,792	46,812	71,419	47,747
Total comprehensive revenue and expense		68,665	18,792	46,812	71,419	47,747

## Financials – statement of changes in equity for the year ended 30 June 2015

	Note	Council 2015	Council Budget	Council 2014	Group 2015	Group 2014
		\$000	\$000	\$000	\$000	\$000
Balance at 1 July Total comprehensive revenue and expense for the year		1,242,780 68,665	1,327,197 18,792	1,195,968 46,812	1,243,715 71,419	1,195,968 47,747
Balance at 30 June	27-30	1,311,445	1,345,989	1,242,780	1,315,134	1,243,715
Total comprehensive revenue and expense for the year i	s attributabl					
Selwyn District Council		68,665	18,792	46,812	71,419	47,747
Total comprehensive revenue and expense		68,665	18,792	46,812	71,419	47,747

Financials – statement of financial position as at 30 June 2015

	Note	Council Actual 2015 \$000	Council Budget 2015 \$000	Council Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Current assets						
Cash and cash equivalents	12	7,179	3,755	3,462	11,456	4,850
Receivables	13	8,962	11,511	13,060	12,013	18,268
Inventory	15	8,906	-	11,363	9,568	12,623
Other financial assets	16	70,471	11,165	50,789	70,471	50,429
Income taxation receivable	11	-	-	3	-	6
Property held for sale	17	1,970	13,280	1,970	2,227	2,103
Investment in joint venture	18	-	-	-	11	102
Total current assets		97,488	39,711	80,647	105,746	88,381
Non-current assets						
Receivables	13	289	148	227	289	227
Other financial assets	16	2,391	39,313	5,599	2,391	5,599
Investment in council controlled organisations	16	93,647	89,065	93,647	83,647	83,647
Investment property	19	11,670	21,651	10,545	11,010	9,875
Forestry assets	20	142	548	293	142	293
Property, plant and equipment	21	1,180,748	1,276,894	1,147,288	1,188,558	1,157,149
Inventory	15	3,008	-	3,219	3,008	3,219
Deferred tax	11	-	-	-	545	182
Intangible assets	22	268	325	391	608	745
Total non-current assets		1,292,163	1,427,944	1,261,209	1,290,198	1,260,936
Total assets		1,389,651	1,467,655	1,341,856	1,395,944	1,349,317
Current liabilities						
Payables and deferred revenue	23	15,025	17,250	14,318	16,103	16,211
Employee benefit liabilities	24	1,278	-	1,081	2,459	2,439
Other provisions	25	654	-	6,915	804	6,982
Income taxation payable	11	3,344	-	-	3,408	- 250
Derivative financial instruments	14	769	14000	250	769	250
Borrowings	26	19,807	14,969	40,058	19,807	40,230
Total current liabilities		40,877	32,219	62,622	43,350	66,112
Non-current liabilities						
Employee benefit liabilities	24	111	-	111	121	129
Other provisions	25	392	386	391	392	391
Deferred tax	11	144	-	218	265	399
Derivative financial instruments	14	1,411	2,272	663	1,411	663
Borrowings	26	35,271	86,789	35,071	35,271	37,908
Total non - current liabilities		37,329	89,447	36,454	37,460	39,490
Equity						
General funds	27	712,593	639,337	653,253	717,169	654,927
Fair value through other comprehensive revenue reserve	28	42,023	62,542	42,023	41,022	41,022
Special funds	29	73,659	49,080	64,163	73,659	64,163
Asset revaluation reserve	30	483,170	595,030	483,341	483,284	483,603
Total equity		1,311,445	1,345,989	1,242,780	1,315,134	1,243,715
Total liabilities and equity		1,389,651	1,467,655	1,341,856	1,395,944	1,349,317

Financials – statement of cash flows for the year ended 30 June 2015

	Note	Council	Council	Council	Group	Group
		Actual	Budget	Actual	Actual	Actual
		2015	2015	2014	2015	2014
		\$000	\$000	\$000	\$000	\$000
Operating activities						
Cash was provided from:						
Receipts from customers		119,388	71,321	87,286	149,853	94,438
Agency receipts		1,644	1,425	1,565	1,644	1,565
Interest received		2,309	2,281	2,333	2,364	2,341
Dividends received		7,534	5,248	5,649	6,534	4,899
Income taxation received		2	-	-	2	-
Goods and services taxation (net)		1,821	-	(1,069)	2,025	(1,101)
		132,698	80,275	95,764	162,422	102,142
Cash was applied to:						
Payments to suppliers and employees		61,857	52,850	48,255	86,417	54,271
Agency payments		1,644	1,425	1,565	1,644	1,565
Income taxation		1,011	1,725	1,303	4	5
Interest paid		3,927	5,234	5,288	3,962	5,496
interest paid		67,428	59,509	55,113	92,027	61,337
		07,420	39,309	55,115	92,027	01,557
Net cash flow from operating activities	31	65,270	20,766	40,651	70,395	40,805
Investment activities						
Cash was provided from:						
Sale of property, plant & equipment		882	738	4,897	2,040	5,969
Sale of property intended for sale / investment property		002	12,902	1,868	2,040	1,868
Proceeds from investments		50,757	12,902	47,811	51,119	48,098
rioceeds nom investments			-			
		51,639	13,640	54,576	53,159	55,935
Cash was applied to:						
Purchase of property, plant and equipment		25,892	69,853	26,628	26,279	27,422
Purchase of intangible assets		18	-	174	18	174
Purchase of investments and goodwill		67,231	34,000	53,526	67,231	53,526
		93,141	103,853	80,328	93,528	81,122
Net cash flow from investing activities		(41,502)	(90,213)	(25,752)	(40,369)	(25,187)
222o		(1.,502)	(20,213)	(25,752)	(.0,505)	(25,107)

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.

Financials – statement of cash flows for the year ended 30 June 2015 (continued)

	Note	Council	Council	Council	Group	Group
		Actual	Budget	Actual	Actual	Actual
		2015	2015	2014	2015	2014
		\$000	\$000	\$000	\$000	\$000
Financing activities						
Cash was provided from:						
Loans raised		-	22,070	6,918	-	6,918
		-	22,070	6,918	-	6,918
Cash was applied to:		00.054		24.224	00.400	04.000
Settlement of loans		20,051	-	21,884	23,420	21,893
Dividend paid		-	-	-	-	- :
		20,051	-	21,884	23,420	21,893
Net cash flow from financing activities		(20,051)	22,070	(14,966)	(23,420)	(14,975)
		( -, ,	,,,,,,	( )	( - / - /	( ) /
Net increase / (decrease) in cash and cash equivalents		3,717	(47,377)	(67)	6,606	643
Plus: opening cash and cash equivalents		3,462	51,132	3,529	4,850	4,207
Cash, cash equivalents at the end of the year		7,179	3,755	3,462	11,456	4,850
Summary of cash resources:						
Cash and bank		7,171	3,755	3,458	11,448	4,846
Short term deposits maturing within 3 months		8	-	3,130	8	4
Bank overdrafts		-	-	-	-	
Cash, cash equivalents at the end of the year		7,179	3,755	3,462	11,456	4,850

## 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 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Selwyn District Council group consists of the ultimate parent Selwyn District Council and its subsidiary Sicon Ferguson Limited (100% owned), the Selwyn District Charitable Trust (100% controlled) and its associate Central Plains Water Trust which is equity accounted (50% owned).

All Selwyn District Council subsidiaries and Central Plains Water Trust are incorporated 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 financial reporting purposes.

The financial statements of the Council and group are for the year ended 30 June 2015. The financial statements were authorised for issue by Council on 28 October 2015.

#### **Basis of preparation**

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

#### Statement of compliance

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE Standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in Note 41.

## Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000).

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Council has applied these standards in preparing the 30 June 2015 financial statements.

Standards issued and not yet effective and not early adopted

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Council will apply these updated standards in preparing its 30 June 2016 financial statements. The Council expects that there will be minimal or no change in applying these updated accounting standards.

#### **Basis of consolidation**

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

#### Subsidiaries

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

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

#### Associate

The Council's associate investment is accounted for 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 in the group financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

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

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

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

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

#### Joint venture

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity.

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.

## **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 revenue and expense is restated as if the operation had been discontinued from the start of the comparative period.

#### Revenue

Revenue is measured at fair value.

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

#### Rates revenue

The following policies for rates have been applied:

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

#### **Development and financial contributions**

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

## **New Zealand Transport Agency roading subsidies**

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

#### Other grants received

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

## Building and resource consent revenue

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

#### Entrance fees

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

#### Landfill fees

Fees for disposing of waste at the Council's landfill are recognised as waste is disposed by users.

#### Provision of commercially based services

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date.

#### Sales of goods

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

#### Vested or donated physical assets

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

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

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

#### Donated and bequeathed financial assets

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

#### Interest and dividends

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

#### **Construction contracts**

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

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

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

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

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

## **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.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

#### Income tax

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

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at 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 statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

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

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

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

#### Leases

#### **Finance leases**

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

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

#### **Operating leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

#### Receivables

Receivables are recorded at their face value, less any provision for impairment.

#### **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.

#### Other financial assets

Financial assets are initially recognised 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 financial assets are recognised on trade-date, the date on which the Council and group 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 the Council and group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- · fair value through surplus or deficit;
- · loans and receivables;
- · held-to-maturity investments; and
- · fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

### Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

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

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

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

Currently, the Council has community loans, term deposits and trade and other receivables in this category.

#### Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. 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.

#### Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council and group includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Currently, the Council holds share investments in this category.

#### Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables, and held-to-maturity investments

Impairment is established when there is evidence that the Council and group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

#### 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. 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.

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

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

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

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

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

#### 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 rather than 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.

## 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, other land and work in progress 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)	5 – 100 years	1% - 20%
Water races (race)	Not depreciated	
Land drainage		
Land drainage (structure)	5 – 80 years	1.25% - 20%
Land drainage (drain)	Not depreciated	
Water supplies		
Wells	50 years	2%
Pump Stations	5 – 80 years	1.25% - 20%
Reservoirs	25 – 50 years	2% - 4%
Valves Service Connections	25 – 50 years	2% - 4%
Pipes & Fire Hydrants	50 – 75 years	1.3% - 2%
Sewerage systems		
Manholes	95 years	1.05%
Pipes	50 – 95 years	1.05% - 2%
Pump stations	5 – 150 years	0.7% - 20%
Sewerage treatment stations	5 – 95 years	1.05% - 20%

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

#### 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 S E J Newberry B Com (VPM) SPINZ (ANZIV) Registered Valuer of Ford Baker Limited and the valuation is effective as at 30 June 2013.

#### 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 30 June 2013.

## 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 2014 by Mike Tapper (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 2014 by Amy Paterson-Horner NZ Dip Eng, Dip Civil Eng Applied, CertETN a valuer at MWH.

#### 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 revenue and expense 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 off-sets 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 revenue and expense.

## 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	2-3 years	33%-50%

#### **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%

## **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 2015 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.

#### **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 2015.

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

# 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.

*Value in use for non – cash generating units* 

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

For non – cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

*Value in use for cash – generating assets* 

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

The value in use for cash-generating assets 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.

# **Payables**

Short-term creditors and other payables are recorded at their face value.

# **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 entitlements**

#### **Short-term employee entitlements**

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

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

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

# Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, 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 entitlement information; and
- the present value of the estimated future cash flows.

# *Presentation of employee entitlements*

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

# **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 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**

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation 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 and is included in "finance costs".

# 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 39.

# **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:

#### Other financial assets - fair value through other comprehensive revenue and expense

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 25 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	Council	Council
	2015	Budget	2014
	\$000	\$000	\$000
	4333	,,,,	,,,,,
Revenue			
Democracy	745	693	730
Community facilities	20,072	15,705	21,673
Community services	479	203	338
Environmental services	6,573	5,819	6,307
Transportation	8,327	6,844	6,524
Solid waste management	6,707	5,999	5,612
Community water supplies	5,849	4,815	5,288
Community waste water supplies	16,357	13,923	15,350
Stormwater	671	756	847
Water races and land drainage	2,095	1,975	1,862
Izone southern business hub	32,655	7,883	8,883
Total activity revenue	100,530	64,615	73,414
General rates	13,050	12,835	11,783
Rates penalties	742	182	305
Other corporate revenue	13,068	9,465	36,661
Vested assets	29,663	10,455	30,330
Total revenue	157,053	97,552	152,493
Expenditure			
Democracy	3,256	3,379	3,058
Community facilities	15,944	16,778	15,562
Community services	2,526	2,510	2,360
Environmental services	9,440	9,727	10,397
Transportation	19,023	16,913	17,377
Solid waste management	5,882	6,257	5,542
Community water supplies	6,783	6,433	5,856
Community waste water supplies	8,780	10,214	10,260
Stormwater	1,118	1,375	1,140
Water races and land drainage	2,556	2,536	2,152
Izone southern business hub	7,349	2,021	4,790
Other corporate expenditure	2,460	2,704	(954)
Total activity expenditure	85,117	80,847	77,540
Total operating expenditure	85,117	80,847	77,540

Each significant activity includes targeted rates attributable to a particular activity (refer Note 2). Other corporate revenue includes revenue sources, which are not directly attributable to a significant activity, for example dividends, interest and insurance proceeds. Other corporate expenditure includes expenditure sources, which are not directly attributable to a significant activity, for example, interest rate swap valuation movements and earthquake repair costs (other corporate expenditure is negative in 2014 due to reduction in the interest rate swap liability). Other corporate revenue and expenditure is included in the support services activity operating statement in Section 2 of the annual report. Significant revenue 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 2015 \$000	Council Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
General rates Rates penalties	13,050 742	11,783 305	13,045 742	11,778 305
Targeted rates attributable to activities:	5016	5.050	5016	5.250
Community facilities Democracy	5,916 659	5,259 575	5,916 659	5,259 575
Solid waste management Community waste water supplies	4,616 4,476	4,097 3,653	4,616 4,476	4,097 3,653
Community water supplies Stormwater	4,773 549	3,840 463	4,773 549	3,840
Transportation	1,035	403	1,035	463 -
Water races and land drainage	1,721	1,645	1,721	1,645
Total rates, excluding targeted water supply rates	37,537	31,620	37,532	31,615

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue 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 revenue of the Council for the year ended 30 June 2015 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	Council	Group	Group
	Actual	Actual	Actual	Actual
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Rates, excluding targeted water supply rates	37,537	31,620	37,532	31,615
Targeted water supply rates	782	546	782	546
Total annual rates revenue	38,319	32,166	38,314	32,161

### **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 2015/2025.

	Council Actual 2015 \$000	Council Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Total gross rates, excluding targeted water supply rates	37,587	31,666	37,582	31,661
Rates remissions:				
Earthquake related remissions	13	9	13	9
Sports bodies	16	16	16	16
Churches	17	17	17	17
Other social and cultural organisations	4	4	4	4
Total remissions	50	46	50	46
	27.527	21.620	27.522	21.615
Rates (net of remissions), excluding targeted water supply rates	37,537	31,620	37,532	31,615

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 f	for metered water
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	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Building consents	4,639	4,508	4,639	4,508
Connection and irrigation fees	654	410	654	410
Dog registration	348	330	348	330
Gravel royalties	77	91	-	-
Leases	414	371	308	284
LIM revenue	280	329	280	329
Rental and hire charges	930	862	930	862
Rental income from investment properties	965	877	908	822
Resource consent fees	1,131	1,017	1,131	1,017
Selwyn Aquatic Centre	1,234	1,078	1,234	1,078
Solid waste fees and charges	2,042	1,515	2,042	1,515
Targeted rates for water supply	782	546	782	546
Other fees and charges	2,694	2,116	2,694	2,116
Total fees, charges and targeted rates for metered water	16,190	14,050	15,950	13,817

# Note 4: Subsidies and grants

	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Dunsandel Community Centre grants New Zealand Transport Agency roading subsidies Selwyn Aquatic Centre grants Other subsidies and grants	17	-	17	-
	5,433	4,709	5,433	4,709
	2	54	2	54
	652	563	652	563
Total subsidies and grants	6,104	5,326	6,104	5,326

Note 5: Other revenue				
	Council	Council	Group	Grou
	2015	2014	2015	201-
	\$000	\$000	\$000	\$00
Dividend revenue	7,534	4,664	6,534	4,664
Earthquake insurance recoveries	-	72	-	72
nterest revenue	3,303	2,245	3,354	2,241
Land sales	32,514	8,796	32,514	8,796
Petroleum tax	189	167	189	167
Provisions reversed during the year	-	31	-	3
Vested land and infrastructure from property development	29,663	30,330	29,663	30,330
Other income - Council	111	213	111	213
Other trading income - Sicon Ferguson Limited	-	-	29,098	32,137
Total other revenue	73,314	46,518	101,463	78,651
Note 6: Other gains				
	Council	Council	Group	Group
	2015	2014	2015	201
	\$000	\$000	\$000	\$00
Gain on fair value of derivatives	27	44	27	44
Gain on disposal of investment property	3	_	3	
Gain on disposal of property, plant and equipment	101	1,767	853	1,76
Gain on changes in fair value of investment property (Note 19)	525	610	525	550
Other gains	_	137	_	74
Gain on reversal of impairment of loans and receivables	-	2,528	-	2,528
Total gains	656	5,086	1,408	5,630
Note 7: Employee benefit expenses				
	Council	Council	Group	Grou
	2015	2014	2015	201
	\$000	\$000	\$000	\$00
Salaries and wages	15,113	13,879	26,163	26,862
Employer contributions to superannuation plans	258	232	511	513
Employer contributions to other plans & benefits	-	-	10	15
Increase / (decrease) in employee liabilities	197	210	12	(443
Total employee benefit expenses	15,568	14,321	26,696	26,947
inanda, ay anntsila, sti ana ta ay nagana na tian alana inaly da anntsila, sti	and to KinniCanar and th	o National Drovi	dont Fund	

 $Employer\ contributions\ to\ Superannuation\ plans\ include\ contributions\ to\ KiwiSaver\ and\ the\ National\ Provident\ Fund.$ 

# Council employee numbers and remuneration

Number of employees receiving total annual remuneration: Less than \$60,000 \$60,001 - \$80,000 \$80,001 - \$100,000 \$100,001 - \$120,000 \$140,001 - \$180,000 \$180,001 - \$300,000	Council 30 June 2015 154 45 46 12 6
Number of employees employed by Selwyn District Council	267 Council 30 June 2014
Number of employees receiving total annual remuneration: Less than \$60,000 \$60,001 - \$80,000 \$80,001 - \$100,000 \$100,001 - \$120,000 \$140,001 - \$180,000 \$180,001 - \$220,000	163 47 38 10 5
Number of employees employed by Selwyn District Council	267

At balance date, the Council employed 162 (2014: 149) full-time employees, with the balance of staff representing 50 (2014: 47) 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	Council	Council
	2015	Budget	2014
	\$000	\$000	\$000
Directly attributable depreciation and amortisation expense by group of activity:			
Community facilities	2,889	2,799	2,798
Community services	167	205	156
Democracy	-	-	-
Environmental services	126	106	106
Internal Council services	410	408	362
Izone southern business hub	29	19	20
Solid waste management	197	162	162
Stormwater	455	460	476
Transportation	10,723	10,951	9,994
Wastewater	3,195	4,621	4,387
Water races and land drainage	446	493	451
Water supply	2,725	2,539	2,483
Total depreciation and amortisation	21,362	22,763	21,395

	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Operational assets (Note 21a and 21b)	3,480	3,333	5,242	5,414
Infrastructural assets (Note 21c)	17,741	17,954	17,741	17,954
Intangible assets (Note 22)	141	108	174	136
Total depreciation and amortisation	21,362	21,395	23,157	23,504
	21.262	21 205	22.157	22.504
Depreciation and amortisation relating to continuing operations	21,362	21,395	23,157	23,504
Total depreciation and amortisation	21,362	21,395	23,157	23,504
Note 9: Other expenses				
	<i>C</i> 1	<i>c</i> 1	-	
	Council	Council	Group	Group
	2015	2014	2015	2014
- "	\$000	\$000	\$000	\$000
Fees to auditors:	110	116	100	171
- fees to Audit New Zealand for audit of the financial statements	118	116	198	171
- fees to Audit New Zealand for audit of the 2015 - 2025 LTP	79	-	79	-
- fees to Audit New Zealand for audit of amendment to the 2012 - 2022 LTP	-	8	-	8
Bad debts written off	34	13	120	115
Cost of sales	4,428	1,903	4,428	1,903
Directors' and members' remuneration	572	545	697	650
Grants	159	163	159	163
Impairment of receivables	25	-	25	-
Impairment of property, plant and equipment	-	-	13	-
Loss on changes in fair value of forestry (Note 20)	-	29	-	29
Litigation settlements and fines	-	-	-	30
Loss on changes in fair value of investment property (Note 19)	173	-	163	-
Loss on disposal of assets	42	355	94	409
Minimum lease payments under operating leases	165	171	763	827
Refuse contract payments	2,052	2,070	2,052	2,070
Refuse transfer station operations	3,619	3,247	3,619	3,247
Roading	7,384	7,282	7,384	7,282
Valuation services	148	159	148	159
Other operating expenses	24,269	22,227	36,548	38,324
Total other expenses	43,267	38,288	56,490	55,387
Note 10: Finance costs				
	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Interest expense	2.5-2	5.05 :	2 475	£
- interest on bank borrowings	3,653	5,254	3,679	5,448
- interest on finance leases	-	<u>-</u>	1	2
Revaluation of interest rate swap	1,267	(1,718)	1,267	(1,718)
Total finance costs	4,920	3,536	4,947	3,732

Noto	11.	Incomo	taxation
NOTE	11.	income	Taxation

	Council 2015 \$000	Council 2014 \$000	Group 2015 \$000	Group 2014 \$000
Relationship between taxation expense and accounting profit				
Surplus / (deficit) before tax continuing activities	71,936	74,953	74,419	50,430
Surplus / (deficit) before tax discontinued activities	-	-	-	185
Taxation at 28%	20,142	20,987	20,837	14,172
Plus / (less) tax effect of:				
Permanent adjustments	(16,871)	(20,986)	(16,356)	(13,963)
Prior year adjustment	-	-	(316)	-
De-recognition of future income taxation benefit	-	-	(320)	(116)
Recognition of prior year losses	-	-	(927)	(92)
Taxation expense	3,271	1	2,918	1
Components of tax expense				
Current taxation expense	3,346	_	3,416	_
Prior year adjustments	-	-	(316)	_
Deferred taxation expense	(75)	1	(182)	1
Taxation expense	3,271	1	2,918	1
Taxation expense attributable to:				
Continuing operations	3,271	1	2,918	1
Discontinued operation	-	-	-	-
Total taxation expense / (benefit)	3,271	1	2,918	1
Amounts charged directly to other comprehensive income				
Deferred income taxation	-	-	-	-
Total	-	-	-	-
Taxation receivable / (provision)				
Opening balance 1 July	3	-	6	60
Less: current taxation expense	(3,346)	-	(3,416)	-
Less: taxation refund	(3)	-	(3)	(57)
Prior period adjustments	-	-	-	-
Plus: taxation paid	1	-	5	3
Taxation receivable / (provision)	(3,345)	-	(3,408)	6

### Deferred taxation assets / (liabilities)

Deferred taxation assets / (liabilities)					
	Opening Balance	Charged to	Charged to other comp- rehensive	Liquidation of SPBL	Closing Balance
	1 July 2014 \$000	Surplus \$000	income \$000	\$000	30 June 2015 \$000
Parent Deferred tax liabilities					
Investment property	(135)	(2)	-	-	(137)
Property, plant & equipment	(83)	76	-	=	(7)
Deferred taxation liabilities	(218)	74	-	-	(144)
Deferred tax assets					
Trade and other payables	-	-	-	-	
Employee benefits and other accruals	-	-	=	=	= .
Deferred taxation assets	-	-	-	-	-
Net deferred taxation balance	(218)	74	-	=	(144)
			Charged to		
	Opening		Charged to other comp-	Amalgamation	Closing
	Opening Balance	Charged to		Amalgamation	Closing Balance
	. 5	Charged to Surplus	other comp-	Amalgamation	
	Balance		other comp- rehensive	Amalgamation \$000	Balance
<i>Parent</i> Deferred taxation liabilities	Balance 1 July 2013	Surplus	other comp- rehensive income	2	Balance 30 June 2014
Deferred taxation liabilities	Balance 1 July 2013 \$000	Surplus \$000	other comp- rehensive income	2	Balance 30 June 2014 \$000
	Balance 1 July 2013	Surplus	other comp- rehensive income	2	Balance 30 June 2014
<b>Deferred taxation liabilities</b> Investment property	Balance 1 July 2013 \$000 (133)	Surplus \$000 (2)	other comp- rehensive income	2	Balance 30 June 2014 \$000
Deferred taxation liabilities Investment property Property, plant & equipment	Balance 1 July 2013 \$000 (133) (86)	\$000 \$000 (2) 3	other comp- rehensive income	2	Balance 30 June 2014 \$000 (135) (83)
Deferred taxation liabilities Investment property Property, plant & equipment  Deferred taxation liabilities	Balance 1 July 2013 \$000 (133) (86)	\$000 \$000 (2) 3	other comp- rehensive income	2	Balance 30 June 2014 \$000 (135) (83)
Deferred taxation liabilities Investment property Property, plant & equipment  Deferred taxation liabilities  Deferred taxation assets	Balance 1 July 2013 \$000 (133) (86)	\$000 \$000 (2) 3	other comp- rehensive income	2	Balance 30 June 2014 \$000 (135) (83)
Deferred taxation liabilities Investment property Property, plant & equipment  Deferred taxation liabilities  Deferred taxation assets Trade and other payables	Balance 1 July 2013 \$000 (133) (86)	\$000 \$000 (2) 3	other comp- rehensive income	2	Balance 30 June 2014 \$000 (135) (83)
Deferred taxation liabilities Investment property Property, plant & equipment  Deferred taxation liabilities  Deferred taxation assets Trade and other payables Employee benefits and other accruals	Balance 1 July 2013 \$000  (133) (86)  (219)	\$000 \$000 (2) 3 1	other comprehensive income \$000	\$000	Balance 30 June 2014 \$000 (135) (83) (218)

	Opening Balance 1 July 2014	Charged to Surplus	Charged to other comp- rehensive income	Amalgamation	Closing Balance 30 June 2015
Group	\$000	\$000	\$000	\$000	\$000
Deferred tax liabilities					
Property, plant & equipment Trade and other receivables	(217) (182)	74 60	-	-	(143)
Deferred taxation liabilities	(399)	134	-	-	(265)
Deferred tax assets					
Property, plant & equipment	209	(22)	-	-	187
Trade and other payables	79	98	-	-	177
Interest rate swap	- 212	- (22)	=	=	- 101
Employee benefits and other accruals  Derecognition of other temporary differences	213 (320)	(32) 320	-	=	181
Benefit of tax losses (future income tax benefits)	(320)	-	-	-	
Serient of tax issues (ratare income tax serients)					
Deferred taxation assets	181	364	-	-	545
Net deferred taxation	(218)	498	-	-	280
Deferred taxation attributable to:					
Continuing operations  Discontinued operation					280
Discontinued operation					
Net deferred tax balance					280
	Opening		Charged to		Closing
	Opening Balance	Charged to	Charged to other comp-	Amalgamation	Closing Balance
	· -	Charged to Surplus		Amalgamation	
	Balance 1 July 2013	Surplus	other comp- rehensive income	_	Balance 30 June 2014
Cours	Balance		other comp- rehensive	Amalgamation \$000	Balance
Group  Deferred taxation liabilities	Balance 1 July 2013	Surplus	other comp- rehensive income	_	Balance 30 June 2014
Deferred taxation liabilities	Balance 1 July 2013 \$000	Surplus \$000	other comp- rehensive income	_	Balance 30 June 2014 \$000
•	Balance 1 July 2013	Surplus	other comp- rehensive income	_	Balance 30 June 2014
<b>Deferred taxation liabilities</b> Property, plant & equipment	Balance 1 July 2013 \$000 (218)	Surplus \$000	other comp- rehensive income	_	Balance 30 June 2014 \$000
<b>Deferred taxation liabilities</b> Property, plant & equipment	Balance 1 July 2013 \$000 (218)	Surplus \$000	other comp- rehensive income	_	Balance 30 June 2014 \$000
Property, plant & equipment Trade and other receivables  Deferred taxation liabilities	Balance 1 July 2013 \$000 (218) (196)	\$000 1 14	other comp- rehensive income	_	Balance 30 June 2014 \$000 (217) (182)
Property, plant & equipment Trade and other receivables  Deferred taxassets	Balance 1 July 2013 \$000 (218) (196) (414)	\$000 1 14 15	other comp- rehensive income	_	Balance 30 June 2014 \$000 (217) (182) (399)
Property, plant & equipment Trade and other receivables  Deferred taxasets Property, plant & equipment	Balance 1 July 2013 \$000 (218) (196) (414)	\$000 1 14 15 (106)	other comp- rehensive income	_	Balance 30 June 2014 \$000 (217) (182) (399)
Property, plant & equipment Trade and other receivables  Deferred taxasets Property, plant & equipment Trade and other payables	Balance 1 July 2013 \$000 (218) (196) (414)	\$000 1 14 15	other comp- rehensive income	_	Balance 30 June 2014 \$000 (217) (182) (399)
Property, plant & equipment Trade and other receivables  Deferred taxasets Property, plant & equipment	Balance 1 July 2013 \$000 (218) (196) (414) 315 85	\$000 \$000 1 14 15 (106) (6)	other comp- rehensive income	_	Balance 30 June 2014 \$000 (217) (182) (399)
Property, plant & equipment Trade and other receivables  Deferred taxation liabilities  Deferred taxassets Property, plant & equipment Trade and other payables Interest rate swap	Balance 1 July 2013 \$000 (218) (196) (414) 315 85	\$000 \$000 1 14 15 (106) (6)	other comp- rehensive income	_	Balance 30 June 2014 \$000 (217) (182) (399) 209 79
Property, plant & equipment Trade and other receivables  Deferred taxation liabilities  Deferred taxassets Property, plant & equipment Trade and other payables Interest rate swap Employee benefits and other accruals	Balance 1 July 2013 \$000 (218) (196) (414) 315 85 - 262	\$000 \$000 1 14 15 (106) (6) - (49)	other comp- rehensive income	_	Balance 30 June 2014 \$000 (217) (182) (399) 209 79 - 213
Property, plant & equipment Trade and other receivables  Deferred taxation liabilities  Deferred taxassets Property, plant & equipment Trade and other payables Interest rate swap Employee benefits and other accruals Derecognition of other temporary differences	Balance 1 July 2013 \$000 (218) (196) (414) 315 85 - 262 (466)	\$000 \$000 1 14 15 (106) (6) - (49)	other comp- rehensive income	_	Balance 30 June 2014 \$000 (217) (182) (399) 209 79 - 213 (320)
Property, plant & equipment Trade and other receivables  Deferred taxation liabilities  Deferred taxassets Property, plant & equipment Trade and other payables Interest rate swap Employee benefits and other accruals Derecognition of other temporary differences Benefit of tax losses (future income tax benefits)	Balance 1 July 2013 \$000 (218) (196) (414) 315 85 - 262 (466)	\$000 \$000 1 14 15 (106) (6) - (49) 146 -	other comp- rehensive income	_	Balance 30 June 2014 \$000 (217) (182) (399) 209 79 - 213 (320)
Property, plant & equipment Trade and other receivables  Deferred taxation liabilities  Deferred taxassets Property, plant & equipment Trade and other payables Interest rate swap Employee benefits and other accruals Derecognition of other temporary differences Benefit of tax losses (future income tax benefits)  Deferred taxation assets	Balance 1 July 2013 \$000  (218) (196)  (414)  315 85 - 262 (466) - 196	\$000 \$000 1 14 15 (106) (6) - (49) 146 -	other comp- rehensive income	_	Balance 30 June 2014 \$000 (217) (182) (399) 209 79 - 213 (320) -
Property, plant & equipment Trade and other receivables  Deferred taxation liabilities  Deferred taxassets Property, plant & equipment Trade and other payables Interest rate swap Employee benefits and other accruals Derecognition of other temporary differences Benefit of tax losses (future income tax benefits)  Deferred taxation  Deferred taxation  Deferred taxation attributable to:	Balance 1 July 2013 \$000  (218) (196)  (414)  315 85 - 262 (466) - 196	\$000 \$000 1 14 15 (106) (6) - (49) 146 -	other comp- rehensive income	_	Balance 30 June 2014 \$000 (217) (182) (399) 209 79 - 213 (320) - 182 (217)
Property, plant & equipment Trade and other receivables  Deferred taxation liabilities  Deferred taxasets Property, plant & equipment Trade and other payables Interest rate swap Employee benefits and other accruals Derecognition of other temporary differences Benefit of tax losses (future income tax benefits)  Deferred taxation  Deferred taxation  Deferred taxation attributable to: Continuing operations	Balance 1 July 2013 \$000  (218) (196)  (414)  315 85 - 262 (466) - 196	\$000 \$000 1 14 15 (106) (6) - (49) 146 -	other comp- rehensive income	_	Balance 30 June 2014 \$000 (217) (182) (399) 209 79 - 213 (320) -
Property, plant & equipment Trade and other receivables  Deferred taxation liabilities  Deferred taxassets Property, plant & equipment Trade and other payables Interest rate swap Employee benefits and other accruals Derecognition of other temporary differences Benefit of tax losses (future income tax benefits)  Deferred taxation  Deferred taxation  Deferred taxation attributable to:	Balance 1 July 2013 \$000  (218) (196)  (414)  315 85 - 262 (466) - 196	\$000 \$000 1 14 15 (106) (6) - (49) 146 -	other comp- rehensive income	_	Balance 30 June 2014 \$000 (217) (182) (399) 209 79 - 213 (320) - 182 (217)
Property, plant & equipment Trade and other receivables  Deferred taxation liabilities  Deferred tax assets Property, plant & equipment Trade and other payables Interest rate swap Employee benefits and other accruals Derecognition of other temporary differences Benefit of tax losses (future income tax benefits)  Deferred taxation  Deferred taxation  Deferred taxation attributable to: Continuing operations	Balance 1 July 2013 \$000  (218) (196)  (414)  315 85 - 262 (466) - 196	\$000 \$000 1 14 15 (106) (6) - (49) 146 -	other comp- rehensive income	_	Balance 30 June 2014 \$000 (217) (182) (399) 209 79 - 213 (320) - 182 (217)

In prior years deductible temporary differences and losses have been de-recognised to the extent they exceed the balance of taxable temporary differences on the basis that it was not probable there would be any future taxable profit. In the current year all deductible temporary differences and taxable temporary differences have been recognised on the basis that Sicon Ferguson Limited has taxable income, has used all of its tax losses in the 2015 year and is projecting future taxable income.

Note 12: Cash and cash equivalents				
	Council	Council	Group	Group
	2015	2014	2015	201
	\$000	\$000	\$000	\$000
Cash at bank and on hand	7,171	3,458	11,448	4,846
Term deposits with maturities less than 3 months at acquisition	8	4	8	2
Total cash and cash equivalents	7,179	3,462	11,456	4,850
The carrying value of cash at bank and term deposits with maturities	s less than three montl	ns approximates	their fair value.	
Cash, cash equivalents, and bank overdrafts include the following for th	e purposes of the staten	nent of cash flows	5:	
, , ,	Council	Council	Group	Group
	2015	2014	2015	201
	\$000	\$000	\$000	\$000
Cash at bank and on hand	7,171	3,458	11,448	4,846
Term deposits with maturities less than 3 months at acquisition	8	4	8	4
Total	7,179	3,462	11,456	4,850
	,	,	,	,
Note 13: Receivables				
	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Rates receivables	2,171	2,372	2,171	2,372
Other receivables:	_,	_,	_,	_,
- Other	3,328	5,776	6,481	11,09
- Related party receivables (Note 36)	75	80	41	55
Community loans	289	227	289	227
Sundry receivables & prepayments	3,420	4,873	3,428	4,913
Gross receivables	0.283	13 378	12.410	18.658

Gross receivables 9,283 13,328 12,410 18,658 Less: provision for impairment (32) (41) (108)(163) Total receivables 9,251 13,287 12,302 18,495 Less: non - current community loans (289)(227)(289)(227)12,013 18,268 Current portion 8,962 13,060 Total receivables comprise: 8,892 Receivables from non - exchange transactions 4,752 8,892 4,718 (this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates) 7,692 9,766 Receivables from exchange transactions 4,531 4,436 (this includes outstanding amounts for commercial sales and fees and

charges that have not been subsidised by rates)

Community loans have been valued at amortised cost, which approximates the loan's fair value. The face value of community loans is \$315,000 (2014: \$254,000).

#### Fair value

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

#### **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 4 months after the due date for payment. If payment has not been made within 3 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 repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

The carrying amount of receivables that would otherwise be past due or impaired and whose terms have been renegotiated is \$78,597 (2014 \$26,773).

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

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

,						
			Council			Council
	Gross	Impairment	Net	Gross	Impairment	Net
	2015	2015	2015	2014	2014	2014
	\$000	\$000	\$000	\$000	\$000	\$000
Not past due	1,315	-	1,315	5,222	-	5,222
Past due 1 - 30 days	1,688	-	1,688	145	-	145
Past due 31 - 60 days	80	-	80	39	-	39
Past due > 61 days	2,416	(32)	2,384	2,742	(41)	2,701
Total	5,499	(32)	5,467	8,148	(41)	8,107
			Group			Group
	Gross	Impairment	Net	Gross	Impairment	Net
	2015	2015	2015	2014	2014	2014
	\$000	\$000	\$000	\$000	\$000	\$000
Not past due	4,204	(57)	4,147	9,880	-	9,880
Past due 1 - 30 days	1,903	-	1,903	666	-	666
Past due 31 - 60 days	80	-	80	117	-	117
Past due > 61days	2,465	(51)	2,414	2,800	(163)	2,637
Total	8,652	(108)	8,544	13,463	(163)	13,300

As of 30 June 2015 and 2014, 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.

# Impairment provision

	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Opening balance 1 July Additional provisions made during the year Provisions reversed during the year Receivables written-off during the period	(41)	(85)	(163)	(112)
	(25)	-	(25)	(96)
	-	31	27	32
	34	13	53	13
Closing balance 30 June	(32)	(41)	(108)	(163)

### Note 14: Derivative financial instruments

	Council 2015 \$000	Council 2014 \$000	Group 2015 \$000	Group 2014 \$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	769	250	769	250
Total current liability portion	769	250	769	250
Non-current liability portion				
Interest rate swaps - cash flow hedges	1,411	663	1,411	663
Total non-current liability portion	1,411	663	1,411	663
Total derivative financial instrument liabilities	2,180	913	2,180	913

# 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 \$46 million (2014: \$46 million) and for the group \$46 million (2014: \$46 million). As at 30 June, the Council's fixed interest rates of cash flow hedge interest rate swaps varied from 4.293% to 5.585% (2014: 4.293% to 5.585%) and the group rates varied from 4.293% to 5.585% (2014: 4.293% to 5.585%).

# Note 15: Inventory and work in progress

	Council 2015 \$000	Council 2014 \$000	Group 2015 \$000	Group 2014 \$000
Current				
Gravel stocks	-	-	704	655
Izone Southern Business Hub - land held for sale	8,890	11,350	8,890	11,350
Other direct materials	-	-	221	270
Selwyn Aquatic Centre	16	13	16	13
Provision for writedown of stock	-	-	(304)	(8)
Work in progress	-	-	41	343
Total current inventory	8,906	11,363	9,568	12,623
Non - current				
Izone Southern Business Hub - land being developed for sale	3,008	3,219	3,008	3,219
Total non - current inventory	3,008	3,219	3,008	3,219
Total inventory	11,914	14,582	12,576	15,842

There is no inventory pledged as security for liabilities (2014: \$nil), there is no inventory subject to retention of title clauses (2014: \$nil), nor has there been any write-down of inventory (2014: \$nil).

Note	16.	Other	financial	assets
INOLE	10.	Othici	III Iai iciai	assets

	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Current portion				
Loans and receivables				
Term deposits with maturities of 4-12 months	67,231	50,231	67,231	50,231
Finance lease receivable	194	179	194	179
Loan receivable	21	19	21	19
Loans to subsidiaries (Note 36)	-	360	-	-
Total loans and receivables	67,446	50,789	67,446	50,429
Fair value through surplus / (deficit)				
Embedded derivatives - principal	1,028	-	1,028	-
Total fair value through surplus / (deficit)	1,028	-	1,028	-
Held to maturity				
Government bonds	1,997	-	1,997	-
Total held to maturity	1,997	-	1,997	-
Total current portion	70,471	50,789	70,471	50,429
Non - current portion				
Fair value through surplus / (deficit)				
Embedded derivatives - principal	-	1,002	-	1,002
Total fair value through surplus / (deficit)	_	1,002	_	1,002
Total fall value allough sulplus / (deficit)		1,002		1,002
Loans and receivables				
Finance lease receivable	1,636	1,830	1,636	1,830
Loan receivable	755	776	755	776
Total loans and receivables	2,391	2,606	2,391	2,606
Fair value through other comprehensive revenue and expense				
Transwaste (Canterbury) Limited	1,500	1,500	1,500	1,500
Orion New Zealand Limited	81,400	81,400	81,400	81,400
Sicon Ferguson Limited	10,000	10,000	-	-
Local Government Funding Agency	747	747	747	747
Total fair value through other comprehensive revenue and expense	93,647	93,647	83,647	83,647
Held to maturity				
Government bonds	-	1,991	-	1,991
Total held to maturity	-	1,991	-	1,991
Total non - current portion	96,038	99,246	86,038	89,246

#### 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 \$3,025,000 (2014: \$2,993,000). Fair value has been determined using quoted market bid prices from independently sourced market information for government bond prices.

### Orion New Zealand Limited and Sicon Ferguson Limited

The investment in Orion New Zealand Limited is valued based on an independent valuation as at 30 June 2014 completed by Ernst & Young Corporate Transaction Advisory Services Limited, Wellington dated 5 August 2014. The valuation was completed using the discounted cashflow valuation methodology.

The investment in Sicon Ferguson Limited is valued based on an independent valuation as at 31 December 2013 completed by Ernst and Young Corporate Transaction Advisory Services Limited, Wellington dated 25 June 2014. The valuation was completed based on net asset valuation on a going concern basis.

### Local Government Funding Agency

The carrying value approximates fair value.

#### 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. The valuation is based on the length of TCL's resource consent, discounted cashflows, adjusted for debt and surplus assets.

# Note 17: Property held for sale

The Council owned land on Byron Street adjacent to State Highway 1 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 2016.

	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Opening balance 1 July	1,970	2,748	2,103	4,348
Transfers from property, plant and equipment (Note 21)	-	-	270	-
Impairment	-	-	(13)	-
Disposals	-	(778)	(133)	(2,245)
Total non - current assets held for sale	1,970	1,970	2,227	2,103
Assets held for sale consists of:				
Property, plant and equipment	1,970	1,970	2,227	2,103
Total non - current assets held for sale	1,970	1,970	2,227	2,103

The accumulated revaluation reserve recognised in equity for property held for sale as at 30 June 2015 is \$437,000 (2014: \$437,000).

#### Investments in associates

Council		
	2015	2014
	\$000	\$000
Investment in Central Plains Water Trust at cost	-	-
Summarised financial information of associate presented on a gross basis:		
	2015	2014
	\$000	\$000
Assets	57	71
Liabilities	48	62
Net assets	9	9
Revenue	53	80
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 PBE IPSAS 8. SFL has a 50% share of the joint venture and has accounted for this share using the equity method under PBE IPSAS 8. SFL's share of the profit for the year to 30 June 2015 was \$nil (2014: \$125,469) and the investment in the joint venture at 30 June 2015 was \$246 (2014: \$79,713). At 30 June 2015 SFL's share of the joint venture assets was \$58,157 (2014: \$80,084) and liabilities \$57,413 (2014: \$332). The joint venture's revenue for the year ended 30 June 2015 was \$nil (2014: \$2,885,991). There was no initial investment required. The joint venture has no contingent assets or liabilities. The contract was finished in 2014 and there was no trading during the current year. Once the final retentions are paid the joint venture will be finalised.

In 2013 SFL 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 PBE IPSAS 8. SFL has a 50% share of the joint venture and has accounted for this share using the equity method. SFL's share of the profit and investment in the joint venture for the year to 30 June 2015 was \$271,135 (2014: \$48,106). At 30 June 2015 SFL's share of the joint venture assets was \$9,854 (2014: \$590,638) and liabilities \$nil (2014: \$568,744). The joint venture's revenue for the year ended 30 June 2015 was \$nil (2014: \$246,484). There was no initial investment required. The joint venture has no contingent assets or liabilities. The joint venture finished in August 2013 and final agreement on the distribution of profits and termination of the agreement was reached in June 2015. The profit recognised in the 2015 year is a result of this agreement.

# Group

Balance at 1 July Recognised surplus	Group 2015 \$000 102 271	Group 2014 \$000 310 78
Recognised surplus Distributions by joint ventures	271 (362)	78 (286)
Investment in joint venture	11	102

#### Note 19: Investment property

	Council 2015 \$000	Council 2014 \$000	Group 2015 \$000	Group 2014 \$000
Opening balance 1 July Additions	10,545 -	11,025 -	9,875 -	10,415 -
Transfer from property, plant and equipment	773	-	773	-
Disposals	-	(1,090)	-	(1,090)
Fair value gains / (losses) on valuation (Note 6)	352	610	362	550
Closing balance 30 June	11,670	10,545	11,010	9,875

Investment properties are valued annually effective at 30 June to fair value in accordance with PBE IPSAS 16: 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 revenue and discounted cash flow methods. These methods are based on assumptions, including future rental revenue, anticipated maintenance costs, and discount rates.

	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Rental revenue	965	878	908	823
Terrarreveride				023
Note 20: Forestry assets				
	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Opening balance 1 July	293	548	293	548
Gains / (losses) attributable to physical changes	43	17	43	17
Gains / (losses) attributable to change in fair value less costs to sell	(43)	(46)	(43)	(46)
Decreases due to harvest	(151)	(226)	(151)	(226)
Valuation at 30 June	142	293	142	293

The Council owns 71 hectares (2014: 86.4) of pinus radiata forests, which are at varying stages of maturity ranging from 1 to 35 years.

#### **Valuation assumptions**

Independent registered valuer Terry O'Neill (B For Sc. MNZIF), has valued forestry assets as at 30 June 2015. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- a discount rate of 8.0% (2014: 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	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Operational assets (Note 21 a & b)	225,297	218,847	233,107	228,708
Infrastructural assets (Note 21 c)	955,451	928,441	955,451	928,441
Total property, plant and equipment	1,180,748	1,147,288	1,188,558	1,157,149

#### **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.

#### Ruildinas

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 valued as at 30 June 2014 by Mike Tapper 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 2014 by Amy Paterson-Horner NZ Dip Eng, Dip Civil Eng Applied, CertETN a valuer at MWH.

#### Information about core assets

#### What is the purpose of this statement?

The purpose of this statement is to disclose information surrounding the value of the Council's core assets.

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

# Water supply treatment plants and facilities

Closing book value: \$9,069,000 (2014: \$9,547,000)

Value of assets constructed by Selwyn District Council: \$199,000 (2014: \$425,000)

Value of assets transferred to Selwyn District Council: \$nil (2014: \$nil)

Estimate of replacement cost: \$21,039,000 (2014: \$20,840,000)

# Water supply (other assets)

Closing book value: \$89,861,000 (2014: \$86,114,000)

Value of assets constructed by Selwyn District Council: \$2,827,000 (2014: \$2,725,000)

Value of assets transferred to Selwyn District Council: \$2,966,000 (2014: \$3,180,000)

Estimate of replacement cost: \$125,102,000 (2014: \$119,308,000)

#### Sewerage treatment plants and facilities

Closing book value: \$50,308,000 (2014: \$50,741,000)

Value of assets constructed by Selwyn District Council: \$1,181,000 (2014: \$952,000)

Value of assets transferred to Selwyn District Council: \$nil (2014: \$238,000)

Estimate of replacement cost: \$63,577,000 (2014: \$62,396,000)

## Sewerage (other assets)

Closing book value: \$119,939,000 (2014: \$113,107,000)

Value of assets constructed by Selwyn District Council: \$3,125,000 (2014: \$3,430,000)

Value of assets transferred to Selwyn District Council: \$5,281,000 (2014: \$5,634,000)

Estimate of replacement cost: \$139,114,000 (2014: \$130,708,000)

#### Stormwater drainage

Closing book value: \$36,051,000 (2014: \$30,098,000)

Value of assets constructed by Selwyn District Council: \$40,000 (2014: \$86,000)

Value of assets transferred to Selwyn District Council: \$6,367,000 (2014: \$3,702,000)

Estimate of replacement cost: \$40,761,000 (2014: \$34,354,000)

# Roads and footpaths

Closing book value: \$513,234,000 (2014: \$500,569,000)

Value of assets constructed by Selwyn District Council: \$11,663,000 (2014: \$8,754,000)

Value of assets transferred to Selwyn District Council: \$11,725,000 (2014: \$11,963,000)

Estimate of replacement cost: \$658,137,000 (2014: \$634,749,000)

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# 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 2013	133,785	4,505	60,350	65	18,626	2,496	3,946	223,773
Additions	7,994	-	3,464	-	1,297	172	634	13,561
Disposals	(2,718)	=	(727)	-	(247)	=	=	(3,692)
Transfers	371	-	2,480	-	75	-	(3,016)	(90)
Balance at 30 June 2014	139,432	4,505	65,567	65	19,751	2,668	1,564	233,552
Additions	4,775	_	1,487	_	1,831	214	3,219	11,526
Disposals	(486)	-	(335)	-	(55)	-	, -	(876)
Transfers	467	-	396	-	81	-	(944)	-
Transfers to investment property	=	=	(773)	=	-	-	=	(773)
Balance at 30 June 2015	144,188	4,505	66,342	65	21,608	2,882	3,839	243,429
Accumulated depreciation:								
Balance at 1 July 2013	-	-	-	-	(9,438)	(2,184)	-	(11,622)
Disposals	-	-	13	-	237	-	-	250
Depreciation expense	-	-	(1,508)	(3)	(1,562)	(260)	-	(3,333)
Balance at 30 June 2014	-	-	(1,495)	(3)	(10,763)	(2,444)	-	(14,705)
Disposals	-	_	5	_	48	_	-	53
Depreciation expense	-	-	(1,612)	(2)	(1,642)	(224)	-	(3,480)
Balance at 30 June 2015	-	-	(3,102)	(5)	(12,357)	(2,668)	-	(18,132)
Net carrying amount at 30 June 2014	139,432	4,505	64,072	62	8,988	224	1,564	218,847
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Net carrying amount at 30 June 2015	144,188	4,505	63,240	60	9,251	214	3,839	225,297

# 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 2013	134,236	4,505	62,243	65	47,528	2,496	3,946	255,019
Additions	7,994	=	3,464	-	1,981	172	634	14,245
Disposals	(2,718)	-	(729)	-	(3,102)	-	-	(6,549)
Net revaluation increase / (decrease)	771	-	60	-	-	-	(2.016)	60
Transfers Transfers to assets held for sale	371 (113)	-	2,480	-	75 (117)	-	(3,016)	(90) (230)
		-	-	-				
Balance at 30 June 2014	139,770	4,505	67,518	65	46,365	2,668	1,564	262,455
Additions	4,775		1,487	_	2,154	214	3,219	11,849
Disposals	(486)		(335)	- -	(1,825)	-	5,219	(2,646)
Net revaluation increase / (decrease)	-	-	(90)	_	-	-	-	(90)
Transfers	467	-	396	-	72	-	(944)	(9)
Transfers to investment property	-	-	(773)	-	-	-	-	(773)
Transfers to assets held for sale	-	-	-	-	(497)	-	-	(497)
Balance at 30 June 2015	144,526	4,505	68,203	65	46,269	2,882	3,839	270,289
Accumulated depreciation:								
Balance at 1 July 2013	_	_	(1,076)	_	(27,957)	(2,184)	_	(31,217)
Disposals	=	=	15	_	2,772	(2,104)	_	2,787
Net adjustments on asset revaluation	-	-	-	-	97	-	-	97
Depreciation expense	-	-	(1,525)	(3)	(3,626)	(260)	-	(5,414)
Balance at 30 June 2014	-	-	(2,586)	(3)	(28,714)	(2,444)	-	(33,747)
Disposals	-	-	5	-	1,559	-	-	1,564
Net adjustments on asset revaluation / transfers	-	-	8	-	235	-	-	243
Depreciation expense	-	-	(1,619)	(2)	(3,397)	(224)	-	(5,242)
Balance at 30 June 2015	-	-	(4,192)	(5)	(30,317)	(2,668)	-	(37,182)
Net carrying amount at 30 June 2014	139,770	4,505	64,932	62	17,651	224	1,564	228,708
Net carrying amount at 30 June 2015	144,526	4,505	64,011	60	15,952	214	3,839	233,107

# 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 2013	488,325	80,432	25,159	181,246	91,938	76,242	3,764	6,485	953,591
Additions	20,675	5,702	3,778	8,917	73	377	260	2,110	41,892
Net revaluation increase / (decrease)	(8,473)	8,899	1,151	(27,652)	(50,168)	9,273	-	-	(66,970)
Transfers	42	628	10	1,337	14	10	89	(2,040)	90
Balance at 30 June 2014	500,569	95,661	30,098	163,848	41,857	85,902	4,113	6,555	928,603
Additions	22,485	4,763	6,404	8,589	16	120	1	2,373	44,751
Disposal	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	
Net revaluation increase / (decrease)	-	-	-	-	-	-	-	-	- ,
Transfers	902	1,231	4	1,005	-	52	-	(3,194)	
Balance at 30 June 2015	523,956	101,655	36,506	173,442	41,873	86,074	4,114	5,734	973,354
Accumulated depreciation:									
Balance at 1 July 2013	(19,657)	(4,544)	(800)	(6,794)	(63)	(833)	-	-	(32,691)
Net adjustments on asset revaluation	29,651	7,027	1,276	11,181	95	1,253	-	-	50,483
Depreciation expense	(9,994)	(2,483)	(476)	(4,387)	(32)	(420)	(162)	-	(17,954)
Balance at 30 June 2014	-	-	-	-	-	-	(162)	-	(162)
Net adjustments on asset revaluation	-	-	-	-	-	-	-	-	-
Depreciation expense	(10,723)	(2,725)	(455)	(3,195)	(21)	(425)	(197)	-	(17,741)
Balance at 30 June 2015	(10,723)	(2,725)	(455)	(3,195)	(21)	(425)	(359)	-	(17,903)
Net carrying amount at 30 June 2014	500,569	95,661	30,098	163,848	41,857	85,902	3,951	6,555	928,441
Net carrying amount at 30 June 2015	513,233	98,930	36,051	170,247	41,852	85,649	3,755	5,734	955,451

# Note 22: Intangible assets

	Council	Group	Group	Group	Group
	Computer	Computer	Mining	Goodwill	Total
	Software	Software			
	\$000	\$000	\$000	\$000	\$000
Opening cost at 1 July 2014	1,123	1,389	403	2,396	4,188
Accumulated amortisation / impairment	(732)	(967)	(80)	(2,396)	(3,443)
Opening balance at 1 July 2014	391	422	323	-	745
Additions	18	18	16	-	34
Amortisation charge	(141)	(161)	(13)	_	(174)
Disposals	-	(99)	-	-	(99)
Closing balance at 30 June 2015	268	180	326		506
Closing balance at 50 June 2015	200	100	320	-	300
Closing cost at 30 June 2015	1,141	1,308	419	2,396	4,123
Accumulated amortisation / impairment	(873)	(1,026)	(93)	(2,396)	(3,515)
Closing balance at 30 June 2015	268	282	326	-	608
	Council	Group	Group	Group	Group
		Group Computer	Group Mining	Group Goodwill	Group Total
	Council Computer Software	Group Computer Software	Group Mining	Group Goodwill	Group Total
	Computer	Computer			
Occasion Contract India 2012	Computer Software \$000	Computer Software \$000	Mining \$000	Goodwill \$000	Total \$000
Opening Cost at 1 July 2013	Computer Software \$000	Computer Software \$000	Mining \$000 426	Goodwill \$000 2,396	Total \$000 4,206
Opening Cost at 1 July 2013 Accumulated amortisation / impairment	Computer Software \$000	Computer Software \$000	Mining \$000	Goodwill \$000	Total \$000
	Computer Software \$000	Computer Software \$000	Mining \$000 426	Goodwill \$000 2,396	Total \$000 4,206
Accumulated amortisation / impairment  Opening balance at 1 July 2013	Computer Software \$000 949 (624) 325	Computer Software \$000 1,384 (1,055)	\$000 \$000 426 (90)	Goodwill \$000 2,396	Total \$000 4,206 (3,541)
Accumulated amortisation / impairment  Opening balance at 1 July 2013  Additions	Computer Software \$000 949 (624) 325	Computer Software \$000 1,384 (1,055) 329	Mining \$000 426 (90) 336	Goodwill \$000 2,396	Total \$000 4,206 (3,541) 665
Accumulated amortisation / impairment  Opening balance at 1 July 2013  Additions  Amortisation charge	Computer Software \$000 949 (624) 325 174 (108)	Computer Software \$000 1,384 (1,055) 329 214 (123)	Mining \$000 426 (90) 336	Goodwill \$000 2,396	Total \$000 4,206 (3,541) 665 214 (136)
Accumulated amortisation / impairment  Opening balance at 1 July 2013  Additions  Amortisation charge Impairment	Computer Software \$000 949 (624) 325 174 (108)	Computer Software \$000 1,384 (1,055) 329 214 (123) 211	\$000 \$000 426 (90) 336 - (13) 23	Goodwill \$000 2,396	Total \$000 4,206 (3,541) 665 214 (136) 234
Accumulated amortisation / impairment  Opening balance at 1 July 2013  Additions  Amortisation charge	Computer Software \$000 949 (624) 325 174 (108)	Computer Software \$000 1,384 (1,055) 329 214 (123)	Mining \$000 426 (90) 336	Goodwill \$000 2,396	Total \$000 4,206 (3,541) 665 214 (136)
Accumulated amortisation / impairment  Opening balance at 1 July 2013  Additions  Amortisation charge Impairment	Computer Software \$000 949 (624) 325 174 (108)	Computer Software \$000 1,384 (1,055) 329 214 (123) 211	\$000 \$000 426 (90) 336 - (13) 23	Goodwill \$000 2,396	Total \$000 4,206 (3,541) 665 214 (136) 234
Accumulated amortisation / impairment  Opening balance at 1 July 2013  Additions  Amortisation charge  Impairment  Disposals	Computer Software \$000 949 (624) 325 174 (108)	Computer Software \$000 1,384 (1,055) 329 214 (123) 211 (209)	\$000 \$000 426 (90) 336 - (13) 23 (23)	Goodwill \$000 2,396	Total \$000 4,206 (3,541) 665 214 (136) 234 (232)
Accumulated amortisation / impairment  Opening balance at 1 July 2013  Additions Amortisation charge Impairment Disposals  Closing balance at 30 June 2014	Computer Software \$000 949 (624) 325 174 (108) - -	Computer Software \$000  1,384 (1,055)  329  214 (123) 211 (209)	Mining \$000 426 (90) 336 - (13) 23 (23) 323	Goodwill \$000 2,396 (2,396)	Total \$000 4,206 (3,541) 665 214 (136) 234 (232) 745
Accumulated amortisation / impairment  Opening balance at 1 July 2013  Additions  Amortisation charge Impairment Disposals  Closing balance at 30 June 2014  Closing cost at 30 June 2014	Computer Software \$000 949 (624) 325 174 (108) - - 391	Computer Software \$000  1,384 (1,055)  329  214 (123) 211 (209)  422  1,389	Mining \$000 426 (90) 336 - (13) 23 (23) 323 403	Goodwill \$000 2,396 (2,396) 2,396	Total \$000 4,206 (3,541) 665 214 (136) 234 (232) 745 4,188

# Note 23: Payables and deferred revenue

	Council 2015 \$000	Council 2014 \$000	Group 2015 \$000	Group 2014 \$000
Payables and deferred revenue under exchange transactions	\$000	Q000	2000	\$000
Trade payables	4,810	4,640	6,416	6,246
Deposits, retentions and accrued expenses	8,285	8,199	9,318	9,660
Amounts due to subsidiaries and associates	1,561	1,174	-	-
Payables and deferred revenue under non-exchange transactions				
Rates revenue received in advance	369	305	369	305
Total payables and deferred revenue	15,025	14,318	16,103	16,211

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 24: Employee entitlements				
	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Accrued pay	428	348	858	855
Annual leave	838	721	1,535	1,540
Long service leave	111	111	130	129
Retirement gratuities	-	-	5	4
Sick leave	12	12	52	40
Total employee entitlements	1,389	1,192	2,580	2,568
Comprising:				
Current	1,278	1,081	2,459	2,439
Non - current	111	111	121	129
Total employee entitlements	1,389	1,192	2,580	2,568

Note	25:	Other	provisions

		Council	Council	Group	Group
		2015	2014	2015	2014
		\$000	\$000	\$000	\$000
Current portion					
Maintenance provision		-	-	150	67
Provision for refund		-	6,311	-	6,311
Weathertightness		654	604	654	604
Total current provisions		654	6,915	804	6,982
Non-current portion					
Landfill provision		392	391	392	391
Total non-current provisions		392	391	392	391
Council and group	Provision for	Weather-	Landfill	Maintenance	
	refund	tightness		provision	
	\$000	\$000	\$000	\$000	
2015					
Opening balance 1 July	6,311	604	391	67	
Additional provisions made during the year	<del>-</del>	50	1	95	
Amounts used during the year	(6,311)	-	-	(12)	
Closing balance 30 June	-	654	392	150	
2014					
Opening balance 1 July	2,556	50	386	50	
Additional provisions made during the year	3,755	554	5	174	
Amounts used during the year	-	-	-	(157)	

# Council

# Provision for refund

Closing balance 30 June

In 2014 the Council had a commitment to refund the difference between the previous charge and the revised charge that has been adopted as a result of the amendment to the Council's development contributions policy in respect of the Eastern Selwyn Sewerage Scheme. The refunds were made in full during 2015.

# Weather tightness

The Council is aware of two 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. The landfill provision was reclassified as a non-current provision with no expenditure being charged against the provision in 2015 (2014: \$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 2015 is \$150,000 (2014: \$67,000).

Note 26: Borrowings				
	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Current				
Secured loans	19,807	40,058	19,807	40,221
Finance lease liabilities	-	-	-	9
Total current borrowings	19,807	40,058	19,807	40,230
Non-current				
Secured loans	35,271	35,071	35,271	37,908
Total non - current borrowings	35,271	35,071	35,271	37,908
Total borrowings	55,078	75,129	55,078	78,138

# Council

Secured loans

The Council's secured borrowings of \$55.1 million (2014: \$75.1 million) include floating rate borrowings of \$54.8 million and fixed borrowings of \$300,000. 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 2.99% to 3.00%.

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	Repayment of	New	Closing	Interest on
	balance	borrowings	borrowings	balance	borrowings
2015	\$000	\$000	\$000	\$000	\$000
Community facilities					
Arthurs Pass Public Toilet 25 Year Loan Reserve	783	(75)	47	755	47
Darfield Swimming Pool 15 Year Loan Reserve	61	(20)	-	41	2
Broadfield Loan Reserve	-	(172)	232	60	=
Halkett Community Centre 25 Year Loan Reserve	53	(5)	-	48	2
Kirwee Pavillion/Hall Reserve Loan Reserve	99	(9)	-	90	4
McHughs Plantation Loan Reserve	1,520	(100)	-	1,420	64
Rolleston Community Centre 20 Year Rating Loan Reserve	98	(23)	-	75	3
	2,614	(404)	279	2,489	122
	Opening	Repayment of	New	Closing	Interest on
	balance	borrowings	borrowings	balance	borrowings
2014	balance \$000	borrowings \$000	borrowings \$000	balance \$000	borrowings \$000
2014 Community facilities			3		3 ,
			3		3 ,
Community facilities	\$000	\$000	3	\$000	\$000
Community facilities Arthurs Pass Public Toilet 25 Year Loan Reserve	\$000 809	\$000 (26)	3	\$000 783	\$000
Community facilities Arthurs Pass Public Toilet 25 Year Loan Reserve Darfield Swimming Pool 15 Year Loan Reserve	\$000 809 79	\$000 (26) (18)	2	\$000 783	\$000
Community facilities Arthurs Pass Public Toilet 25 Year Loan Reserve Darfield Swimming Pool 15 Year Loan Reserve Greendale Building/Pavillion Upgrade Loan Reserve	\$000 809 79 100	\$000 (26) (18) (100)	2	\$000 783 61	\$000
Community facilities Arthurs Pass Public Toilet 25 Year Loan Reserve Darfield Swimming Pool 15 Year Loan Reserve Greendale Building/Pavillion Upgrade Loan Reserve Halkett Community Centre 25 Year Loan Reserve	\$000 809 79 100 57	\$000 (26) (18) (100) (4)	2	\$000 783 61 - 53	\$000
Community facilities Arthurs Pass Public Toilet 25 Year Loan Reserve Darfield Swimming Pool 15 Year Loan Reserve Greendale Building/Pavillion Upgrade Loan Reserve Halkett Community Centre 25 Year Loan Reserve Kirwee Pavillion/Hall Reserve Loan Reserve	\$000 809 79 100 57	\$000 (26) (18) (100) (4) (20)	\$000 - - - - -	\$000 783 61 - 53 99	\$000

# **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 \$4,200,000 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 2015 were overdraft facility 10.4% and the commercial flexi facility 6.44%.

Term facility

The loan was fully repaid in July 2014.

# Analysis of finance lease

Analysis of infance lease				
	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Present value of minimum lease payments payable				
Not later than one year	_	-	-	10
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total present value of minimum lease payments				10
Total present value of minimum lease payments	-	-	-	10
Represented by:				
Current	-	-	-	10
Non-current	-	-	-	-
Total finance leases	-	-	-	10
Total minimum lease payments payable				
Not later than one year				10
Later than one year but not later than five years	-	-	-	10
Later than five years	-	-	-	-
Later than five years	-	-	-	-
Total minimum lease payments	-	-	-	10
Less: future finance charges	-	-	-	(1)
Present value of mimimum lease payments	-	-	-	9
• •				

# **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 27: General funds				
	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Opening balance 1 July	653,253	588,489	654,927	613,782
Transfers to:				
Special funds	(17,225)	(19,657)	(17,225)	(19,657)
Transfers from:				
Revaluation reserve on disposal of property, plant and equipment	171	3,112	237	3,883
Special funds	7,729	6,357	7,729	6,357
Surplus for the year attributable to parent	68,665	74,952	71,501	50,562
Closing balance 30 June	712,593	653,253	717,169	654,927
Note 28: Fair value through other comprehensive revenue reserve				
	Carra all	Carra all	C	<i>C</i>
	Council 2015	Council 2014	Group 2015	Group 2014
	\$000	\$000	\$000	\$000
	,000	\$000	\$000	\$000
Opening balance 1 July	42,023	53,676	41,022	27,410
Valuation gains / (losses) to other comprehensive revenue and expense	-	13,279	-	13,612
Transfers to surplus or deficit on realisation	-	(24,932)	-	-
Closing balance 30 June	42,023	42,023	41,022	41,022
Represented by:				
Orion Group Limited	40,002	40,002	40,002	40,002
Sicon Ferguson Limited	1,001	1,001	-	-
Transwaste (Canterbury) Limited	1,020	1,020	1,020	1,020
Closing balance 30 June	42,023	42,023	41,022	41,022
Note 29: Special funds				
	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Opening balance 1 July	64,163	50,863	64,163	50,863
Transfers to general funds	(7,729)	(6,357)	(7,729)	(6,357)
Transfers from general funds	17,225	19,657	17,225	19,657
Closing balance 30 June	73,659	64,163	73,659	64,163
Fransfers from general funds	17,225	19,657	17,225	19,657

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	Opening 1 July 2014	Deposits	Withdrawals	Closing 30 June 2015
5 Waters	fund	\$'000	\$'000	\$'000	\$'000
Armack Drive Water Supply Renewal Reserve	В	(10)	1	(4)	(13)
Armack Drive Water Supply Special Fund	D	8		-	8
Arthurs Pass Sewerage Renewal Reserve	В	36	11	=	47
Arthurs Pass Water Supply Holding Capacity	D	(16)	-	=	(16)
Arthurs Pass Water Supply Renewal Reserve	В	69	26	(1)	94
Bealey River River Protection Reserve	D	22	1	-	23
Branthwaite Drive Water Supply Renewal Reserve	В	24	-	_	24
Branthwaite Drive Water Supply Reserve	A	26	1	_	27
Burnham Water Supply Renewal Reserve	В	31	12	_	43
Burnham Water Supply Reserve	A	25	-	_	25
Castle Hill Sewerage Renewal Reserve	В	76	34	-	110
Castle Hill Water Supply Renewal Reserve	В	180	86	(1)	265
Castle Hill Water Supply Reserve	A	2	_	-	2
Darfield Water Supply Capital Rate Reserve	Α	(2,149)	287	(21)	(1,883)
Darfield Water Supply Renewal Reserve	В	1,295	259	(61)	1,493
Darfield Water Supply Water Quality Upgrade	C	592	17	(27)	582
District Holding Capacity	D	(83)	-	-	(83)
Doyleston Sewerage Renewal Reserve	В	18	14	(27)	5
Doyleston Sewerage Reserve	Α	166	4	(18)	152
Doyleston Water Supply Capital Contribution Reserve	Α	126	3	-	129
Doyleston Water Supply Renewal Reserve	В	74	18	(2)	90
Dunsandel Water Supply Renewal Reserve	В	85	30	(21)	94
Dunsandel Water Supply Reserve	Α	68	3	=	71
Edendale Water Supply Renewal Reserve	В	13	1	(4)	10
Edendale Water Supply Reserve	Α	81	12	=	93
Ellesmere Sewerage Renewal Reserve	В	233	105	(2)	336
Ellesmere Water Race Renewal Reserve	В	15	8	-	23
ESSS Sewerage Contribution Renewal Reserve	В	264	136	(1)	399
Greenpark Land Drainage Reserve	Α	20	1	-	21
Hororata River Land Drainage Reserve	Α	16	-	-	16
Irwell Land Drainage Reserve	Α	1	-	-	1
Johnson Road Capital Injection Special Fund	C	6	-	-	6
Johnson Road Water Supply Reserve	Α	25	1	-	26
Johnston Road Water Supply Renewal Reserve	В	32	6	(1)	37
Jowers Road Water Supply Equipment Reserve	Α	6	-	-	6
Jowers Road Water Supply Renewal Reserve	В	22	7	=	29
Kirwee Water Supply Equipment Reserve	Α	480	15	=	495
Kirwee Water Supply Renewal Reserve	В	283	101	(92)	292
L2 River Land Drainage De-silting Reserve from Surpluses	C	100	3	-	103
L2 River Land Drainage Machinery Reserve from Surpluses	C	269	8	=	277
Lake Coleridge Quality Upgrade Special Reserve	C	96	19	-	115

	Purpose	Opening			Closing
	of reserve	1 July 2014	Deposits	Withdrawals	30 June 2015
	fund	\$'000	\$'000	\$'000	\$'000
Lake Coleridge Sewerage Electricorp Payment Reserve	C	52	1	-	53
Lake Coleridge Sewerage Renewal Reserve	В	240	66	-	306
Lake Coleridge Water Supply Renewal Reserve	В	43	21	(1)	63
Leeston Land Drainage Reserve	C	25	13	-	38
Leeston Sewerage Renewal Reserve	В	1,142	483	(12)	1,613
Leeston Sewerage Reserve	A	434	44	(133)	345
Leeston Sewerage to Record Surpluses	C	10	1	-	11
Leeston Stormwater Reserve	A	111	3	=	114
Leeston Water Supply Renewal Reserve	В	333	106	(73)	366
Leeston Water Supply Reserve	A	881	44	(138)	787
Lincoln Sewerage Pipeline Reserve	C	347	10	(156)	357
Lincoln Sewerage Renewal Reserve	В	648	283	(142)	789
Lincoln Sewerage Reserve	A	387	120	(142)	507
Lincoln Stormwater Renewal Reserve	В	6	3	_	9
Lincoln Stofffwater Renewal Reserve	В	254	102	(23)	333
Lincoln Water Supply Reserve	А	932	26	(138)	820
***	В		49		
Malvern Area Water Race Renewal Reserve		103		(26)	126
Malvern Hills Rural Water Supply Renewal Reserve	В	296	155	(343)	108
Malvern Hills Rural Water Supply Reserve	A	493	45	(6)	532
Osbourne Land Drainage Reserve	A	12	-	- (4.5)	12
Osbourne Land Drainage Renewal Reserve	В	(73)	10	(16)	(79)
Paparua Water Race Renewal Reserve	В	87	46	(4)	129
Prebbleton Sewerage Renewal Reserve	В	91	44	(4)	131
Prebbleton Sewerage Reserve	A	551	17	=	568
Prebbleton Stormwater Renewal Reserve	В	6	3	=	9
Prebbleton Water Supply Renewal Reserve	В	170	118	(50)	238
Prebbleton Water Supply Reserve	A	1,856	71	(166)	1,761
Rakaia Huts Water Supply Renewal Reserve	В	40	17	(4)	53
Rakaia Huts Water Supply Reserve	Α	32	1	-	33
Raven Drive Water Supply Renewal Reserve	В	30	8	-	38
Rolleston Sewerage Helpet Reserve	C	63	2	-	65
Rolleston Sewerage Renewal Reserve	В	258	44	(11)	291
Rolleston Sewerage Reserve	Α	697	21	(8)	710
Rolleston Stormwater Renewal Reserve	В	33	17	=	50
Rolleston Water Supply Renewal Reserve	В	1,253	375	(87)	1,541
Rolleston Water Supply Reserve	Α	3,860	103	(814)	3,149
Selwyn Rural Water Supply Capital Rate Reserve	Α	216	88	(122)	182
Selwyn Rural Water Supply Renewal Reserve	В	166	95	(18)	243
Sheffield Water Supply Renewal Reserve	В	54	26	(4)	76
Sheffield Water Supply Reserve	Α	203	20	-	223
Southbridge Sewerage Contributions	Α	149	29	(58)	120
Southbridge Sewerage Renewal Reserve	В	53	33	-	86
Southbridge Water Supply Renewal Reserve	В	99	43	(6)	136
Southbridge Water Supply Reserve	Α	80	13	-	93
Springfield Water Supply Renewal Reserve	В	105	31	(87)	49
Springfield Water Supply Reserve	Α	48	2	-	50
Springston Special Reserve	D	701	21	(139)	583
Springston/Aberdeen Subdivision Special Fund Reserve	D	63	2	-	65

	Purpose	Opening			Closing
	of reserve	1 July 2014	Deposits	Withdrawals	30 June 2015
	fund	\$'000	\$'000	\$'000	\$'000
Springston Stormwater Renewal Reserve	В	2	1	=	3
Springston Water Supply Renewal Reserve	В	(52)	39	-	(13)
Springston Water Supply Reserve	Α	205	6	-	211
Tai Tapu Sewerage Holding Capacity Reserve	D	(386)	170	(156)	(372)
Tai Tapu Sewerage Renewal Reserve	В	76	17	=	93
Tai Tapu Sewerage Reserve	Α	99	287	(385)	1
Tai Tapu Storwater Renewal Reserve	В	25	13	-	38
Tai Tapu Water Supply Renewal Reserve	В	118	38	(45)	111
Tai Tapu Water Supply Reserve	Α	350	15	-	365
Tai Tapu/Otahuna Water Supply Reserve	Α	105	3	-	108
Taumutu Culverts Land Drainage Reserve	Α	45	1	=	46
Taumutu Water Supply Renewal Reserve	В	28	5	(1)	32
Te Pirita Rural Water Supply Renewal Reserve	В	43	3	(3)	43
Templeton/Claremont Capital Reserve	Α	6	-	-	6
Templeton/Claremont Sewerage Renewal Reserve	В	21	31	-	52
Templeton/Claremont Sewerage Reserve	D	(40)	-	-	(40)
Templeton/Claremont Water Supply Renewal Reserve	В	33	16	(9)	40
Templeton/Claremont Water Supply Reserve	D	(37)	-	=	(37)
Templeton/Claremont Water Supply Reserve Surpluses	C	34	1	=	35
Upper Selwyn Huts Sewerage Renewal Reserve	В	227	75	-	302
Upper Selwyn Huts Water Supply Renewal Reserve	В	(1)	-	-	(1)
Wairiri Valley Land Drainage Reserve	A B	4 11	_	-	4
West Melton Sewerage Renewal Reserve	_		-	=	11
West Melton Sewerage Reserve West Melton Water Supply Renewal Reserve	A B	(109) 177	82	(19)	(109) 240
West Melton Water Supply Reserve	А	(218)	4	(19)	(214)
west Mellon Water Supply Neserve	^	(210)	4	_	(214)
		21,033	4,912	(3,534)	22,411
		,	,-	(-),	,
Community facilities					
Albert Anderson Fund	D	10	-	(3)	7
Art Acquisition Reserve	D	33	6	=	39
Arthurs Pass Public Toilet 25 Year Loan Reserve	E	(783)	75	(47)	(755)
Arts Council Grants Reserve	D	6	1	-	7
Breach Block Proceeds Reserve	D	162	5	-	167
Broadfield Community Centre Reserve	Α	51	=	(51)	=
Broadfield Loan Loan Reserve	E	=	172	(232)	(60)
Castle Hill Community Centre Reserve	Α	(15)	=	=	(15)
Castle Hill Recreation Reserve Ex Land Subdivision	Α	1	-	-	1
Civil Defence Special Reserve	D	10	-	(10)	-
Claremont Contributions Reserve	A	32	-	-	32
Coalgate Contributions Reserve	A	102	29	-	131
Coalgate/Glentunnel (Ex Land Subdivision) Recreation Reserve	A	5	=	(1)	4
Darfield (Tussock Square) Reserve	D	1	- 10	- (0)	1
Darfield Christmas in the Park Reserve	D	7	10	(8)	9
Darfield Madical Control Department of Beauty	A	44	2	-	46
Darfield Medical Centre Depreciation Reserve	D E	77	2 20	-	79
Darfield Swimming Pool 15 Year Loan Reserve Darfield Township Reserve	A	(61)	20 964	=	(41) 964
Darfield Ward Contributions Reserve	A	- 54	904	(20)	35
District Reserve Contributions Reserve	A	88	157	(20)	245
Doyleston Contributions Reserve	A	128	58	(55)	131
Dunsandel Community Centre Reserve	A	48	1	(55)	49
Dunsandel Hall Renewal Reserve	В	120	1	-	121
Dunsandel Contributions Reserve	A	200	8	(55)	153
Edendale Contributions Reserve	A	24	1	-	25
Ellesmere Cemetery Investment Reserve	D	8	-	-	8
Ellesmere RSA Reserve	D	8	-	=	8
Gallipoli Oaks Special Fund	D	1	9	(7)	3
Glenroy Community Centre Reserve	Α	20	-	-	20
Glentunnel Community Centre Reserve	Α	52	1	-	53
Glentunnel/Coalgate Capital Equipment Reserve	Α	31	2	-	33

	Purpose	Opening			Closing
	of reserve	1 July 2014	Deposits	Withdrawals	30 June 2015
	fund	\$'000	\$'000	\$'000	\$'000
Greendale Recreation Reserve	A	27	16	(14)	29
Greenpark Community Centre Reserve	D	6	-	-	6
Halkett Community Centre 25 Year Loan Reserve	Е	(53)	5	-	(48)
Halkett Community Centre Ex Land Subdivision Reserve	C	15	1	-	16
Hororata Contributions Reserve	Α	115	3	(14)	104
Hororata Cross Country Course Reserve	D	12	3	(9)	6
Hororata Reserve Board Reserve	Α	10	-	=	10
Hororata Reserve Ex Land Subdivision Reserve	Α	7	-	-	7
Hororata Township Reserve	Α	=	1	-	1
Johnsons Road Contributions Reserve	Α	25	1	-	26
Kimberley Reserve Timber Sales Reserve	C	33	1	-	34
Kimberley Reserve Ex Land Subdivision Reserve	Α	1	-	-	1
Kirwee Contributions Reserve	Α	52	2	_	54
Kirwee Operational Reserve	Α	24	1	_	25
Kirwee Pavillion/Hall Reserve Loan Reserve	E	(99)	9	_	(90)
Ladbrooks Community Centre Investment Reserve	C	18	1	_	19
Ladbrooks Community Centre Reserve	A	113	4	_	117
Lake Coleridge Community Centre Reserve	Α	12	-	_	12
Lake Coleridge Community Centre Reserve	Α	-	2	_	2
Lake Coleridge Contributions Reserve	Α	26	1	_	27
Lake Coleridge Township	Α	-	5	_	5
Lakeside Community Centre Reserve	Α	6	-	=	6
Leeston Contributions Reserve	A	1,053	67	(98)	1,022
Leeston Progress League Reserve	D	2	-	(53)	2
Leeston Township Est NA Osbourne Reserve	D	69	2	_	71
Leeston Ward Contributions Reserve	A	(4)	11	=	7
Lincoln Community Centre Cheque Account Balance Reserve	A	25	1	_	26
Lincoln Community Centre Ex Paparua SF Reserve	A	8		_	8
Lincoln Community Centre Derating Account Credit Balance Reserve	A	74	2	_	76
Lincoln Contributions Reserve	A	3,358	1,195	(319)	4,234
Lincoln Library Ex Paparua Reserve	D	12		(313)	12
Malvern Lions Club Donations Reserve	D	10	_	(10)	-
Malvern Recreation Centre Reserve	A	488	191	(30)	649
McHughs Plantation Loan Reserve	E	(1,520)	100	(50)	(1,420)
Metal Pits Reserve	D	1,156	34	_	1,190
Motukarara Contributions Reserve	A	18	1	_	19
Osbourne Park Pavilion Upgrade Reserve	C	(1)	2	_	1
Plant Depreciation Replacement Reserve	В	9	2	_	11
Prebbleton Cell Tower Special Fund Reserve	D	71	10	(24)	57
Prebbleton Contributions Reserve	A	3,654	1,023	(73)	4,604
Rakaia Huts Boat Ramp Reserve	D	61	1,023	(73)	63
Rolleston Community Centre 20 Year Rating Loan Reserve	E	(98)	23	_	(75)
Rolleston Community Centre Cheque Account Reserve	A	20	-	_	20
Rolleston Community Centre Ex Paparua SF Reserve	A	19	1	_	20
Rolleston Community Centre Memorial Hall Site Reserve	A	198	6	_	204
Rolleston Community Centre Paparua Library Reserve	A	5	-	_	5
Rolleston Ward Contributions Reserve	A	9,017	5,416	(2,117)	12,316
Selwyn Aquatic Centre Hoist Purchase Special Fund	D	21	(20)	(2,117)	12,510
Sheffield Bowling Club Donation Reserve	D	10	(20)	_	10
Sheffield Community Centre Carpet Replacement Reserve	В	2	_	_	2
Sheffield Community Centre Larper Reserve	A	2	_	_	2
Sheffield Contributions Reserve	A	51	2	(2)	51
Sheffield Res Ex Land Subdivision Reserve	A	7	_	(2)	7
Sheffield Reserve Special Funds Reserve	A	2	1	_	3
Sheffield Swimming Pool School Donation Reserve	C	1	-	_	1
Sheffield Bowling Club Donation Reserve	D	10	-	_	10
Southbridge Contributions Reserve	A	109	31	_	140
Special fund Ex Local Funds Reserve	A	6	١ -	(6)	140
Sports Centre Refurbishment Reserve	A	-	40	(50)	(10)
	D	4	40	(30)	(10)
Springston Cemetery Investment Reserve	D	4	-	-	4

	Purpose of reserve	Opening 1 July 2014	Deposits	Withdrawals	Closing 30 June 2015
	fund	\$'000	\$'000	\$'000	\$'000
Springston Contributions Reserve	Α	155	4	-	159
Springston Ex Ellesmere Reserve	Α	30	1	-	31
Springston Township	Α	-	4	-	4
Springston Road Gravel Reserve	D	7	-	-	7
Springston South Reserve Contribution Reserve	Α	6	-	=	6
Tai Tapu ex Paparua Library Reserve	D	38	1	-	39
TaiTapu Contributions Reserve	Α	370	67	-	437
Tawera Ward Contribution Reserve	Α	6	=	=	6
Weedons Contribution Reserve	C	276	22	(30)	268
Weedons Discretionary Fund Reserve	D	3	=	=	3
Weedons Reserve Ex Paparua Investment Reserve	Α	8	1	-	9
Weedons Reserve Ex Paparua Reserve	Α	14	1	=	15
Weedons Reserve Loan Repayment Reserve	Α	30	5	=	35
Weedons Surplus Reserve	Α	47	17	=	64
West Melton Capital Reserve	Α	3	1	-	4
West Melton Community Centre Ex Paparua Reserve	Α	32	1	=	33
West Melton Community Centre Scholarship Fund Reserve	C	39	9	(2)	46
West Melton Surplus Reserve	Α	69	2	(16)	55
West Melton Land Purchase Reserve	C	2	-	-	2
West Melton Ward Contributions Reserve	Α	1,540	162	(372)	1,330
Whitecliffs Contributions Reserve	Α	27	6	(18)	15
Whitecliffs Reserve Ex Land Subdivision Reserve	Α	1	-	-	1
Wrights Block Income Reserve	А	-	31	1	32
		21,446	10,059	(3,692)	27,813
Community services					
District Recreation & Cultural Reserve	D	270	8	-	278
Ex Ellesmere - Ellesmere Clay Loan Reserve	Α	25	-	-	25
Ex Ellesmere - Ellesmere Golf Loan Reserve	Α	40	-	-	40
Ex Ellesmere - Leeston Ward Cash Reserve	Α	261	8	-	269
Ex Ellesmere - Rolleston Reserve	Α	2	-	-	2
Insurance Reserve Fund Reserve	Α	669	19	(47)	641
Operational Assets Replacement Fund Reserve	В	478	14	-	492
Retentions Reserve	Α	46	-	-	46
Selwyn District Education Fund Reserve	D	155	4	-	159
		1,946	53	(47)	1,952
Democracy					
Barnett Bequest Reserve	D	3	-	-	3
Mayoral Emergency Special Fund Reserve	D	53	1	(24)	30
		56	1	(24)	33
Environmental services					
Dog Account Surpluses	D	94	3	-	97
Weather Tightness Insurance Reserve	D	(611)	219	(50)	(442)
		(517)	222	(50)	(345)
Internal council services					
MAB Discretionary Fund Reserve	D	9	-	-	9
Investment Property Surplus	D	247	20	-	267
Earthquake Self Insurance Reserve	D	11,498	45	-	11,543
Pre 1989 Contributions Reserve	D	61	2	-	63
		11,815	67	-	11,882

Transportation	Purpose of reserve fund	Opening 1 July 2014 \$'000	Deposits \$'000	Withdrawals \$'000	Closing 30 June 2015 \$'000
Roading Contributions Reserve Undergrounding Reserve	A A	5,058 3,323	1,819 95	(382)	6,877 3,036
		8,381	1,914	(382)	9,913
Closing balance 30 June		64,163	17,225	(7,729)	73,659

Note 30: Asset revaluation reserves				
	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Opening balance 1 July	483,341	502,940	483,603	503,913
Net revaluation gains / (losses)	-	(16,487)	(82)	(16,427)
Transfer to general reserves on disposal	(171)	(3,112)	(237)	(3,883)
Closing balance 30 June	483,170	483,341	483,284	483,603
Property revaluation reserves for each asset class consist of:				
	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Land and buildings	90,487	90,658	90,601	90,920
Farm land	2,994	2,994	2,994	2,994
Roading	176,250	176,250	176,250	176,250
Water supplies	52,713	52,713	52,713	52,713
Stormwater	12,014	12,014	12,014	12,014
Sewerage	57,422	57,422	57,422	57,422
Land drainage	21,246	21,246	21,246	21,246
Water races	70,044	70,044	70,044	70,044
Closing balance 30 June	483,170	483,341	483,284	483,603

Note 31: Reconciliation of net surplus / (deficit) after tax to net cash flow from operating activities

	Council 2015 \$000	Council 2014 \$000	Group 2015 \$000	Group 2014 \$000
Surplus after taxation and discontinued operation	68,665	74,952	71,501	50,562
Add / (less) non-cash items:				
Vested assets revenue	(29,663)	(30,330)	(29,663)	(30,330)
(Gains) / losses on fair value of investment property	(352)	(610)	(342)	(670)
(Gains) / losses on fair value of forestry assets	151	255	151	255
Fair value increase of embedded derivative	(27)	(44)	(27)	(44)
Depreciation and amortisation	21,362	21,395	23,157	23,504
Impairments	-	-	13	-
Non - current employee benefits	-	3	-	3
Non - current provisions	1	5	1	5
Provision for refund	-	3,755	-	3,755
Movement in provision for doubtful debts	(9)	(44)	(9)	(44)
Net other (gains) / losses	-	-	-	-
Interest rate swap	1,267	(1,718)	1,267	(1,718)
Movement in deferred taxation	(74)	(1)	(497)	(1)
Share of joint venture (surplus) / deficit	-	-	(271)	(78)
Release to profit from fair value through equity reserve	-	(24,932)	-	-
	61,321	42,686	65,281	45,199
Add / (less) movements in working capital items:				
Trade and other receivables	4,071	(4,246)	5,417	(4,735)
Income tax receivable	3,347	-	3,413	-
Inventory & work in progress	2,668	(13)	3,265	(192)
Trade and other payables	(6,272)	3,473	(6,407)	2,464
Employee benefit liabilities	197	207	189	208
	65,332	42,107	71,158	42,944
Add / (less) items classified as investing or financing activities:			<i>i</i> —	/- · ·
Net gain on sale of property, plant and equipment	(62)	(1,456)	(763)	(2,139)
Net cash inflow / (outflow) from operating activities	65,270	40,651	70,395	40,805

#### **Capital commitments**

	Council 2015 \$000	Council 2014 \$000	Group 2015 \$000	Group 2014 \$000
Buildings	-	596	-	596
Community facilities	736	-	736	-
Land	-	65	-	65
Transportation	520	-	520	-
Wastewater	200	-	200	-
Water supply	1,412	-	1,412	-
Total capital commitments	2,868	661	2,868	661

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 2015 for the purchase of property, plant and equipment of \$nil (2014: \$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	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Not later than one year	52	104	222	499
Later than one year and not later than five years	-	52	37	251
Later than five years	-	-	-	-
Total non-cancellable operating leases	52	156	259	750

## Operating leases as lessor

The Council leases one property under operating lease. The future aggregate minimum lease payments collectable under non-cancellable operating leases are as follows:

	Council	Council	Group	Group
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Not later than one year	915	849	915	849
Later than one year and not later than five years	1,185	1,842	1,185	1,842
Later than five years	600	-	600	-
Total non-cancellable operating leases	2,700	2,690	2,700	2,690

#### **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 two potential claims in relation to the weather tightness of homes in the area. As detailed in Note 25, a provision has been made for claims where a reliable estimate of the potential cost to the Council can be made.

The Council is exposed to potential future claims (which have not yet been advised) until the statutory limitation period expires. Claims must be made within 10 years of construction or alteration of the dwelling 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 2014/15 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 30 shareholders of the NZLGFA. In that regard, it has uncalled capital of \$0.4 million (2014: \$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 2015, NZLGFA had borrowings totalling \$4,998 million (2014: \$3,695 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:

- $\cdot$  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 as per Note 25.

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)

The company 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.

The funding arrangements are governed by the requirement of Section 44 of the National Provident Fund Restructuring Act 1990, which requires that any increase or decrease to the employer contribution rate should:

....result in contributions being at a level which, on reasonable assumptions, is likely to achieve neither a surplus nor a deficit in the trust fund of the DBP contributors' scheme... at the time that the last contributor to that scheme ceases to so contribute."

and by the Trust Deed, which requires the employers to contribute such amount as the Board of Trustees of the National Provident Fund, after consultation with the Actuary, may direct.

In practice, at present, a single contribution rate is determined for all employers which is expressed as a multiple of the contributions of members of the Scheme who are employees of that employer. At present, employer contributions are suspended.

There is no minimum funding requirement.

The employer contribution rate is determined by the Board of Trustees of the National Provident Fund ('the Board') following consultation with the Actuary. Current practice is for the employer to contribute a multiple of its members' contributions.

The Trust Deed specifies that immediately before the DBP Contributors Scheme ('the Scheme') is wound up, the assets and the interests of all contributors in the Scheme will be transferred to the DBP Annuitants Scheme.

Employers have no right to withdraw from the plan.

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 deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

No employer contributions to the Scheme are expected for the next annual reporting period.

The actuarial review as at 31 March 2014 indicated that the Scheme had a past service surplus of \$16.2 million (8.0% of the liabilities). This amount was exclusive of Employer Superannuation Contribution Tax. Employers are not expected to contribute in the future provided the experience of the Scheme is in line with the valuation assumptions used for that actuarial review. The key assumptions in the review were:

- the difference (1.5% pa to 31 March 2024 and 2.0% pa thereafter) between the investment return and the rate of CPI inflation assumed when calculating future factors for transfers from this Scheme to the DBP Annuitants Scheme
- the difference (-0.4% pa to 31 March 2024 and 0.2% pa thereafter) between the long-term investment return and salary escalation assumed.

The Scheme had 408 members at 31 March 2014. At 30 June 2015 one employee of SFL was a member of the scheme. (2014: one).

From time to time SFL has performance bonds and bonds in lieu of retentions to third parties. Bonds to the value of \$859,647 (2014: \$1,108,682) are committed as at 30 June 2015.

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.

Other than the above SFL has no contingent liability as at 30 June 2015.

#### **Contingent assets**

Council

The Council has no contingent assets as at 30 June 2015 (2014: \$nil).

Group

Sicon Ferguson Limited (SFL)

SFL has no contingent assets at 30 June 2015 (2014: nil).

Note 34: Related party transactions

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

Related party transactions with subsidiaries and associates

#### **Selwyn District Charitable Trust**

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

	2015	2014
	\$000	\$000
Donations received from the Trust	13	98
Accounts receivable	17	11

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 \$4,427 (2014: \$4,270). The Council paid a capital injection to the Trust totalling \$100 during 2014.

There were no commitments with the Selwyn District Charitable Trust as at 30 June 2015 (2014: \$nil).

#### **Orion New Zealand Limited**

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

	2015 \$000	2014 \$000
Dividend revenue	6,113	4,290
Rates revenue received	195	167
Accounts receivable	-	-

There were no commitments with Orion New Zealand Limited as at 30 June 2015 (2014: \$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.

	2015	2014
	\$000	\$000
	246	220
Rates, royalties, interest and lease revenue received	246	228
Dividend revenue received	1,000	-
Contract services received from SFL	10,175	7,207
Accounts receivable	17	12
Loan receivable	-	360
Accounts payable	1,561	1,174

There were no commitments with Sicon Ferguson Limited as at 30 June 2015 (2014: \$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.

	2015	2014
	\$000	\$000
Payments to suppliers on behalf of the Trust	56	87
Accounts receivable	41	55

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 2015 (2014: \$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.

	2015 \$000	2014 \$000
Payments to suppliers on behalf of the Trust	-	-
Grant paid to the Trust	-	-

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 \$1,729 (2014: \$1,708).

There were no commitments with the Tramway Reserve Trust as at 30 June 2015 (2014: \$nil).

Transactions with key management personnel

#### **Key Management Personnel Compensation**

	2015	2014
	\$000	\$000
Councillors		
Remuneration	475	455
Full-time equivalent members	12	12
Senior Management Team, including the Chief Executive		
Remuneration	1,422	1,088
Full-time equivalent members	11	8
Total key management personnel remuneration	1,897	1,543
Total full-time equivalent personnel	23	20

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

#### 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 <u>GST exclusive</u> unless otherwise stated.

- Councillor John Morten's wife is part owner of Foothill Flowers from whom the Council purchased goods and services totalling \$1,096. The balance outstanding at 30 June 2015 was \$nil.
- Nicola Peacock (Selwyn Central Community Board Member) is a director of Malloch Environmental Limited from whom the Council purchased goods and services totalling \$53,837. The balance outstanding at 30 June 2015 was \$7,643.

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 (2014: \$nil).

Transactions with key management personnel in the previous financial year:

- Councillor John Morten's wife is part owner of Foothill Flowers from whom the Council purchased goods and services totalling \$939. The balance outstanding at 30 June 2014 was \$nil.
- · Nicola Peacock (Selwyn Central Community Board Member) is a director of Malloch Environmental Limited from whom the Council purchased goods and services totalling \$16,397. The balance outstanding at 30 June 2014 was \$3,468
- During the year, a close family member of Nicola Peacock (Selwyn Central Community Board Member) provided services to Sicon Ferguson Limited totalling \$3,807. The services were provided on normal commercial terms equivalent to those that prevail in arms length transactions. The balance outstanding at 30 June 2014 was \$823.

#### **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:

merenenning table shows the remainer and in teeth	2015	2015	2015	2014	2014	2014
	Base	Hearing	Total	Base	Hearing	Total
	salary	fees	remuneration	salary	fees	remuneration
	\$	\$	\$	\$	\$	\$
Council						
Mayor Kelvin Coe	109,050	-	109,050	104,207	-	104,207
Councillor Sarah Walters (Deputy Mayor)	37,758	502	38,260	36,251	-	36,251
Councillor Debra Hasson	32,600	1,550	34,150	31,251	1,600	32,851
Councillor Nigel Barnett	32,600	-	32,600	31,251	520	31,771
Councillor Mark Alexander	32,600	-	32,600	31,251	80	31,331
Councillor Jeff Bland	32,600	102	32,600	31,251	-	31,251
Councillor John Morten	32,600	-	32,600	31,251	=	31,251
Councillor Malcolm Lyall	32,600	-	32,600	31,251	-	31,251
Councillor Pat McEvedy	32,600	-	32,600	31,251	=	31,251
Councillor Peter Hill	32,600	-	32,600	31,251	=	31,251
Councillor Sam Broughton	32,600	-	32,600	31,251	=	31,251
Councillor Grant Miller	32,600	-	32,600	22,681	=	22,681
Councillor Lindsay Philps	-	-	=	8,570	-	8,570
Malvern Community Board						
Jenny Gallagher (Chairperson)	16,500	_	16,500	15,025	_	15,025
Mary Ireland	8,250	_	8,250	8,091	=	8,091
Bob Mugford	8,250	_	8,250	8,091	_	8,091
Judith Pascoe	8,250	_	8,250	5,921	_	5,921
Kerry Pauling	8,250	_	8,250	5,921	_	5,921
Allan Thorne	-	_	-	2,170	=	2,170
Bill Frost	_	_	_	2,170	_	2,170
Siii 1 Tost				2,170		2,170
Selwyn Central Community Board						
Diane Chesmar (Chairperson)	18,700	-	18,700	13,422	-	13,422
Alan French	9,350	=	9,350	8,939	-	8,939
Bruce Russell	9,350	-	9,350	6,711	=	6,711
Nicola Peacock	9,350	=	9,350	6,711	-	6,711
Liz Russell	_	=	-	2,720	-	2,720
Joyce Davey	-	-	-	2,228	_	2,228
Sandy Williams	=	-	-	2,228	=	2,228

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.

	2015	2014
Sicon Ferguson Limited		
Councillor John Morten	30,000	30,000
Councillor Pat McEvedy	20,000	
,		
Selwyn Waihora Zone Committee		
Councillor Pat McEvedy	2,052	6,000

#### **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 \$290,602 (2014: \$255,379). This included a non - taxable allowance of \$nil (2014:\$nil).

#### 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 2015, the Council made one severance payments to a Council employee totalling \$10,000 (2014: one payment totalling \$5,000).

The value of each of the severance payments was \$10,000 (2014: \$5,000).

Note 36: Construction contracts – Group		
	Group	Group
	2015	2014
	\$000	\$000
For contracts in progress as at 30 June:		
Contract costs incurred	3,064	2,096
Recognised profits	393	230
Progress billings	3,457	2,326
Gross amount due from customers	172	576
Retentions receivable	167	191

#### Note 37: Events after balance date

#### Council

Orion New Zealand Limited

Subsequent to balance date on the 21st September 2015 the Council received \$9.7 million from Orion New Zealand Limited in a share-buy-back.

2014

Eastern Selwyn Sewerage Scheme (ESSS)

Subsequent to balance date the Council refunded a total of \$6.5 million in development contributions. Provision for this refund is included in Note 25: Provisions.

## Group

Sicon Ferguson Limited

Since the balance date the assets listed as held for sale have been realised for \$363,000.

Sicon Ferguson Limited was not successful in regaining the highway road maintenance contract on the West Coast. The current contracts will cease on 31 August 2015 and the board of directors has resolved to close the Company's operations on the West Coast. Some staff will be made redundant but there are no termination benefits payable. Property, plant and equipment used in the operation of these contracts will be transferred to other branches or sold.

(2014: Sicon Ferguson Limited has settled all outstanding claims and costs arising from the discharge of sediment into Akaroa Harbour in May 2013. A provision of \$44,000 to settle all outstanding claims and additional costs arising from the sediment discharge into Akaroa Harbour in May 2013 is included in the total maintenance provision in Note 25. Apart from this there have been no significant events subsequent to balance date.)

## 38a: Financial instrument categories

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

Financial assets	Council 2015 \$000	Council 2014 \$000	Group 2015 \$000	Group 2014 \$000
Fair value through surplus or deficit				
Embedded derivatives	1,028	1,002	1,028	1,002
Total fair value through surplus or deficit	1,028	1,002	1,028	1,002
Loans and receivables	7.170	2.462	11.450	4.050
Cash and cash equivalents	7,179	3,462	11,456	4,850
Receivables	11,857	16,451	14,908	21,299
Term deposits	67,231	50,231	67,231	50,231
Total loans and receivables	86,267	70,144	93,595	76,380
Fair value through other comprehensive revenue and expense				
Transwaste (Canterbury) Limited	1,500	1,500	1,500	1,500
Orion New Zealand Limited	81,400	81,400	81,400	81,400
Sicon Ferguson Limited	10,000	10,000	01,400	01,400
	•		747	747
Local Government Funding Agency	747	747	747	747
Total fair value through other comprehensive revenue and expense	93,647	93,647	83,647	83,647
Held to maturity				
Government bonds	1,997	1,991	1,997	1,991
	.,,,,,	.,,,,,	.,,,,,,	.,,,,
Total held to maturity	1,997	1,991	1,997	1,991
<b>Financial liabilities</b> Financial liabilities through surplus or deficit				
Interest rate swaps	2,180	913	2,180	913
- 4				
Total fair value through surplus or deficit	2,180	913	2,180	913
Financial liabilities at amortised cost				
Payables and deferred revenue	15,025	14,318	16,103	16,211
Borrowings	55.070	75 120	55.070	70.120
- secured loans	55,078	75,129	55,078	78,129
- finance lease liabilities	-	-	-	9
Total financial liabilities at amortised cost	70,103	89,447	71,181	94,349

#### 38b: 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.

Council 2015 Financial assets	Total \$000	Quoted market price \$000	Observable inputs	Significant non - observable inputs \$000
Embedded derivatives	1,028	-	1,028	-
Transwaste Canterbury Limited	1,500	-	-	1,500
Orion New Zealand Limited	81,400	-	-	81,400
Sicon Ferguson Limited	10,000	-	-	10,000
Local Government Funding Agency	747	-	-	747
Financial liabilities				
Interest rate swaps	2,180	-	2,180	-
Group 2015				
Financial assets	1.020		1.000	
Embedded derivatives	1,028	-	1,028	1 500
Transwaste Canterbury Limited	1,500	-	-	1,500
Orion New Zealand Limited Local Government Funding Agency	81,400 747	-	-	81,400 747
Local Government I unding Agency	747	-	-	747
Financial liabilities				
Interest rate swaps	2,180	-	2,180	-
Council 2014				
Financial assets				
Embedded derivatives	1,002	-	1,002	-
Transwaste Canterbury Limited	1,500	-	-	1,500
Orion New Zealand Limited	81,400	-	-	81,400
Sicon Ferguson Limited	10,000	-	-	10,000
Local Government Funding Agency	747	-	-	747
Financial liabilities				
Interest rate swaps	913	-	913	-
Group 2014				
Financial assets				
Embedded derivatives	1,002	-	1,002	-
Transwaste Canterbury Limited	1,500	-	-	1,500
Orion New Zealand Limited	81,400	-	-	81,400
Local Government Funding Agency	747	-	-	747
Financial liabilities				
Interest rate swaps	913	-	913	-
·				

#### 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.

Balance at 1 July Realisation of assets Gains / (losses) in other comprehensive revenue and expense	Council 2015 \$000 93,647 -	Council 2014 \$000 112,968 (32,600) 13,279	Group 2015 \$000 83,647 - -	Group 2014 \$000 70,035 - 13,612
Balance at 30 June	93,647	93,647	83,647	83,647

#### 38c: 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.

The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in Note 33.

#### Maximum exposure to credit risk

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

	Council 2015 \$000	Council 2014 \$000	Group 2015 \$000	Group 2014 \$000
Cash and cash equivalents	7,179	3,462	11,456	4,850
Receivables	11,857	16,451	14,908	21,299
Term deposits	67,231	50,231	67,231	50,231
Government bonds	1,997	1,991	1,997	1,991
Derivatives	1,028	1,002	1,028	1,002
Total credit risk	89,292	73,137	96,620	79,373

#### 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 2015 \$000	Council 2014 \$000	Group 2015 \$000	Group 2014 \$000
Counterparties with credit ratings				
Cash at bank and term deposits Continuing operations AA- & A+	74,410	53,693	78,687	55,081
Total cash at bank and term deposits	74,410	53,693	78,687	55,081
Government Bonds				
AA+	1,997	1,991	1,997	1,991
Derivative financial instruments				
AA+	1,028	1,002	1,028	1,002
Total counterparties with credit ratings	3,025	2,993	3,025	2,993
Counterparties without credit ratings				
Community and related party loans				
Existing counterparty with no defaults in the past	289	227	289	227
Existing counterparty with defaults in the past	-	-	-	-
Total loans to related parties	289	227	289	227
Receivables				
Existing counterparty with no defaults in the past	-	-	-	-
Existing counterparty with defaults in the past	-	-	-	-
Total 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 2015, the Council has a multi-option credit facility of \$30 million (2014: \$40 million) against which it had drawn \$nil (2014: \$9 million).

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 33.

Sicon Ferguson Limited has a maximum amount that can be drawn down against their overdraft facility of \$4 million (2014: \$4 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	Contractual cash	Less than 1 year	1 - 5 years	More than 5 years
	amount	flows			
	\$000	\$000	\$000	\$000	\$000
Council 2015					
Payables and deferred revenue	15,025	15,025	15,025	=	
Secured loans	55,078	61,832	22,158	39,452	222
Net settled derivatives (interest rate swap)	2,180	2,375	732	1,463	180
Group 2015					
Payables and deferred revenue	16,103	16,103	16,103	=	=
Secured loans	55,078	61,832	22,158	39,452	222
Finance leases	=	=	=	=	= .
Net settled derivatives (interest rate swap)	2,180	2,375	732	1,463	180
Council 2014					
Payables and deferred revenue	14,318	14,318	14,318	=	= ,
Secured loans	75,129	82,785	42,289	40,268	228
Net settled derivatives (interest rate swap)	913	2,549	603	1,615	331
Group 2014					
Payables and deferred revenue	16,211	16,211	16,211	-	-
Secured loans	78,129	86,078	42,629	43,222	228
Finance leases	9	10	10	-	-
Net settled derivatives (interest rate swap)	913	2,576	603	1,615	331

## 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	Contractual	Less than	1-5 years	More than
	Carrying	Cash	1 year		5 years
	Amount	Flows			
	\$000	\$000	\$000	\$000	\$000
Council 2015					
Cash and cash equivalents	7,179	7,179	7,179	=	= .
Receivables	11,857	13,253	9,559	2,328	1,366
Government bonds	1,997	3,114	3,114	=	= .
Term deposits	67,231	69,147	69,147	=	= ,
Embedded derivatives	1,028	1,058	1,058	=	=
Group 2015					
Cash and cash equivalents	11,456	11,456	11,456	=	= .
Receivables	14,908	16,380	12,686	2,328	1,366
Government bonds	1,997	3,114	3,114	=-	
Term deposits	67,231	69,147	69,147	=	= ,
Embedded derivatives	1,028	1,058	1,058	-	= ,
Council 2014					
Cash and cash equivalents	3,462	3,462	3,462		-
Receivables	16,451	18,029	13,990	2,266	1,773
Government bonds	1,991	3,357	90	3,267	-
Term deposits	50,231	50,231	50,231	-	-
Embedded derivatives	1,002	966	34	932	=
Group 2014					
Cash and cash equivalents	4,850	4,850	4,850	_	=
Receivables	21,299	22,999	18,960	2,266	1,773
Government bonds	1,991	3,357	90	3,267	-
Term deposits	50,231	50,231	50,231		=
Embedded derivatives	1,002	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.

Council 2015	Surplus \$000	-100bps Other equity \$000	Surplus \$000	+100bps Other equity \$000
Interest rate risk Financial assets				
Cash and cash equivalents Term deposits	(72) (672)	-	72 672	-
Financial liabilities Interest rate swaps	(1,119)	-	1,063	-
Secured loans	548	-	(548)	-
Total sensitivity	(1,315)	-	1,259	-
Other price risk Financial assets				
Government bonds	(30)	-	30	-
Total sensitivity	(30)	-	30	-
Council 2014				
Interest rate risk Financial assets				
Cash and cash equivalents Term deposits	(35) (502)	-	35 502	-
Financial liabilities				
Interest rate swaps Secured loans	(1,465) 638	-	1,364 (638)	-
Total sensitivity	(1,364)	-	1,263	-
Other price risk Financial assets				
Government bonds	(30)	-	30	-
Total sensitivity	(30)	-	30	-

Group 2015	Surplus \$000	-100bps Other equity \$000	Surplus \$000	+100bps Other equity \$000
Interest rate risk Financial assets Cash and cash equivalents Term deposits	(115) (672)	-	115 672	-
Financial liabilities Interest rate swap	(1,119)	-	1,063	-
Secured loans	548	-	(548)	-
Total sensitivity	(1,358)	-	1,302	-
Other price risk Financial assets				
Government bonds	(30)	-	30	-
Total sensitivity	(30)	-	30	-
Group 2014				
Interest rate risk Financial assets	(40)		40	
Cash and cash equivalents Term deposits	(49) (502)	-	49 502	-
Financial liabilities Interest rate swap	(1,465)	-	1,364	-
Secured loans	668	-	(668)	-
Total sensitivity	(1,348)	-	1,247	-
Other price risk Financial assets	(2.2)			
Government bonds	(30)	-	30	-
Total sensitivity	(30)	-	30	-

#### Note 39: Capital management

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

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity which is a principle promoted by the Act and applied by the Council. Intergenerational equity requires today's 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 Long Term 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 40: Discontinued operation

Selwyn Investment Holdings Limited was placed in solvent liquidation on 4 September 2013. All assets were transferred to the Council by the liquidators during the 2014 financial year.

Disclosed below are the results of Selwyn Investment Holdings Limited for period up to when the company was placed into liquidation.

	Group 2015	Group 2014
	\$000	\$000
Profits attributable to discontinued operations		
Operating revenue	-	-
Interest received Other gains / (losses)	-	208
Fair value adjustment	-	-
Total revenue	-	208
Operating expenses	-	23
Depreciation, amortisation, and impairment	-	-
Imparirment of assets Finance costs	-	-
Findrice Costs	-	-
Total expenditure	-	23
Surplus / (deficit) before tax	-	185
Taxation expense	-	52
Surplus / (deficit) after tax	-	133
Other comprehensive income		
Property, plant and equipment revaluation gains	-	-
Total other comprehensive income	-	-
Total comprehensive income	-	133
	Group	Group
	2015	2014
Cash flows from discontinued operation	\$000	\$000
Opening cash balance	-	396
Net cashflows from operating activities	-	351
Net cashflows from investing activities	-	30,219
Net cashflows from financing activities	-	(30,966)
Closing cash balance	-	-

Impact on the financial position from discontinued operation	Group 2015 \$000	Group 2014 \$000
Other current assets relating to discontinued operation:		
Cash and cash equivalents	-	-
Trade and other receivables	-	-
Inventory and work in progress	-	-
Intangible assets	-	-
Other financial assets	-	-
Other current assets relating to discontinued operation	-	-
Other current liabilities relating to discontinued operation:		
Trade and other payables	-	-
Employee benefit liabilities Provisions	-	-
Other current liabilities relating to discontinued operation	-	-

Note 41: Adjustments to the comparative year financial statements

The Council and group has adjusted its comparative year financial statements for the year ended 30 June 2014 due to transition to the new PBE accounting standards. The adjustments are shown in the table below:

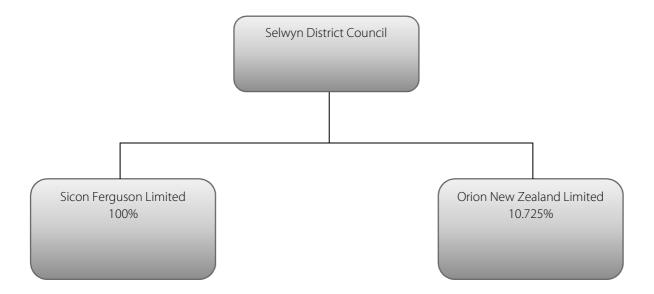
		Before	PBE	After
		adjustments	adjustments	adjustments
		2014	2014	2014
	Note	\$000	\$000	\$000
Council				
Revenue				
Other revenue	(a)	37,722	8,796	46,518
Other gains	(a)	11,979	(6,893)	5,086
Expenditure				
Other expenses	(a)	36,385	1,903	38,288
Current assets				
Inventory	(a)	13	11,350	11,363
Property held for sale	(a)	13,320	(11,350)	1,970
Non current assets				
Inventory	(a)	-	3,219	3,219
Development property	(a)	3,219	(3,219)	=
Evolanatory notos				

#### **Explanatory notes**

Adjustments on transition to new PBE accounting standards

- a) Revenue and expenditure increased by \$1,903,000 for the year ended 30 June 2014 on transition to the new PBE accounting standards due to:
  - i. Izone Southern Business hub land sales
    The Council has reviewed the treatment of Izone land sales under the new accounting standards and concluded that the Council's land held for sale is more appropriately classified as inventory rather than assets held for sale under PBE IPSAS 12: Inventories. The main change under PBE IPSAS 12 is the requirement to recognise the carrying amount of inventories sold as an expense in the period in which the related revenue is recognised, as opposed to the treatment of assets held for sale under PBE IFRS 5 which requires the net gain/loss on sale to be recognised.

## **Financial interests**



Community Trusts Administered by the Council:

- · Central Plants Water Trust
- · Tramway Reserve Trust
- · Selwyn District Charitable Trust

## 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 2015 is set out below:

	Status	Actual 2015	Target 2015
Return after tax on opening total assets Return after tax to opening shareholder funds Consolidated Equity to Total Assets	Achieved Achieved Achieved	20.0% 34.5% 77.1%	≥6.3% ≥10.4% ≥40.0%
To maintain ISO 9001:2008 Quality Standard Certification To maintain ACC WSMP Certification to Tertiary Level To maintain NZS 4801 Safety Management Systems Certification To maintain NZS 14001 Environmental Standard Certification	Achieved Achieved Achieved Achieved		

	Actual 2015 \$000	Actual 2014 \$000
Revenue	40,079	40,089
Expenditure	36,657	39,482
Surplus / (deficit) before taxation	3,422	607
Surplus / (deficit) after taxation	3,775	607
Ordinary dividend	1,000	-

## 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 2015 is set out below:

#### Financial performance targets:

	Status	Actual 2015	Target 2015	Note
Net profit	Achieved	\$82.6m	\$48.0m	1,2
Net profit to average shareholders' equity	Achieved	11.1%	7.4%	1,2
Debt ratio	Achieved	10%	17%	3
Equity ratio	Achieved	90%	83%	3
Equity to total assets	Achieved	70%	67%	3
Fully imputed dividends	Achieved	\$56.0m	\$46.0m	

Note 1 – the group's net profit for the year ended 31 March 2015 was \$34.6 million above its SOI target due, primarily to the following favourable variances:

	\$m Post tax
	24.0
Above budget earthquake insurance claim proceeds	24.0
Below budget expenses	7.1
Above budget Connetics net profit	2.1
Above budget capital contribution revenues	1.9
Below budget net interest expense	0.9
Above budget depreciation expense	(1.8)
Other net differences	0.4
	34.6

Note 2 – the group's net profit for the year ended 31 March 2015 was \$32.1 million above last year's net profit due, primarily to the following variances:

	\$m
	Post tax
Earthquake insurance claim proceeds in 2015	24.0
Higher electricity distribution network delivery revenues in 2015	13.8
Higher capital contribution revenues in 2015	1.4
Higher Connetics net profit in 2015	1.0
Lower operating expenses in 2015	0.5
Higher interest expense in 2015	(0.5)
Land and building revaluations recognised in profit in 2014	(0.9)
Fair value interest rate hedge revaluations	(1.5)
Profit on sale of the former CBD head office site in 2014	(1.6)
Higher depreciation expense in 2015	(2.7)
Other net differences	(1.4)
	32.1

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

## **Network reliability targets:**

	Number of customer				Gazetted NZ Weighted
	connections	Actual	Target	Actual	Average
		2015*	2015	2014*	2014*
	31 March				
	2015				
Orion network interruptions in minutes					
per year per connected customer (SAIDI):					
- Urban	163,500	69	42	150	
- Rural	27,500	468	468	2,604	
- Overall	191,000	126	126	474	229
Number of supply interruptions per year per connected customer (SAIFI):					
- Urban	163,500	0.6	1.1	0.6	
- Rural	27,500	4.3	3.4	5.8	
- Overall	191,000	1.2	1.4	1.3	1.8

#### Important notes:

- Major storms, natural disasters and other catastrophic events can cause significant numbers and significant durations of network supply interruptions. The future occurrence and severity of 'major events' cannot be predicted.
- The Commerce Commission sets limits for and assesses the industry's network reliability performance. The Commission assesses the industry's actual performance, after 'normalising' for the impacts of 'major events'.
- The targets above are consistent with the Commission's 2015 network reliability limits for the company, pursuant to the company's customised price-quality path (CPP). The Commission's limits are for the company's overall network, there is no urban/rural split. After applying the Commission's normalisation methodology, the company achieved the overall SAIDI and SAIFI targets above in 2015.
- The columns marked with an asterisk (\*) above are stated gross before normalising for major events using the Commission's methodology.
- Airborne debris blown onto high voltage equipment caused significant loss of supply to the Papanui and McFaddens zone
- 9 July 2014. This incident contributed 22 minutes of SAIDI to the overall network in 2015. An 11kV termination fault caused by a flashover caused a loss of supply to Lyttelton on 22 November 2014. This incident contributed 7 minutes of SAIDI to the overall network in 2015.

- A severe wind storm on 10 September 2013 severely affected network reliability in 2014.
- The gazetted industry averages are for all 29 New Zealand electricity distribution networks, and include a mixture of rural and urban networks. The company's electricity distribution network includes a significant rural component.
- SAIDI and SAIFI are standard international industry measures of network reliability performance. They include planned and unplanned interruptions.
  - o SAIDI: system average interruption duration index the average duration of supply interruptions that each consumer experiences.
  - o SAIFI: system average interruption frequency index the average number of supply interruptions that each consumer experiences.
- · SAIDI and SAIFI are standard industry measures for network reliability.

SAIDI: system average interruption duration index – the average duration of supply interruptions that each consumer experiences.

SAIDI = Sum of (number of interrupted consumers x interruption duration)
Average number of connected consumers

SAIFI: system average interruption frequency index – the average number of supply interruptions that each consumer experiences.

SAIFI = <u>Sum of number of interrupted consumers</u> Average number of connected consumers

#### Earthquake recovery and disaster resilience targets:

- Repair the company's damaged underground cables. (Status: Achieved).
- 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: Completion will be delayed into late 2015 due to events outside the company's control).
- 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: Achieved).
- · Continue to support the key regional earthquake recovery planning documents. (Status: Achieved).
- Review the ten-year network asset management plan (AMP). (Status: Achieved).

#### **Environmental targets:**

- · Continue to undertake and encourage 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 injury accidents involving members of the public (excluding car versus pole traffic accidents). (Status: Achieved).
- · Continue with a local public safety education and awareness programme in the safe use of electricity. (Status: Achieved).
- Follow up on the November 2013 staff culture survey results. (Status: Achieved).
- · Achieve voluntary annual staff turnover of less than 5% for Orion and less than 10% for Connetics. (Status: Achieved).
- · Continue with the engineering development programme. (Status: Achieved).
- · Continue to develop the Connetics apprentice scheme. (Status: Not achieved).
- · Continue to support the CPIT Trades Innovation Centre. (Status: Achieved).

#### Summary of financial performance

	Actual	Actual
	2015	2014
	\$000	\$000
Revenue	333,088	270,979
Expenditure	223,043	201,897
Surplus / (deficit) before taxation	110,045	69,082
Surplus / (deficit) after taxation	82,615	50,455
Ordinary dividend	56,000	34,000

## 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 2015 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 \$18,955 (2014: \$48,737) in donation revenue. The Trust has distributed \$12,752 (2014: \$98,058) to the Selwyn District Council during the. The donations received by the Trust during the year are to be used for the benefit of the Selwyn Aquatic Centre and the Dunsandel Community 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 \$16,467 (2014: \$10,745) 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.

	Actual	Actual
	2015	2014
	\$000	\$000
Revenue	19	49
Expenditure	19	49
Surplus / (deficit) before taxation	=	-

## Financial interests - Central Plains Water Trust

#### **Relationship to the Council**

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

#### Nature and scope of activities

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

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

#### Objective

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

#### **Key performance targets**

The Trust's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2015 is set out below:

- Develop methods to effectively monitor the performance of CPWL in constructing, commissioning and operating the Scheme, and communicate the results to the public.
  - 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 is currently establishing a new website so that its annual Environmental Scheme Performance Report can be effectively published for public information and comment. This will be become operational during the 2015 – 2016 year.

- · To consult, and develop scheme recreational opportunities for the headrace canal and its margins and establish and support the Environmental Management Fund (EMF).
  - Strategic plan implementation. Two Environmental Management Funds are included in the resource consent conditions, as a result of the settlement agreement with Ngai Tahu. One specifically deals with Te Waihora, and the other with all of the other purposes of the EMF within the scheme area. Ngai Tahu manages and apply the funds required for Te Waihora. The Trust established a committee required for the wider area, which decides how the Fund is spent. Plans for the use of the headrace canal and its margins for recreational use have been investigated during the year.
- To establish and support the Community Liaison Group in its ongoing functions.

  The Community Liaison Group was established in December 2013 and is being supported as required.
- 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.

	Actual 2015 \$000	Actual 2014 \$000
Revenue Expenditure	53 53	80 80
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 2015 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.

Actual	Actual
2015	2014
\$000	\$000
-	-
-	-
=	-
	2015



## **Independent Auditor's Report**

# To the readers of Selwyn District Council's and group's annual report for the year ended 30 June 2015

- The Auditor-General is the auditor of Selwyn District Council (the District Council) and group. The Auditor-General has appointed
  me, John Mackey, using the staff and resources of Audit New Zealand to audit:
- The financial statements of the District Council and group that comprise:
  - o the statement of financial position as at 30 June 2015 on page 58;
  - the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2015 on pages 56 to 57 and 59 to 60;
  - the funding impact statement of the District Council on page 9;
  - o the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 10 to 47; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 61 to 129;
- the statement of service provision (referred to as "significant activities" of the District Council on pages 10 to 47 and the funding impact statements in relation to each group of activities of the District Council on pages 14 to 47; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence)
  Regulations 2014 on pages 50 to 55.

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:
  - o internal borrowing on page 101;
  - o council controlled organisations on pages 131 to 137;
  - reserve funds on pages 104 to 109;
  - o each group of activities carried out by the District Council on pages 10 to 47;
  - remuneration paid to the elected members and certain employees of the District Council on page 117;
  - employee staffing levels and remuneration on page 80;
  - severance payments on page 118;
  - o rating base units on page 55; and
  - o insurance of assets on page 55;
- 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's chief executive on page 7.

#### **Opinion**

#### **Audited information**

In our opinion:

- The financial statements of the District Council and group on pages 56 to 129:
  - 0 comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect: 0
    - the District Council's and group's financial position as at 30 June 2015;
    - the results of the operations and cash flows for the year ended on that date; and
    - comply with generally accepted accounting practice in New Zealand.
- the funding impact statement of the District Council on page 9, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's 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 47, present fairly, in all material respects, 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 significant activities of the District Council on pages 10 to 47:
  - presents fairly, in all material respects, the District Council's levels of service for the year ended 30 June 2015, including:
    - the levels of service as measured against the intended levels of service adopted in the long term
    - the reasons for any significant variances between the actual service and the expected service; and
    - complies with generally accepted accounting practice in New Zealand;
- the funding impact statements in relation to each group of activities of the District Council on pages 14 to 47, present fairly, in all material respects, 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; and
- the disclosures on pages 50 to 55 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

## Compliance with the other requirements of schedule 10

The District Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual

Our audit was completed on 28 October 2015. 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 significant activities. 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 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 the disclosures in the information we audited;
- determining the appropriateness of the reported significant activities 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 believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### **Responsibilities of the Council**

The Council is responsible for preparing:

- o financial statements and significant activities that:
- o comply with generally accepted accounting practice in New Zealand;
- o present fairly the District Council's and group's financial position, financial performance and cash flows;
- o present fairly its service performance, including achievements compared to forecast; and
- o a funding impact statement that presents fairly 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 presents fairly 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 presents fairly 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;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations
   2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council's responsibilities arise under 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.

#### 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.

#### 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, the audit of the District Council's 2015 25 Long Term Plan, the audit of the District Council's proposed amendment to the 2015 25 Long Term Plan, and an independent assurance review of the District Council's Debenture Trust Deed, we have no relationship with, or interests, in the District Council or any of its subsidiaries.



John Mackey
Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand

# **Council information**

# **Mayor and Councillors**

Mayor		Deputy Mayor (Selwy	n 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 Wa	rd	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	Grant Miller	939 Christchurch Akaroa Road RD 2 CHRISTCHURCH 7672 (H) (03) 329 6123 (C) 027 381 7032 grant.miller@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 Comn	nunity Board
Jenny Gallagher	43 Tramway Road	Diane Chesmar	273 Telegraph Road
(Chairperson)	RD 1	(Chairperson)	RD 7
	DARFIELD 7571		CHRISTCHURCH 7677
	(H) (03) 318 1784		(H) (03) 344 0418
	(C) 027 497 0120		(C) 021 0292 6588
	jenny.gallagher@selwyn.govt.nz		diane.chesmar@sewlyn.govt.nz
Bob Mugford	16 Gift Street	Bruce Russell	Wendouree
(Deputy Chairperson)	COALGATE 7673	(Deputy Chairperson)	123 Finlays Road
	(H) (03) 318 2877		RD 5
	bob.mugford@selwyn.govt.nz		CHRISTCHURCH 7675
			(H) (03) 347 9692
			bruce.russell@selwyn.govt.nz
Mary Ireland	3D Perrin Place	Alan French	23 Delamare Way
	DARFIELD 7510		ROLLESTON 7614
	(H) (03) 318 8649		(H) (03) 347 2338
	(F) (03) 318 8648		(C) 027 664 4305
	mary.ireland@selwyn.govt.nz		alan.french@selwyn.govt.nz
Judith Pascoe	40 Scott Drive	Nicola Peacock	801 East Maddisons Road
	RD 1		ROLLESTON 7614
	DARFIELD 7571		(H) (03) 347 9854
	(H) (03) 318 8260		(C) 021 132 0321
	(C) (03) 021 152 2900		nicola.peacock@selwyn.govt.nz
	judith.pascoe@selwyn.govt.nz		
Kerry Pauling	231 Keens Road		
	RD 1		
	SHEFFIELD		
	(H) (03) 318 4048		
	(C) 021 0225 5974		
	kerry.pauling@selwyn.govt.nz		

## Where to go for more information

This 2014/2015 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**

Sicon Ferguson Limited

(100% owned by Selwyn District Council)

3 South Terrace PO Box 40 DARFIELD 7541

Phone:

(03) 324 3068 or (03) 318 8320 (03) 318 8578 Fax: Email: sicon@sicon.co.nz Website: www.sicon.co.nz

**Board** (as at 30 June 2015) P Carnahan (Chairperson)

G Lovell J Morten P McEvedy

## 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 (as at 30 June 2015) DJ O'Rourke (Chairperson) DJ Catherwood RW Davison V Smart O Webb C Williams	Committee Members (as at 30 June 2015) JB Morten (Chairperson) 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 – Property and Commercial Manager

#### 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.

