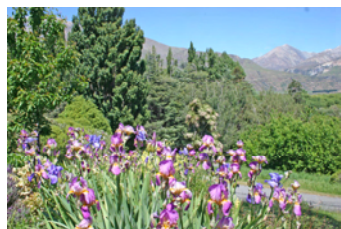


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The purpose of the Annual Report is to compare the actual activities and performance of the Council against that intended in the Long Term Council Community Plan or Annual Budget. The Annual Report also promotes the Council's accountability to the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

The financial statements and performance information presented in this report are reporting against year three of the Selwyn Community Plan (LTCCP) adopted in June 2006, as varied in the Annual Budget for 2009.

3. Joint report of the Mayor & Chief Executive



We begin on a sombre note by acknowledging the many contributions of the late Councillor Paul Stewart who died after a brave struggle with cancer. His example in health and illness was inspirational and he is sadly missed.

We welcome his successor, Councillor Bob Mugford, to the chamber.

The economic recession made this year a challenging one, but we can report that your Council emerged in good financial health. Although we do not expect the downturn to have a long-term impact on the district's growth, it did influence some of this year's activities and services.

- ▶ Resource consents fell 27% (from 494 to 361)
- ▶ Building consents were down 13% (from 1,967 to 1,712)
- ▶ Building inspections dropped 23% (from 11,745 to 8,998)
- ▶ Road resealing declined 22% (from 77 kilometres to 60 kilometres)
- ▶ Road maintenance calls and enquiries fell 26% (from 672 to 496)
- ▶ Even the dogs reduced their activity; dog-related complaints were down 38% (from 703 to 436)
- ▶ Total waste going through the Resource Recovery Park dipped by 5% (from 13,005 to 12,414 tonnes)

For many of our other services, however, it was business as usual, with increases on last year's figures reflecting the continued population growth. The small dip in total waste, for example, was due to less building site waste, but household waste rose slightly.

- ▶ Our recycling collection was up 7% (from 2,269 to 2,430 tonnes)
- ▶ Our residual rubbish collection was up 2% from 6,823 to 6,975 tonnes)
- ▶ Our subscription-based organic composting collection was up 17% (from 832 to 971 tonnes).

Other indicators of population growth during the year are total water supply connections (up 5% from 8,701 to 9,105) and library membership (up 6% from 16,527 to 17,563).

Library book issues grew even more than the membership, (rising 11% from 275,774 to 307,323), with a striking increase of 68% at Leeston Library since the April opening of the town's combined Library, Service Centre, Medical Centre and Plunket building.

On the other side of the district, at the Waddington intersection, travellers were rewarded for the temporary inconvenience of roadworks with a completely rebuilt intersection whose traffic flow is now smoother and safer.

Our fastest-growing community, Rolleston, saw several projects bear fruit this year. These included:

- ▶ the new sports changing rooms
- ▶ the Foster Park Dog Exercise Area
- ▶ the new traffic roundabout at one of Rolleston's busiest intersections
- ▶ the Living 1B Deferred Zone structure plan, which will guide the subdivision of land between Brookside and Lowes Roads, and
- ▶ the Rolleston Structure Plan, which will guide the town's housing, commercial, transport, drainage and recreational development as it grows from village to small city.

The Rolleston Structure Plan envisages some higher density housing; an expanded town centre; a recreational precinct encompassing the proposed aquatic centre, dog park and new high school; and a large recreation park on the outskirts of Rolleston.

Another success story is the continued growth of the Izone Business Hub. This industrial development zone, which now covers 200 hectares, was purchased and developed by the Council to attract businesses to the area. One of its first arrivals was the Warehouse's South Island distribution centre in 2003. One of its latest is the bus manufacturer, Designline, which is now turning out a bus a day. So far, the Izone businesses have created opportunities for more than 500 jobs and these will increase as more businesses buy sections from the Council and move in.

Another successful Council initiative this year was the new Community Services Department whose brief is to improve community services by winning greater local assistance from government agencies and to help local organisations and businesses to do what they do best by promoting them and directing them to the resources and information they need.

The impact of this new department is already visible in new recreational programmes, improved youth services and the appearance of Day Clubs for elderly residents. As well, accommodation for Government agencies (WINZ, Heath etc.) is now available at Leeston and is planned for Darfield and Rolleston, bringing access to services that were only available in Christchurch.

The year also saw progress on a number of other projects. We will soon lodge a resource consent application for the Eastern Selwyn Sewerage Scheme which will ultimately decouple our eastern towns from the Christchurch City sewerage system and join them with Rolleston in a single network.

The new Lincoln Community Centre will give Lincoln a first-class recreation and social event facility and the new Darfield library is also underway.

Detailed design plans and funding recommendations will be drafted for the aquatic centre in Rolleston, which the public will be able to make submissions on during the 2010 Budget consultation.

These are just some of the tasks that have kept us busy on your behalf in 2008-2009. You will find more in the following pages.

In closing, we thank the district's elected representatives, council staff and the people of Selwyn for making this year such a success, with the promise of further successes ahead.



Kelvin Coe
Mayor



Paul Davey
Chief Executive

4. Statement of compliance & responsibility

Compliance

The Council and management of Selwyn District Council confirm that all statutory requirements of section 98 of the Local Government Act 2002 have been complied with.

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 2009 fairly reflect the financial position and operations of the Selwyn District Council.



Mayor
Kelvin Coe



Chief Executive
Paul Davey



Manager Corporate Services
Douglas Marshall

5. Councillors

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Mayor Kelvin Coe

Mayor - Selwyn District
Deputy Chair Canterbury Civil Defence Emergency Management Group
Central Plains Water Limited, Central Plains Water Trust
LGNZ Zone 5
McLean Institute
Portfolios: Maori & Treaty Liaison, UDS Implementation, CDEM
Member Chief Executive Performance Review Committee
Sister Cities



John Morten

Deputy Mayor - Selwyn District
Director Selwyn Investment Holdings Limited
Portfolios: Roading & Transport, Land Drainage Arthur's Pass/Hororata/Wairiri,
Rural Fire & CDEM
Coleridge Habitat Trust
Member Chief Executive Performance Review Committee
Member Malvern Community Board
Canterbury Civil Defence Emergency Management Group



Nigel Barnett

Portfolios - Rural Fire & CDEM, Rural Issues, Annual Report/Committee Financial
Reporting, Funding/Budgets/LTCCP processes, Property & Investment
Properties, ECan Land Drainage & Land Drainage
Hearing Commissioner



Gary Doyle

Portfolio - Electoral Reform, ICT, Road Safety Committee ECan Land Drainage,
Sewerage, Water Races,
Chair Selwyn District Council Water Race Subcommittee
Hearing Commissioner
Chair Selwyn District Pest Liaison Committee
ECan Committee



Annette Foster

Member Izone Project Team
Portfolios - District Plan Rewrite, Plan Changes, Monitoring, Environmental Health/Liquor Licensing, Strategic Projects
Appointed to Summit Road Society
Appointed to Summit Road Authority
Member Selwyn Central Community Board
Member Water Race Subcommittee
Te Puna Wai o Tuhinape Community Liaison Committee

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Debra Hasson

Chairperson Selwyn District Creative NZ Assessment Committee
Deputy Chairperson Canterbury Neighbourhood Support
Portfolios - Reserve Management Plans, Land Drainage, District Plan Rewrite, Plan Changes, Monitoring, Environmental Issues, Annual Report/Committee Financial Reporting, Funding/Budgets/LTCCP processes
Member Chief Executive Performance Review Committee
Hearing Commissioner



Malcolm Lyall

Portfolio - Arts, Museum/Heritage, Employment & Economic Development, Tourism, ECan Land Drainage, Building Act, UDS Implementation, Resource Consents, Enforcement, Strategic Projects
Lincoln Community Centre Steering Committee
Member Chief Executive Performance Review Committee
Hearing Commissioner



Jack Percy

Portfolios - CDEM Recovery, Health & Senior Citizens, Road Safety Committee, ECan Land Drainage, Land Drainage, District Plan Rewrite/Plan Changes, Monitoring, Resource Consents/Enforcement,
Hearing Commissioner
Board Member Partnership Health Canterbury

**Lindsay Philps**

Portfolios - Biosecurity/Hazardous Substances Resource Recovery Centre Establishment, Land Drainage, Strategic Projects, Urban Design
Representative - Canterbury Waste Joint Committee, Canterbury Regional Landfill Joint Committee, Canterbury Hazardous Waste Working Party, Lincoln Community Centre Steering Committee
Chief Executive Performance Review Committee
Hearing Commissioner

**Sarah Walters**

Portfolios - Creative NZ Arts Assessment Committee, Sport & Recreation NZ Committee, Sport Canterbury Trust Board, Libraries, Community Development/Youth & Education, Leisure Facilities/Recreation, Women's Affairs, Strategic Projects
Trustee Christchurch Little River Rail Trail Trust

**Bob Mugford**

Portfolios - Museums/Heritage, Water

6. Financials



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



In this section

Financials

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



Audit Report

To the readers of Selwyn District Council and group's financial statements and performance information for the year ended 30 June 2009

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The Auditor-General is the auditor of Selwyn District Council (the District Council) and group. The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group for the year ended 30 June 2009, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council and group on pages 15 to 131:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2009; and
 - the results of their operations and cash flows for the year ended on that date.
- The service provision information of the District Council and group on pages 81 to 131 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 28 October 2009, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

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

Audit procedures generally include:

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

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

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

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2009. They must also fairly reflect the results of their operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

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

Independence

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

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



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

Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information and the Other Requirements

This audit report relates to the financial statements, performance information and the other requirements of Selwyn District Council and group for the year ended 30 June 2009 included on Selwyn District Council and group's website. The Selwyn District Council and group's Council is responsible for the maintenance and integrity of Selwyn District Council and group's website. We have not been engaged to report on the integrity of Selwyn District Council and group's website. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 28 October 2009 to confirm the information included in the audited summary annual presented on this website.

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



Financial Highlights

Introduction

The 2008/09 financial year will be remembered as the year when the world faced its biggest financial crisis since the 1930s. Thankfully, the worst case scenarios have been avoided and it appears now that the economic slowdown will be less severe and shorter lived than many feared and predicted. The slowdown has, however, affected most organisations and Selwyn District Council is no different. Our revenue is lower than last year in a number of areas, including development contributions, building control fees, dividends and interest. At \$2.6 million, the surplus for the year is below the budget of \$6.8 million and well below last year's surplus of \$20 million. The year's surplus includes \$3.2 million of revenue from vested assets and without this the Council would have incurred a deficit for the year. (Vested asset revenue is non cash revenue that reflects the value of water, sewerage, roading and reserve assets installed by sub-dividers that are transferred to Council ownership).

Despite the slowdown, the Council remains in good financial health and has net assets of \$832 million, equivalent to nearly \$22,000 per resident. (These net assets are the roads, water schemes, and community facilities etc that are vital to the well-being of local people.) The Council expects that economic conditions will improve over the next few years and the high level of growth that we have experienced in recent years will resume.

The result for the Council group shows a surplus of \$8.2 million. This figure incorporates the results of Selwyn Investment Holdings Limited and its subsidiaries SICON, Selwyn Plantation Board Limited, KB Irrigation Limited and Ferguson Brothers Limited plus its investment in Orion. The net assets of the Council group are now \$877 million, \$3 million higher than the year before.

More detailed explanations of the Council's overall financial performance are provided below, and a comparison of income and expenditure for each of the Council's activities is provided in section 12 of the annual report. The information below relates to the Council's finances and does not include the wider Council group.

Expenditure

Faced with pressure on its revenue, the Council worked hard to contain its expenditure during the 2008/09 financial year. Total expenditure was \$0.3 million below budget, but excluding depreciation and finance costs, its expenditure was \$2.2 million below budget. The main variances compared with budget were:

- ▶ Finance costs were \$0.9 million below budget because the budget assumed that the Council would need to borrow to fund its capital expenditure programme. In the event, the deferral of some work meant that no borrowing was required.
- ▶ Environmental services costs were \$1.1 million below budget due to cost saving in the building department in response to the slowdown in activity plus a \$0.75 million technical adjustment that removes certain agency payments from actual expenditure figures (a matching adjustment means revenue is below budget by a similar amount).
- ▶ Depreciation was \$2.8 million higher than budgeted due to the impact of the revaluation of infrastructure assets on the depreciation charge. The valuation was completed after the budget for the year had been set.

Expenditure was below budget in a number of areas due to projects being cancelled or deferred and more information on expenditure variances is provided in section 7 of the annual report.

Revenue

The economic slowdown had a big impact on the Council's revenue. Total revenue for the year was \$4.4 million below budget and nearly \$14 million lower than the previous year. The main variances compared with budget were:

- ▶ Interest revenue was \$1.8 million below budget. This is partly because of the reduction in interest rates and partly because the budget assumed the Council would borrow funds for its capital works programme and have this money on deposit earning interest for part of the year.
- ▶ Development contributions which are paid by landowners who create subdivisions were \$2.9 million below budget due to the slowdown in development activity in the district. (Development contributions are used to fund the additional water and wastewater infrastructure required to serve a growing population).
- ▶ Environmental services revenue was \$1.7 million below budget due to the slowdown in building activity plus the \$0.75 million technical adjustment that removes certain agency receipts from actual revenue figures.
- ▶ An unbugeted gain in the fair value of the Council's investment property of \$1.1 million. This demonstrates the future benefits of the Council's commercial property strategy but at this stage is a non cash item that is not available to fund Council services.

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Total revenue was \$13.9 million lower than in 2008. The main reasons for this reduction are:

- ▶ \$7.9 million lower vested assets revenue due to the slowdown in sub-division activity.
- ▶ \$5.5 million lower development contributions, again due to the slowdown in sub-division activity.
- ▶ \$0.8 million lower interest due to lower cash balances and lower interest rates.
- ▶ \$0.6 million lower building consent revenue due to less building activity.

Statement of financial position

Overall, the value of the Council's net assets increased by \$6.4 million. The increase was due to:

- ▶ A \$4.2 million increase in the value of the Council's investment in Selwyn Investment Holdings Limited.
- ▶ A \$0.5 million reduction in the value of certain land holdings.
- ▶ The surplus of \$2.6 million.

The Council's net assets at the end of the year are \$106 million higher than budgeted. This is due mainly to the revaluation of the Council's infrastructure assets (\$89 million) and investments (\$9.9 million) after the budget was prepared, plus the operating surplus in 2008 being higher than budgeted.

Statement of cash flows

The Council had a positive net operating cash flow of \$5.8 million, which was very close to its budget. The operating cash flow is used to fund the capital expenditure programme.



Douglas Marshall
Manager Corporate Services

Financials - statement of financial performance



For the year ended 30 June 2009

	Note	Council 2009 \$000	Council Budget \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Income						
Rates revenue	2	19,763	19,294	17,766	19,693	17,682
Other revenue	3	22,475	27,794	39,026	94,004	107,123
Other gains / (losses)	4	9,347	8,925	8,702	18,900	8,961
Total income	1	51,585	56,013	65,494	132,597	133,766
Expenditure						
Employee benefit expenses	5	9,390	9,724	8,426	32,813	31,298
Depreciation and amortisation	6	13,153	10,358	10,709	17,029	14,053
Other expenses	7	26,427	28,254	26,250	72,957	70,404
Finance costs	8	-	900	-	1,563	920
Total operating expenditure	1	48,970	49,236	45,385	124,362	116,675
Operating surplus before tax		2,615	6,777	20,109	8,235	17,091
Share of associate surplus/(deficit)	16	-	-	-	-	-
Surplus before tax		2,615	6,777	20,109	8,235	17,091
Income tax expense	9	21	-	69	(11)	(786)
Surplus after tax		2,594	6,777	20,040	8,246	17,877
<i>Attributable to:</i>						
Council		2,594	6,777	20,040	6,758	18,305
Minority Interest		-	-	-	1,488	(428)
		2,594	6,777	20,040	8,246	17,877

Financials – statement of movements in equity



For the year ended 30 June 2009

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	Note	Council 2009 \$000	Council Budget \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Balance at 1 July		825,509	719,297	711,088	874,295	761,213
<i>Contributions from minority interest</i>		-	-	-	-	1,120
<i>Property, plant and equipment</i>						
Revaluation gains/(losses) taken to equity	29	(460)	-	88,729	(4,197)	88,590
<i>Financial assets at fair value through equity</i>						
Valuation gains/(losses) taken to equity	27	4,223	-	5,652	15	6,255
<i>Deferred tax on revalued items</i>		-	-	-	(5)	18
Income/(expense) recognised directly to equity		3,763	-	94,381	(4,187)	95,983
Surplus for the year		2,594	6,777	20,040	8,246	17,877
Total recognised income/(expense) for the year *		6,357	6,777	114,421	4,059	113,860
Minority share in revaluation movement	30	-	-	-	(909)	(75)
Dividends to minority interest	30	-	-	-	-	(703)
Balance at 30 June		831,866	726,074	825,509	877,445	874,295

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

Selwyn District Council	6,357	6,777	114,421	2,571	114,288
Minority interest	-	-	-	1,488	(428)
	6,357	6,777	114,421	4,059	113,860

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

Selwyn District Council - **Annual Report 2008/2009**

Financials - statement of financial position

As at 30 June 2009

		Council			Group	
	Note	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Actual 2009 \$000	Actual 2008 \$000
Current assets						
Cash and cash equivalents	10	8,080	9,904	18,471	10,541	22,684
Debtors and other receivables	11	7,698	6,713	10,032	17,880	16,381
Inventory and work in progress	12	-	-	-	3,390	5,164
Livestock	13	-	-	-	1,871	1,539
Other financial assets	14	-	-	2,000	29	2,060
Income taxation receivable	9	4	-	16	4,477	4,171
Property held for sale	15	2,442	-	4,567	6,070	5,542
Total current assets		18,224	16,617	35,086	44,258	57,541
Non-current assets						
Debtors and other receivables	11	200	-	136	200	136
Other financial assets	14	115,121	102,228	110,838	69,391	69,334
Investment in associates	16	-	-	-	-	-
Investment property	17	9,250	565	565	8,700	-
Forestry assets	18	209	338	118	19,389	10,298
Property, plant and equipment	19	690,885	630,726	685,909	759,746	761,601
Development property	20	8,685	20,428	3,545	8,685	3,545
Deferred tax	9	-	-	-	676	459
Intangible assets	21	224	266	326	766	3,300
Total non-current assets		824,574	754,551	801,437	867,553	848,673
TOTAL ASSETS		842,798	771,168	836,523	911,811	906,214
Current liabilities						
Creditors and other payables	22	9,616	10,838	9,838	17,412	15,718
Employee benefit liabilities	23	796	770	670	3,242	3,438
Other provisions	24	-	-	-	1,293	2,353
Borrowings	25	-	-	-	6,718	5,045
Total current liabilities		10,412	11,608	10,508	28,665	26,554
Non-current liabilities						
Employee benefit liabilities	23	114	-	97	270	274
Other provisions	24	334	486	322	334	322
Deferred tax	9	72	-	87	-	-
Borrowings	25	-	33,000	-	5,097	4,769
Total non-current liabilities		520	33,486	506	5,701	5,365
Equity						
General funds	26	546,685	553,340	541,775	590,341	581,248
Fair value through equity reserve	27	52,020	39,095	47,797	24,892	24,877
Special funds	28	45,274	21,203	47,331	45,274	47,331
Asset revaluation reserve	29	187,887	112,436	188,606	185,663	190,143
Minority Interest	30	-	-	-	31,275	30,696
Total equity		831,866	726,074	825,509	877,445	874,295
TOTAL LIABILITIES AND EQUITY		842,798	771,168	836,523	911,811	906,214

Financials - statement of cash flows



For the year ended 30 June 2009

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	Note	Council Actual 2009 \$000	Council Budget 2009 \$000	Council Actual 2008 \$000	Group Actual 2009 \$000	Group Actual 2008 \$000
Operating activities						
Cash was provided from:						
Receipts from customers		33,828	37,323	38,009	101,038	106,042
Agency receipts		503	-	835	503	835
Interest received		1,415	2,975	2,052	2,083	3,114
Dividends received		6,704	4,238	2,943	6,746	3,103
Income taxation received		-	-	-	4,246	3,373
Net GST		(446)	-	(79)	(446)	57
		<u>42,004</u>	<u>44,536</u>	<u>43,760</u>	<u>114,170</u>	<u>116,524</u>
Cash was distributed to:						
Suppliers/employees		35,620	38,878	34,761	100,055	98,954
Agency payments		503	-	835	761	835
Income taxation		24	-	66	4,884	4,479
Interest paid		-	-	-	1,054	978
		<u>36,147</u>	<u>38,878</u>	<u>35,662</u>	<u>106,754</u>	<u>105,246</u>
Net cash from operating activities	31	5,857	5,658	8,098	7,416	11,278
Investment activities						
Cash was provided from:						
Sale of property, plant & equipment		312	-	1,165	3,039	3,664
Sale of property intended for sale		9,779	9,225	10,778	9,779	10,778
Proceeds from investments		2,000	-	2,500	2,000	7,977
		<u>12,091</u>	<u>9,225</u>	<u>14,443</u>	<u>14,818</u>	<u>22,419</u>
Cash was applied to:						
Purchase of property, plant and equipment		28,314	61,368	20,059	36,276	37,579
Construction of council headquarters		-	-	5,460	-	5,460
Purchase of intangible assets		25	-	114	32	1,984
Purchase of investments and goodwill		-	-	-	11	18
		<u>28,339</u>	<u>61,368</u>	<u>25,633</u>	<u>36,319</u>	<u>45,041</u>
Net cash from investing activities		(16,248)	(52,143)	(11,190)	(21,501)	(22,622)

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

Note	Council Actual 2009 \$000	Council Budget 2009 \$000	Council Actual 2008 \$000	Group Actual 2009 \$000	Group Actual 2008 \$000
Financing activities					
Cash was provided from:					
Loans raised	-	33,000	-	4,605	6,567
Proceeds from share capital	-	-	-	-	1,121
	-	33,000	-	4,605	7,688
Cash was applied to:					
Settlement of loans	-	-	-	2,604	1,335
Dividend paid	-	-	-	59	644
	-	-	-	2,663	1,979
Net cash from financing activities	-	33,000	-	1,942	5,709
Net increase/decrease in cash	(10,391)	(13,485)	(3,092)	(12,143)	(5,635)
Plus opening cash 1 July	18,471	23,389	21,563	22,684	28,319
Closing cash 30 June	8,080	9,904	18,471	10,541	22,684
Summary of cash resources					
Cash and bank	8,080	9,904	1,205	7,532	2,407
Short term deposits maturing within 3 months	-	-	17,266	3,009	20,277
	8,080	9,904	18,471	10,541	22,684

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

Statement of reporting entity

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

The Selwyn District Council group (Selwyn District Council) consists of the ultimate parent Selwyn District Council and its subsidiary Selwyn Investment Holdings Ltd (100% owned) and its subsidiaries SICON Limited (100% owned), KB Irrigation Limited (100% owned), Ferguson Brothers Limited (75.1% owned), Selwyn Plantation Board Ltd (60.68% owned), the Selwyn District Charitable Trust (100% owned) and its associate Central Plains Water Trust which is equity accounted (50% owned).

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

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

The financial statements of Selwyn District Council are for the year ended 30 June 2009. The financial statements were authorised for issue by the Council on 28 October 2009.

Basis of preparation

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

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

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

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

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Selwyn District Council is New Zealand dollars. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of financial performance.

Standards and interpretation issued and not yet adopted

Standards, interpretations, and amendments that have been issued, but are not yet effective, that Selwyn District Council has not adopted include:

- ▶ NZ IAS 1 presentation of financial statements (revised 2007) that is effective for reporting periods beginning on or after 1 January 2009. This standard will require some formatting changes to the Selwyn District Council's financial statements.
- ▶ NZ IAS 23 borrowing costs (revised 2007) that is effective for reporting periods beginning on or after 1 January 2009. The standard requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The Accounting Standards Review Board has, however, deferred the mandatory adoption of NZ IAS 23 by public benefit entities and Selwyn District Council does not intend to adopt the revised standard.
- ▶ NZ IFRS 3 business combinations (revised 2008) and amended NZ IAS 27 consolidated and separate financial statements are effective for reporting periods beginning on or after 1 July 2009. The standard will have an impact on accounting for acquisitions on or after 1 July 2009. Selwyn District Council will adopt the revised standards for the year ending 30 June 2010.

Significant accounting policies

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

Subsidiaries

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

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

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

Basis of consolidation

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

Selwyn Investment Holdings Ltd and Group entities that have been consolidated have a balance date of 30 June.

Associates

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

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

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

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

Revenue

Revenue is measured at the fair value of consideration received.

Rates revenue

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

Other revenue

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

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

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

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

Development contribution revenue is recognised when received.

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

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

Interest income is recognised using the effective interest method.

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

Borrowing costs

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

Grant expenditure

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

Income tax

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

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

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

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

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

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

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

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

Cash and cash equivalents

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

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

Debtors and other receivables

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

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

Inventories and work in progress

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

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

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.

Livestock

Livestock is valued at its fair value less estimated point of sale costs. Livestock was valued at fair market values as at 30 June 2009 by Mr Brian Brice of Hazlett Rural, Stock and Station Agent.

Financial assets

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

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

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

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

The four categories of financial assets are:

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

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

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

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

2. Loans and receivables.

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

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

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

3. Held to maturity investments.

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

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

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

4. Financial assets at fair value through equity.

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

This category encompasses:

- Investments that Selwyn District Council intends to hold long-term but which may be realised before maturity; and

Shareholdings that Selwyn District Council holds for strategic purposes. Selwyn District Council's investment in its subsidiary and other equity investments that are not associates are included in this category.

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

The investment in Selwyn Investment Holdings Ltd (SIHL) is valued based on an independent valuation as at 30 June 2009 completed by Ernst & Young Corporate Transaction Advisory Services Limited, Wellington dated 25 August 2009.

Selwyn District Council's investment in Orion New Zealand Limited is valued based on an independent valuation as at 30 June 2009 completed by Ernst & Young Transaction Advisory Services Limited, Wellington dated 25 August 2009.

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

Impairment of financial assets

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

Derivative financial instruments

The Selwyn District Council uses derivative financial instruments to hedge interest rate risks arising from financial activities. The Selwyn District 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 statement of financial performance as part of "gains" or "other expenses".

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

Property, plant and equipment

Property, plant and equipment of Selwyn District Council consists 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 Selwyn District Council. Each asset class includes all items that are required for the network to function.

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

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Additions

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

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

Disposals

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

Depreciation

Selwyn District Council 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:

Buildings	20 - 180 years	(0.6% - 5%)
Heritage	20 - 180 years	(0.6% - 5%)
Heavy Plant & Machinery	10 years	(10%)
Other Plant & Machinery	5 years	(20%)
Motor Vehicles	4 years	(25%)
Furniture & Fittings	10 years	(10%)
Library Books	7 years	(14.3%)
Computer Equipment	4 years	(25%)
Roads		
Formation/Sub Grade	Not depreciated	
Sub Base - Sealed Roads Only	Not depreciated	
Base Course	13 - 99 years	(1.0% - 7.7%)
Surface - Sealed Roads	1 - 18 years	(5.6% - 100%)
Surface - Unsealed Roads	40 years	(2.5%)
Kerb & Channelling	50 years	(2%)
Footpaths Base and Surface	40 years	(2.5%)
Culverts	50 - 100 years	(1% - 2%)
Traffic Signs	10 years	(10%)
Street Lights	20 years	(5%)
Street Light Poles	40 years	(2.5%)
Bridges	50 - 150 years	(0.7% - 2%)
Water Races - Structure	30 - 122 years	(0.8% - 3.3%)
Water Races - Race	Not depreciated	
Land Drainage - Structure	9 - 100 years	(1% - 11%)
Land Drainage - Drain	Not depreciated	
Water supplies		
Wells	40 years	(2.5%)
Pump Stations	10 - 100 years	(1% - 10%)
Reservoirs	50 - 75 years	(1.3% - 2%)
Valves Service Connections	20 - 50 years	(2% - 5%)
Pipes & Fire Hydrants	33 - 75 years	(1.3% - 3%)
Sewerage Systems		
Manholes	75 years	(1.3%)
Pipes	50 - 75 years	(1.3% - 2%)
Pump Stations	10 - 100 years	(1% - 10%)
Sewerage Treatment Stations	10 - 75 years	(1.3% - 10%)
Service Connection	75 years	(1.3%)

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

Selwyn Investment Holdings Limited

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

SICON Limited (SICON)

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

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

Selwyn Plantation Board Ltd (SPBL)

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

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

KB Irrigation Limited (KB Irrigation)

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

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

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

Buildings	13.8 - 33.3 years	(3% - 7%)
Plant & Machinery	1.5 - 50 years	(2% - 67%)
Motor Vehicles	3.5 - 7.5 years	(13.5% - 25.2%)
Furniture & Fittings	1.5 - 11.5 years	(8.5% - 67%)
Computer Equipment	2 - 3.3 years	(30% - 48%)

Revaluation

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

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

Farm land

Farm land is revalued annually at fair value as determined from market-based evidence by an independent valuer. The valuation of Selwyn District Council's farm land was performed by EM Saunders FNZIV, FPINZ Registered Valuer of Ford Baker Limited and the valuation is effective as at 30 June 2009. The valuation of SPBL was performed by Property Advisory Ltd, Registered Valuers and the valuation is effective as at 30 June 2009.

Other land and buildings

Other land and buildings are valued on a three yearly basis at fair value as determined from market-based evidence by an independent valuer. The most recent valuation of Selwyn District Council, KB Irrigation and SICON was performed by R O Chapman B Com (VPM) SPINZ (ANZIV) AREINZ MIPMV Registered Valuer and S E J Newberry B Com (VPM) SPINZ (ANZIV) Registered Valuer of Ford Baker Limited and the valuation is effective as at 30 June 2007. The most recent valuation of SPBL was performed by Property Advisory Ltd, Registered Valuers and the most recent valuation is effective as at 30 June 2009.

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 valued as at 30 June 2008 by Mike Trapper (BE (Elec), MPINZ) who is a senior valuer with Beca Valuation Ltd. Water, sewerage, stormwater, land drainage and water race assets were valued as at 30 June 2008 by John Vessey (BE (Civil), BA (Econs) Transitional Certificate (Econs), MIPENZ a partner of Opus International Consultants Limited.

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 revalued.

Accounting for revaluations

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

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

Non-current assets held for sale

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

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

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

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

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

Investment property

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

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

After initial recognition, Selwyn District Council measures all investment property at fair value as determined annually by an independent valuer. The most recent valuations were performed by S E J Newberry B Com (VPM) SPINZ (ANZIV) Registered Valuer of Ford Baker Limited and Marius Ogg ANZIV, SPINZ a Registered Valuer from CB Richard Ellis Limited and the valuations are effective as at 30 June 2009.

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

Development property

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

Forestry assets

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. The Selwyn District Council forest was independently revalued as at 30 June 2009 by Terry O'Neill, Qualified Forester. The SPBL forest is independently revalued every three years with the most recent valuation being effective as at 30 June 2009 and completed by PF Olsen Ltd. The forest was revalued as at 30 June 2008 pursuant to a Directors' valuation.

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

Intangible assets

Goodwill

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

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

Software acquisition

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

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

Amortisation

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

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

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

Mining Licences

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

Amortisation

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

Amortisation begins from acquisition date and ceases at the date that the licence is derecognised. The amortisation charge for each period is recognised in the statement of financial performance.

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

Haast	33 years
Paringa	31.42 years
Caravan Knob	39.33 years
Whataroa	31.42 years

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

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

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

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

Goods and services tax (GST)

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.

Creditors and other payables

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

Borrowings

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

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

Employee benefits

Short-term benefits

Employee benefits that Selwyn District Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, bonus accruals and sick leave.

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

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

Long-term benefits

Long service leave and retirement leave

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

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

Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

Selwyn District Council, SPBL and SICON 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

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

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

Landfill aftercare provision

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

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

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

Restricted and council created reserves

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

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

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

Selwyn District Council objectives, policies and processes for managing capital are described in note 39.

Leases

Finance leases

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

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

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

Operating leases

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

Budget figures

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

Cost allocation

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

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

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

Critical accounting estimates and assumptions

In preparing these financial statements Selwyn District Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Other Financial Assets - Fair Value Through Equity

There are assumptions and estimates used when performing valuations of investments about the future maintainable earnings of investments and the earnings multiple used in these valuations. Experienced valuers perform the valuation of Selwyn District 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 Selwyn District Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Selwyn District Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- ▶ Estimating any obsolescence or surplus capacity of an assets; and
- ▶ Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be 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 statement of financial performance. To minimise this risk Selwyn District Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Selwyn District Council's asset management planning activities, which gives Selwyn District Council further assurance over its useful life estimates.

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

Provisions

Note 24 comments on the exposure of SPBL in relation to the estimates and uncertainties surrounding the Bankside provision.

Forest valuation

The forest valuation is calculated based on assumptions of current costs and revenues discounted to present value. The valuation conforms with NZ IAS 41 Agriculture.

Note 1. Summary cost of services

	Council 2009 \$000	Council Budget \$000	Council 2008 \$000
Income			
Democracy	397	381	463
Community services and other activities	5,009	5,631	8,500
Environmental services	2,505	4,237	3,196
Transportation and townships	6,739	6,238	8,694
Waste management	3,351	3,520	3,098
Waste water services	4,463	5,776	12,327
Water supplies	5,185	5,309	6,447
Izone southern business hub	8,174	8,925	8,830
Total activity income	35,823	40,017	51,555
Less internal revenue	-	-	(1,355)
General rates	8,407	8,176	7,918
Rates penalties	175	100	171
Other corporate revenue	7,180	7,720	7,205
Total income	51,585	56,013	65,494
Expenditure			
Democracy	2,487	2,433	2,391
Community services and other activities	8,128	8,114	7,165
Environmental services	6,927	8,008	6,557
Transportation and townships	15,704	13,265	13,190
Waste management	3,188	3,782	2,843
Waste water services	4,371	4,522	3,830
Water supplies	5,374	5,694	5,389
Izone southern business hub	2,244	1,883	4,599
Other corporate expenditure	547	1,535	776
Total activity expenditure	48,970	49,236	46,740
Less internal expenditure	-	-	(1,355)
Total operating expenditure	48,970	49,236	45,385

Each significant activity includes targeted rates attributable to a particular activity (refer to note 2). Other corporate revenue includes income sources which are not directly attributable to a significant activity, for example dividends and interest. Other corporate revenue is included in the support services cost statement (refer page 113). Explanations for significant income and expenditure variances compared with the budget and previous year are provided for each activity in section 7 of the annual report (how we performed).

Note 2. Rates revenue

	Council Actual 2009 \$000	Council Actual 2008 \$000	Group Actual 2009 \$000	Group Actual 2008 \$000
General rates	8,407	7,918	8,337	7,834
Rates penalties	175	171	175	171
Targeted rates				
Democracy	393	424	393	424
Community services and other activities	2,297	2,040	2,297	2,040
Waste management	2,690	2,368	2,690	2,368
Waste water services	2,144	1,878	2,144	1,878
Water supplies	3,339	2,753	3,339	2,753
Water meter charges	318	214	318	214
Total rates revenue	19,763	17,766	19,693	17,682

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

- ▶ Community, sporting and other organisations;
- ▶ Sewerage rates for schools;
- ▶ Vacant land;
- ▶ Plunket branches, scout group halls;
- ▶ Masonic lodges;
- ▶ Properties and open space covenants;
- ▶ School and service club endowment land;
- ▶ Land protected for natural, historic or cultural conservation.

The Rates Remission Policy can be found in Volume 2 pages 76 to 80 of the Selwyn Community Plan 2009-2019.

	Council Actual 2009 \$000	Council Actual 2008 \$000	Group Actual 2009 \$000	Group Actual 2008 \$000
Total rates revenue	19,805	17,807	19,739	17,728
Rates remissions				
Sports bodies	20	20	13	13
Churches	18	17	29	29
Other social and cultural organisations	4	4	4	4
Total remissions	42	41	46	46
Rates revenue net of remissions	19,763	17,766	19,693	17,682

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. Other revenue

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Building consents	1,474	2,045	1,474	2,045
Connection and irrigation fees	249	190	249	190
Development contributions	2,897	8,347	2,897	8,347
Dividend revenue	4,309	4,815	4,825	5,088
Dog registration	243	235	243	235
Forest product sales - SPBL	-	-	9,324	13,274
Grants	92	130	92	130
Gravel royalties	81	95	5	(7)
Interest revenue	1,222	1,975	1,917	2,903
New Zealand Transport Agency subsidy	4,811	4,465	4,811	4,465
Leases	234	199	117	90
Lump sum contributions	249	500	249	500
Petroleum tax	155	187	155	187
Rental and hire charges	506	426	522	458
Resource consent fees	611	740	611	740
Vested assets	3,212	11,193	3,212	11,193
Other trading income - Council	2,130	3,484	2,130	3,484
Other trading income - SICON	-	-	30,281	32,193
Other trading income - SPBL	-	-	2,514	1,971
Other trading income - FBL	-	-	18,031	12,378
Other trading income - KB	-	-	10,345	7,259
Total other revenue	22,475	39,026	94,004	107,123

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

Note 4. Other gains/(losses)

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Gain on disposal of property, plant & equip.	8,086	8,779	8,594	8,998
Gain on changes in fair value of forestry	91	(133)	9,091	(153)
Gain on fair value of derivatives	55	56	55	116
Gain on sale of Investments	-	-	-	-
Gain/(loss) on changes in fair value of investment property (note 17)	1,115	-	1,130	-
Other gains/(losses)	-	-	30	-
Land and buildings decrement	-	-	-	-
Total other gains/(losses)	9,347	8,702	18,900	8,961

Note 5. Employee benefit expenses

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Salaries and wages	9,232	8,504	32,429	31,201
Employer contributions to superannuation plans	15	15	176	110
Employer contributions to other plans & benefits	-	-	68	61
Increase/(decrease) in employee liabilities	143	(93)	140	(74)
Total employee expenses	9,390	8,426	32,813	31,298

Note 6. Depreciation and amortisation

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Operational assets (note 19 a & b)	1,836	1,483	6,217	5,628
Infrastructural assets (note 19 c)	11,190	9,172	11,190	9,172
	13,026	10,655	17,407	14,800
Intangible assets (note 21)	127	54	199	121
	13,153	10,709	17,606	14,921
Less capitalised depreciation	-	-	(577)	(868)
	13,153	10,709	17,029	14,053

Note 7. Other expenses

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Impairment of property, plant & equipment	-	-	1,837	200
Impairment of intangible assets	-	-	2,396	603
Provision for Bankside Depot	-	-	621	2,218
Auditors' fee	-	-	-	-
- Audit	129	149	334	332
- IFRS transition audit	-	-	-	2
- LTCCP audit and other work	69	-	69	-
Bad debts written off	11	11	208	123
Cost of production - SPBL	-	-	5,481	8,581
Cost of sales - materials	-	-	19,257	12,076
Directors' and members' remuneration	435	405	931	915
Donations	-	-	20	6
Grants	132	110	132	110
Impairment of trade receivables	-	-	3	(18)
Impairment of other financial assets	72	108	72	108
Lease payments under operating leases	-	-	1,177	1,146
Loss on disposal of assets	230	436	230	760
Plantation expenses	-	-	1,489	827
Refuse contract payments	1,230	1,128	1,230	1,128
Refuse transfer station operations	1,605	1,404	1,605	1,404
Roading	5,770	5,451	5,770	5,451
Valuation services	151	127	151	127
General operating expenses	16,593	16,921	29,944	34,305
Total other expenses	26,427	26,250	72,957	70,404

Note 8. Finance costs

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Interest Expense				
- Bank overdraft	-	-	1,004	-
- Loan interest	-	-	-	868
- Finance lease	-	-	34	52
Revaluation of interest rate swap	-	-	525	-
Total finance costs	-	-	1,563	920

Note 9. Income tax

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Non-deductible expenditure				

Tax expense and accounting profit relationship

Surplus/(deficit) before tax	2,615	20,109	8,235	17,091
Taxation at 30% (2008: 33%)	785	6,636	2,471	5,640
Non-assessable income	(760)	(6,588)	(1,376)	(8,185)
Non-deductible expenditure	-	-	1,347	252
Prior year adjustment	(4)	21	(148)	(173)
De-recognition of future income tax benefit	-	-	(2,198)	1,662
Recognition of tax losses to carry forward	-	-	(29)	-
Deferred tax on removal of timing differences	-	-	(78)	73
Change in tax rate	-	-	-	(55)
Total taxation expense / (credit)	21	69	(11)	(786)

Tax expense components

Current tax expense	40	45	298	493
Prior year adjustments	(4)	21	(2,345)	(173)
Deferred tax expense	(15)	3	2,036	(1,051)
Change in tax rate	-	-	-	(55)
Total taxation expense	21	69	(11)	(786)

Taxation receivable/(provision)

Opening balance 1 July	16	41	4,171	3,357
<i>less</i> Current taxation expense	(40)	(45)	(298)	(493)
<i>less</i> Taxation refund	-	-	(4,246)	(3,373)
Prior period adjustments	4	(21)	(34)	227
<i>plus</i> Taxation paid	24	41	4,884	4,453
Total taxation receivable/(provision)	4	16	4,477	4,171

Deferred tax assets/(liabilities)

	Opening Balance 1 July 2008	Charged to Surplus	Charged to Equity	Closing Balance 30 June 2009
<i>Parent</i>				
Deferred tax liabilities				
Investment property	(78)	7	-	(71)
Property, Plant & Equipment	(9)	8	-	(1)
	(87)	15	-	(72)
Deferred tax assets				
Trade and other payables	-	-	-	-
Employee benefits and other accruals	-	-	-	-
	-	-	-	-
Net deferred tax balance	(87)	15	-	(72)

	Opening Balance 1 July 2007	Charged to Surplus	Charged to Equity	Closing Balance 30 June 2008
<i>Parent</i>				
Deferred tax liabilities				
Investment property	(64)	(14)	-	(78)
Property, Plant & Equipment	(20)	11	-	(9)
	(84)	(3)	-	(87)
Deferred tax assets				
Trade and other payables	-	-	-	-
Employee benefits and other accruals	-	-	-	-
	-	-	-	-
Net deferred tax balance	(84)	(3)	-	(87)

	Opening Balance 1 July 2008	Charged to Surplus	Charged to Equity	Change to Tax rate	Closing Balance 30 June 2009
Group					
Deferred tax liabilities					
Property, Plant & Equipment	(1,885)	(2,670)	(8)	-	(4,563)
Trade and other receivables	(81)	(236)	-	-	(317)
	(1,966)	(2,906)	(8)	-	(4,880)
Deferred tax assets					
Trade and other payables	35	98	-	-	133
Interest rate swap	-	139	-	-	139
Employee benefits and other accruals	1,299	(330)	-	-	969
Benefit of tax losses (future income tax benefits)	1,091	3,224	-	-	4,315
	2,425	3,131	-	-	5,556
Net deferred tax balance	459	225	(8)	-	676

	Opening Balance 1 July 2007	Charged to Surplus	Charged to Equity	Change to Tax rate	Closing Balance 30 June 2008
Group					
Deferred tax liabilities					
Property, Plant & Equipment	(1,948)	(147)	29	181	(1,885)
Trade and other receivables	(234)	139	-	14	(81)
	(2,182)	(8)	29	195	(1,966)
Deferred tax assets					
Trade and other payables	65	(23)	-	(7)	35
Employee benefits and other accruals	578	853	-	(132)	1,299
Benefit of tax losses (future income tax benefits)	914	286	-	(109)	1,091
	1,557	1,116	-	(248)	2,425
Net deferred tax balance	(625)	1,108	29	(53)	459

Imputation credit account balances

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Selwyn Investment Holdings Limited	-	-	8,872	7,463

Note 10. Cash and cash equivalents

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Cash at bank	5,075	1,205	7,532	2,407
Short term deposits (maturity 3 mths or less)	3,005	17,266	3,009	20,277
Total cash and cash equivalents	8,080	18,471	10,541	22,684

Note 11. Debtors and other receivables

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Rates receivables	1,284	1,423	1,284	1,423
Other receivables	1,245	1,452	12,570	9,578
Related party receivables (note 34)	323	184	54	-
Community loans	200	136	200	136
Dividend receivable	2,266	4,661	63	1,984
Sundry debtors & prepayments	2,704	2,339	4,114	3,512
	8,022	10,195	18,285	16,633
/less Provision for impairment	(124)	(27)	(205)	(116)
Total debtors and other receivables	7,898	10,168	18,080	16,517
/less Non-current community loans	(200)	(136)	(200)	(136)
Current portion	7,698	10,032	17,880	16,381

Community loans have been valued at amortised cost which has been used as an approximation of fair value. The face value of community loans is \$226,000 (2008: \$169,000).

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

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

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

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

The status of receivables as at June 2009 and June 2008 is detailed below:

	Council			Council		
	Gross	Impairment	Net	Gross	Impairment	Net
	2009	2009	2009	2008	2008	2008
	\$000	\$000	\$000	\$000	\$000	\$000
Not past due	851	0	851	1,536	0	1,536
Past due 1-30 days	112	0	112	93	0	93
Past due 31-60 days	15	0	15	32	0	32
Past due >61 days	1,551	(124)	1,427	1,214	(27)	1,187
Total	2,529	(124)	2,405	2,875	(27)	2,848

	Group			Group		
	Gross	Impairment	Net	Gross	Impairment	Net
	2009	2009	2009	2008	2008	2008
	\$000	\$000	\$000	\$000	\$000	\$000
Not past due	11,502	(8)	11,494	8,585	-	8,585
Past due 1-30 days	361	-	361	911	-	911
Past due 31-60 days	85	-	85	81	-	81
Past due >61days	1,906	(197)	1,709	1,424	(116)	1,308
Total	13,854	(205)	13,649	11,001	(116)	10,885

As of 30 June 2009 and 2008, all overdue receivables, except for rates receivable, have been assessed for impairment and appropriate provisions applied. The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

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

	Council	Council	Group	Group
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Opening balance 1 July	(27)	(27)	(116)	(166)
Additional provisions	(108)	(11)	(286)	(94)
Receivable written off	11	11	197	144
Closing balance 30 June	(124)	(27)	(205)	(116)

Note 12. Inventory and work in progress

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Gravel Stocks	-	-	939	1,344
Minor Forest Produce	-	-	-	-
Other Direct Materials	-	-	519	446
Stores	-	-	253	337
Finished Goods	-	-	1,161	1,163
Work in Progress	-	-	518	1,874
	-	-	3,390	5,164

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

The write down of inventory is \$148,470 (2008: \$208,554)

Note 13. Livestock (Group)

	2009 Head	2009 \$000	2008 Head	2008 \$000
Sheep				
Opening stock on hand 1 July	11,431	695	8,429	519
Plus purchases and natural increases	20,917	1,722	22,293	1,171
Less sales and deaths	(19,349)	(1,550)	(19,291)	(989)
Other movements	-	554	-	(6)
Closing balance 30 June	12,999	1,421	11,431	695
Cattle				
Opening stock on hand 1 July	1,305	844	775	384
Plus purchases and natural increases	731	737	1,221	736
Less sales and deaths	(697)	(716)	(691)	(503)
Transfer to assets held for sale	-	(396)	-	-
Other movements	-	(19)	-	227
Closing balance 30 June	1,339	450	1,305	844
Total livestock		1,871		1,539

Note 14. Other financial assets

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Current portion				
<i>Loans and receivables</i>				
Short-term deposits (maturity 4-12 mths)	-	2,000	-	2,000
	-	2,000	-	2,000
<i>Fair value through profit & loss</i>				
Interest rate swap	-	-	-	60
Unlisted shares - shareholding	-	-	29	-
	-	-	29	60
<i>Held to maturity</i>				
Government bonds	-	-	-	-
	-	-	-	-
Total current portion	-	2,000	29	2,060
Non-current portion				
<i>Fair value through profit & loss</i>				
Embedded derivatives - Principal	659	604	659	604
Embedded derivatives - Interest	-	-	-	-
	659	604	659	604
<i>Loans and receivables</i>				
Central Plains Water Limited	1,611	1,539	1,611	1,539
less Provision for impairment	(1,611)	(1,539)	(1,611)	(1,539)
	-	-	-	-
<i>Fair value through equity</i>				
Selwyn Investment Holdings Limited	111,000	106,777	-	-
Transwaste (Canterbury) Limited	1,500	1,500	1,500	1,500
Orion Group Limited	-	-	65,270	65,255
Unlisted shares - shareholding	-	-	-	18
	112,500	108,277	66,770	66,773
<i>Held to maturity</i>				
Government bonds	1,962	1,957	1,962	1,957
	1,962	1,957	1,962	1,957
Total non current portion	115,121	110,838	69,391	69,334

The notes below refer to the investment balances above.

a) Selwyn Investment Holdings Limited (SIHL)

Selwyn Investment Holdings Limited (SIHL) has issued but uncalled capital of \$8,151,000 preference shares at 30 June 2009 (2008: \$8,151,000 preference shares).

b) Central Plains Water Limited loan

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

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

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

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

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

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

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

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

Provision for loan write-down.

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

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

c) Transwaste Canterbury Limited (TCL)

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

Note 15. Property held for sale

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Opening balance 1 July	4,567	1,930	5,542	1,930
Transfers from development property	7,138	5,072	7,342	6,047
Transfers to investment property	(7,570)	-	(7,570)	-
Transfers from livestock	-	-	396	-
Transfers from property, plant and equipment	-	-	3,232	-
Disposals	(1,693)	(2,435)	(2,668)	(2,435)
Total non-current assets held for sale 30 June	2,442	4,567	6,274	5,542
<i>Assets held for sale consists of:</i>				
Izone Southern Business Hub	2,442	4,567	2,442	4,567
Residential subdivisions	-	-	-	-
Property, plant and equipment	-	-	3,232	-
Livestock	-	-	396	-
Farm land	-	-	-	975
	2,442	4,567	6,070	5,542

Note 16. Investments in associates

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

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Central Plains Water Trust	-	-	-	-
	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Assets	312	236	312	236
Liabilities	303	227	303	227
Net assets	9	9	9	9
Revenue	58	93	58	93
Surplus/(deficit)	-	4	-	4
Council's interest	50%	50%	50%	50%

The Trust has no contingent liabilities at 30 June 2009 (2008 \$nil).

Note 17. Investment property

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Opening balance 1 July	565	565	-	-
Additions	7,570	-	7,570	-
Disposals	-	-	-	-
Fair value gains/(losses) on valuation*	1,115	-	1,130	-
Closing balance 30 June	9,250	565	8,700	-

* Refer to note 4

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Rental Income	44	44	-	-
Expenses from investment property generating income	1	1	-	-
Expenses from investment property not generating income	10	-	10	-
Contractual obligations for capital expenditure	-	-	-	-
Contractual obligations for operating expenditure	-	-	-	-

Selwyn District Council's investment property is valued annually at fair value effective 30 June. The valuations were performed by S Newbury, B Com (VPM), SPINZ (ANZIV), a Registered Valuer from Ford Baker Valuations Ltd, Christchurch and Marius Ogg ANZIV, SPINZ a Registered Valuer from CB Richard Ellis Limited.

Note 18. Forestry assets

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Opening balance 1 July	118	338	10,298	10,538
Increases due to purchases	-	-	-	-
Gains attributable to physical changes	22	-	3,212	1,960
Gains/(losses) from changes in fair value less point of sale costs	69	(133)	3,609	(793)
Gains attributable to yield changes	-	-	2,010	-
Revaluation	-	-	1,150	-
Decreases due to sales	-	-	-	-
Decreases due to harvest	-	(87)	(890)	(1,407)
Closing balance 30 June	209	118	19,389	10,298

Selwyn Plantation Board Ltd (SPBL) has a net stocked area of 4,883 ha (2008: 5,193 ha), made up of Radiata at 4,185 ha (2008: 4,405 ha) and Douglas fir at 698 ha (2008: 788 ha). Independent registered valuers PF Olsen Ltd have valued forestry assets at 30 June 2009. The same valuation methodology was used for a Directors valuation as at 30 June 2008 based on an update supplied by PF Olsen Ltd.

Financial Risk Management Strategies

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

Note 19. Property, plant and equipment

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Operational assets (note 19 a & b)	130,091	127,642	198,952	203,334
Infrastructural assets (note 19 c)	560,794	558,267	560,794	558,267
Total property, plant and equipment	690,885	685,909	759,746	761,601

(a) Operational Assets - Parent

	Land \$000	Farm land \$000	Buildings \$000	Heritage Assets \$000	Plant and Machinery \$000	Library Books \$000	Work in Progress \$000	Total \$000
Gross carrying amount:								
Balance at 1 July 2007	80,128	3,846	19,069	357	7,163	1,572	10,036	122,171
Additions	3,078	-	6,215	-	1,283	137	2,321	13,034
Disposals	(1,113)	-	-	-	(105)	-	-	(1,218)
Impairment	-	-	-	-	-	-	-	-
Net revaluation increase/(decrease)	-	508	-	-	-	-	-	508
Transfers	(193)	193	9,915	-	6	-	(9,921)	-
Transfers to development property	-	-	-	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-	-	-	-
Balance at 30 June 2008	81,900	4,547	35,199	357	8,347	1,709	2,436	134,495
Additions	2,161	-	661	-	1,207	151	1,822	6,002
Disposals	(577)	-	(114)	-	(117)	-	-	(808)
Impairment	-	-	-	-	-	-	-	-
Net revaluation increase/(decrease)	-	(460)	-	-	-	-	-	(460)
Transfers	573	-	71	-	1,063	-	(1,697)	10
Transfers to development property	(532)	-	-	-	-	-	-	(532)
Transfers to assets held for sale	-	-	-	-	-	-	-	-
Balance at 30 June 2009	83,525	4,087	35,817	357	10,500	1,860	2,561	138,707
Accumulated depreciation:								
Balance at 1 July 2007	-	-	-	(20)	(4,298)	(1,105)	-	(5,423)
Disposals	-	-	-	-	53	-	-	53
Net adjustments on asset revaluation	-	-	-	-	-	-	-	-
Depreciation expense	-	-	(597)	(5)	(754)	(127)	-	(1,483)
Balance at 30 June 2008	-	-	(597)	(25)	(4,999)	(1,232)	-	(6,853)
Disposals	-	-	2	-	71	-	-	73
Net adjustments on asset revaluation	-	-	-	-	-	-	-	-
Depreciation expense	-	-	(913)	(14)	(762)	(147)	-	(1,836)
Balance at 30 June 2009	-	-	(1,508)	(39)	(5,690)	(1,379)	-	(8,616)
Net carrying amount at 30-Jun-08	81,900	4,547	34,602	332	3,348	477	2,436	127,642
Net carrying amount at 30-Jun-09	83,525	4,087	34,309	318	4,810	481	2,561	130,091

(b) Operational Assets - Group

	Land \$000	Farm land \$000	Buildings \$000	Heritage Assets \$000	Plant and Machinery \$000	Library Books \$000	Work in Progress \$000	Total \$000
Gross carrying amount:								
Balance at 1 July 2007	97,486	34,743	24,164	357	32,179	1,572	10,162	200,663
Additions	3,078	4,576	9,241	-	11,533	137	2,776	31,341
Disposals	(1,448)	(2,476)	(346)	-	(1,625)	-	-	(5,895)
Impairment	-	-	-	-	(200)	-	-	(200)
Net revaluation increase/(decrease)	(2,040)	2,489	(207)	-	-	-	-	242
Transfers	(193)	193	9,975	-	5	-	(9,981)	(1)
Transfers to development property	-	-	-	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-	-	-	-
Balance at 30 June 2008	96,883	39,525	42,827	357	41,892	1,709	2,957	226,150
Additions	2,161	1,331	1,388	-	7,248	151	2,366	14,645
Disposals	(577)	(2,634)	(818)	-	(4,055)	-	-	(8,084)
Impairment	-	-	-	-	(201)	-	-	(201)
Net revaluation increase/(decrease)	(7,162)	545	(69)	-	-	-	-	(6,686)
Transfers	573	-	861	-	1,063	-	(2,487)	10
Transfers to development property	(532)	-	-	-	-	-	-	(532)
Transfers to assets held for sale	-	-	-	-	-	-	-	-
Balance at 30 June 2009	91,346	38,767	44,189	357	45,947	1,860	2,836	225,302
Accumulated depreciation:								
Balance at 1 July 2007	-	-	(188)	(20)	(17,037)	(1,105)	-	(18,350)
Disposals	-	-	2	-	1,114	-	-	1,116
Net adjustments on asset revaluation	-	-	46	-	-	-	-	46
Depreciation expense	-	-	(963)	(5)	(4,533)	(127)	-	(5,628)
Balance at 30 June 2008	-	-	(1,103)	(25)	(20,456)	(1,232)	-	(22,816)
Disposals	-	-	27	-	2,610	-	-	2,637
Net adjustments on asset revaluation	-	-	46	-	-	-	-	46
Depreciation expense	-	-	(1,426)	(14)	(4,630)	(147)	-	(6,217)
Balance at 30 June 2009	-	-	(2,456)	(39)	(22,476)	(1,379)	-	(26,350)
Net carrying amount at 30-Jun-08	96,883	39,525	41,724	332	21,436	477	2,957	203,334
Net carrying amount at 30-Jun-09	91,346	38,767	41,733	318	23,471	481	2,836	198,952

The net carrying amount of plant and equipment held under finance leases is \$659,377 (2008: \$707,164).

There is no property, plant and equipment whose title is restricted.

(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 2007	301,803	46,321	7649	52,754	23,021	34,280	3,755	1,523	471,106
Additions	9,711	2,017	3552	2,454	7	11	53	856	18,661
Disposal	-	-	-	-	-	-	-	-	-
Net revaluation increase/(decrease)	63,662	692	227	1,119	1,209	1,851	-	-	68,760
Transfers	47	153	-	-	-	-	-	(200)	-
Balance at 30 June 2008	375,223	49,183	11,428	56,327	24,237	36,142	3,808	2,179	558,527
Additions	9,493	828	608	1,001	-	14	141	1,692	13,777
Disposal	(50)	-	-	-	-	-	-	-	(50)
Net revaluation increase/(decrease)	-	-	-	-	-	-	-	-	-
Transfers	1,207	230	-	846	-	-	-	(2,293)	(10)
Balance at 30 June 2009	385,873	50,241	12,036	58,174	24,237	36,156	3,949	1,578	572,244
Accumulated depreciation:									
Balance at 1 July 2007	(10,399)	-	-	-	-	-	(150)	-	(10,549)
Net adjustments on asset revaluation	16,339	1,338	185	1,253	36	310	-	-	19,461
Net adjustments on impairment	-	-	-	-	-	-	-	-	-
Depreciation expense	(5,940)	(1,338)	(185)	(1,253)	(36)	(310)	(110)	-	(9,172)
Balance at 30 June 2008	-	-	-	-	-	-	(260)	-	(260)
Net adjustments on asset revaluation	-	-	-	-	-	-	-	-	-
Net adjustments on impairment	-	-	-	-	-	-	-	-	-
Depreciation expense	(7,762)	(1,420)	(225)	(1,306)	(38)	(327)	(112)	-	(11,190)
Balance at 30 June 2009	(7,762)	(1,420)	(225)	(1,306)	(38)	(327)	(372)	-	(11,450)
Net carrying amount at 30-Jun-08	375,223	49,183	11,428	56,327	24,237	36,142	3,548	2,179	558,267
Net carrying amount at 30-Jun-09	378,111	48,821	11,811	56,868	24,199	35,829	3,577	1,578	560,794

There has been no impairment of infrastructural assets in 2009 (2008: nil).

Note 20. Development property

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

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Opening balance 1 July	3,545	3,597	3,545	3,597
Transfers from property, plant and equipment	532	-	532	-
Additions	11,746	5,020	11,746	5,020
Transfers to assets held for sale	(7,138)	(5,072)	(7,138)	(5,072)
Total development property 30 June	<u>8,685</u>	<u>3,545</u>	<u>8,685</u>	<u>3,545</u>
<i>Development property consists of:</i>				
Izone Southern Business Hub	8,685	3,545	8,685	3,545
Other industrial land	-	-	-	-
Residential land	-	-	-	-
	<u>8,685</u>	<u>3,545</u>	<u>8,685</u>	<u>3,545</u>

Note 21. Intangible assets

	Council Computer Software \$000	Group Computer Software \$000	Council & Group Mining \$000	Council & Group Goodwill \$000	Council & Group Total \$000
Opening Cost at 1 July 2008	495	833	500	2,999	4,332
Accumulated amortisation/impairment	(169)	(417)	(12)	(603)	(1,032)
Opening balance at 1 July 2008	326	416	488	2,396	3,300
Additions	25	52	8	-	60
Amortisation charge/impairment	(127)	(183)	(15)	(2,396)	(2,594)
Impairment	-	-	-	-	-
Disposals	-	-	-	-	-
Closing balance at 30 June 2009	224	285	481	-	766
Closing cost at 30 June 2009	520	885	508	2,999	4,392
Accumulated amortisation/impairment	(296)	(600)	(27)	(2,999)	(3,626)
Closing balance at 30 June 2009	224	285	481	-	766

	Council Computer Software \$000	Group Computer Software \$000	Group Mining \$000	Group Goodwill \$000	Group Total \$000
Opening Cost at 1 July 2007	381	678	-	1,646	2,324
Accumulated amortisation/impairment	(115)	(308)	-	-	(308)
Opening balance at 1 July 2007	266	370	-	1,646	2,016
Additions	114	155	500	1,353	2,008
Amortisation Change	(54)	(109)	(12)	-	(121)
Impairment	-	-	-	(603)	(603)
Disposals	-	-	-	-	-
Closing balance at 30 June 2008	326	416	488	2,396	3,300
Closing cost	495	833	500	2,999	4,332
Accumulated amortisation/impairment	(169)	(417)	(12)	(603)	(1,032)
Closing balance at 30 June 2008	326	416	488	2,396	3,300

During the year, Selwyn District Council group assessed the recoverable amount of goodwill which arises from consolidation of the group's financial position, and determined that there has been an impairment of \$2,369,000 (2008: \$603,000).

Note 22. Creditors and other payables

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Creditors	4,767	3,296	13,051	10,744
Deposits, retentions and accrued expenses	3,549	4,800	3,763	4,807
Amounts due to related parties	1,167	1,634	-	-
Rates in advance	133	108	133	108
Interest rate swap	-	-	465	-
Dividends payable	-	-	-	59
Total trade and other payables	9,616	9,838	17,412	15,718

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 23. Employee benefit liabilities

	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Accrued wages and salaries	77	34	695	1,052
Annual leave	627	549	2,303	2,172
Provision for long service leave	114	97	233	215
Provision for retirement gratuities	80	75	166	175
Provision for sick leave	12	12	115	98
Total employee benefit liabilities	910	767	3,512	3,712
Comprising:				
Current	796	670	3,242	3,438
Non-current	114	97	270	274
Total employee benefit liabilities	910	767	3,512	3,712

Note 24. Other provisions

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
<i>Current provisions are represented by:</i>				
Maintenance Provision	-	-	124	136
Bankside Depot	-	-	1,169	2,217
Total current provisions	-	-	1,293	2,353

Non-current provisions are represented by:

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Landfill provision	334	322	334	322
Total non-current provisions	334	322	334	322

Council and group

	Landfill 2009 \$000	Landfill 2008 \$000	Maintenance Costs 2009 \$000	Maintenance Costs 2008 \$000	Bankside Depot 2009 \$000	Bankside Depot 2008 \$000
Opening balance 1 July	322	309	136	89	2,217	-
Additional provisions made during the year	12	13	250	76	621	2,217
Amounts used during the year	-	-	(262)	(29)	(1,669)	-
Closing balance 30 June	334	322	124	136	1,169	2,217

Council

The landfill provision reflects the cost of closing and rehabilitating the Killinchy and Hawkins landfills and was initially recognised as a current liability of \$300,000 at 30 June 2002. With the introduction of NZ IFRS the landfill provision was reclassified as a non current provision with no expenditure being charged against the provision in 2009 (2008: nil).

Group

In general SICON 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 2009 is \$48,335 (2008: \$115,160).

SPBL owns the Bankside Fuel Depot. This large pit was constructed during World War II and is of historical interest. In February 2008 the New Zealand Historic Places Trust was successful in registering the Bankside Fuel Depot as a Category 2 Site.

The Fuel Depot has been used as a rubbish dump (by unknown parties and not SPBL) for a range of items. The Company commenced this cleanup in late 2008 and has spent \$1.7 million up to 30 June.

SPBL has detailed costings on completing the cleanup. Some funding has been received from Ministry for the Environment and ECAN towards this however SPBL has ended up bearing the majority of any costs incurred and provided for an extra \$620,569 in this period's accounts. The actual cost of the remedial work could be more or less than the amount provided for.

Note 25. Borrowings

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Current				
Bank overdraft	-	-	4,674	2,069
Secured loans	-	-	1,940	2,739
Finance lease liabilities	-	-	104	237
Total current borrowings	-	-	6,718	5,045
Non-current				
Secured loans	-	-	4,911	4,428
Finance lease liabilities	-	-	186	341
Total non-current borrowings	-	-	5,097	4,769

SICON Limited

Overdraft

The overdraft facility is secured by debenture. The maximum amount that can be drawn down against the overdraft facility is \$50,000 (2008: \$50,000). There are no restrictions on the use of this facility.

Working Capital

Drawdowns are made on an overnight call basis, with an expiry date of 22 November 2011. There is a maximum limit of \$3.6m (2008: \$3.6m). Interest is charged at the Prime Base Rate prevailing at the date of drawdown plus a margin of 0.65%.

Term Loans

\$775,000 term loan raised on 24 September 2006 with closing balance of \$240,322 (2008: \$454,390). Interest and principal are payable monthly. Expiry date is 24 September 2009 and the current interest rate is 8.70% (2008: 8.20%).

Finance Leases

SICON Limited has entered into finance leases for various items of plant and equipment. The net carrying amount of the leased items is included under property, plant and equipment note (note 19).

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

Security

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

KB Irrigation Limited

KB Irrigation has an Interchangeable banking facility with the ANZ National Bank Limited that includes an overdraft facility/ foreign currency account overdraft facility / flexible credit facility/ documentary credit/ documents surrendered facility.

This facility has a maximum limit of \$1,100,000 (2008:\$900,000). The interest rate during the period was 8.3% (2008: 12.65%). This facility has a general security agreement over all the assets and undertaking of KB Irrigation Limited.

Ferguson Brothers Limited

Ferguson Brothers has an Interchangeable banking facility with the ANZ National Bank Limited that includes an overdraft facility / flexible credit facility/ documentary credit/ documents surrendered facility. This facility has a maximum limit of \$1,200,000 (2008: \$1,200,000). The interest rate during the period ranged between 10.15% and 12.65% (2008: 12.65%). This facility has a general security agreement over all the assets and undertaking of Ferguson Brothers Limited.

Analysis of Finance Lease

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
<i>Present value of minimum future lease payments</i>				
No later than 1 year	-	-	104	237
Later than 1 year but not later than 5 years	-	-	186	341
Later than 5 years	-	-	-	-
	-	-	290	578
<i>made up of:</i>				
Current Borrowings	-	-	104	237
Non-Current Borrowings	-	-	186	341
	-	-	290	578
<i>Minimum future lease payments</i>				
No later than 1 year	-	-	128	283
Later than 1 year but not later than 5 years	-	-	204	383
Later than 5 years	-	-	-	-
	-	-	332	666
<i>Minimum Lease Payments</i>	-	-	332	666
Less future finance charges	-	-	(42)	(88)
	-	-	290	578

Note 26. General funds

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Opening balance 1 July	541,775	522,870	581,248	563,905
<i>Transfers to:</i>				
Special funds	(8,538)	(24,149)	(8,538)	(24,149)
<i>Transfers from:</i>				
Revaluation reserve on disposal of property, plant and equipment	259	845	278	1,018
Special funds	10,595	22,169	10,595	22,169
Fair value through equity reserve	-	-	-	-
Surplus for the year attributable to parent	2,594	20,040	6,758	18,305
Closing balance 30 June	546,685	541,775	590,341	581,248

Note 27. Fair value through equity reserve

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Opening balance 1 July	47,797	42,145	24,877	18,622
Valuation gains/(losses) taken to equity	4,223	5,652	15	6,255
Transfers to statement of financial performance on disposal	-	-	-	-
Closing balance 30 June	52,020	47,797	24,892	24,877

The balance in this account relates to:

Selwyn Investment Holdings Limited	51,000	46,777	-	-
Transwaste Limited	1,020	1,020	1,020	1,020
Orion Group Limited	-	-	23,872	23,857
	52,020	47,797	24,892	24,877

Note 28. Special funds

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Opening balance 1 July	47,331	45,351	47,331	45,351
Transfers to general funds	(10,595)	(22,169)	(10,595)	(22,169)
Transfers from general funds	8,538	24,149	8,538	24,149
Closing balance 30 June	45,274	47,331	45,274	47,331

Note 29. Asset revaluation reserves

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Opening balance 1 July	188,606	100,722	190,143	102,553
Current year movements	(460)	88,729	(4,197)	88,590
Less tax effect on buildings	-	-	(5)	18
Transfer to general reserves	(259)	(845)	(278)	(1,018)
Closing balance 30 June	187,887	188,606	185,663	190,143

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

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Land and buildings	64,290	64,549	61,100	65,729
Farm land	2,576	3,036	3,542	3,393
Roading	80,001	80,001	80,001	80,001
Water supplies	9,738	9,738	9,738	9,738
Stormwater	734	734	734	734
Sewerage	8,275	8,275	8,275	8,275
Land drainage	3,572	3,572	3,572	3,572
Water races	18,701	18,701	18,701	18,701
	187,887	188,606	185,663	190,143

Note 30. Minority interest

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Opening balance 1 July	-	-	30,696	30,782
Share in surplus	-	-	1,488	(428)
Contributions from minority interest	-	-	-	1,120
Share in dividend	-	-	-	(703)
Share in revaluation movement	-	-	(909)	(75)
Closing balance 30 June	-	-	31,275	30,696

Note 31. Reconciliation of net surplus after tax to net cash flow from operating activities

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Surplus after taxation	2,594	20,040	8,246	17,877
Add /(deduct) non-cash items				
Vested assets revenue	(3,212)	(11,193)	(3,212)	(11,193)
(Gains)/losses on fair value of investment property	(1,115)	-	(1,130)	-
(Gains)/losses on fair value of forestry assets	(91)	220	(9,091)	240
Fair value increase of embedded derivative	(55)	(62)	(55)	(62)
Fair value decrease on community loans	-	-	-	-
Community loan notional interest	-	-	-	-
Depreciation and amortisation	13,153	10,706	17,029	14,050
Impairments	-	-	2,717	803
Provision for loan write down	-	-	-	-
Non current employee benefits	17	4	(4)	4
Non current provisions	12	-	12	-
Movement in provision for doubtful debts	97	-	89	-
Land & buildings revaluation (increment)/decrement	-	-	1,516	-
Net other (gain)/loss	(4)	-	(309)	198
Interest rate swap	-	-	525	(60)
Movement in deferred taxation	(15)	3	(226)	(1,054)
	11,381	19,718	16,107	20,803
<i>Movement in working capital items</i>				
Trade and other receivables	2,404	(2,367)	(1,701)	(1,225)
Income tax receivable	12	-	(305)	(839)
Inventory & work in progress	-	-	1,655	(1,138)
Trade and other payables	(210)	(810)	440	2,057
Employee benefit liabilities	126	(100)	(196)	599
Livestock	-	-	(728)	(636)
	13,713	16,441	15,272	19,621
<i>Items classified as investing activities</i>				
Net gain on sale of property, plant and equipment	(7,856)	(8,343)	(7,856)	(8,343)
Net Cash Flow - Operating Activities	5,857	8,098	7,416	11,278

Note 32. Commitments and operating leases

a) Council

The total funds the Council is committed to spending in the future on maintenance and capital projects is \$22,827,000 (2008 \$21,106,000). Detailed below are the activities in which commitments from 1 July 2009 occur.

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

The Council also has a contract with Transwaste Canterbury Limited for the transport and disposal of refuse. The contact term ends on 30 June 2012 and payments under the contract will be based on waste volumes.

	Within One Year \$000	One to Two Years \$000	Two to Five Years \$000	Total \$000
Maintenance & Operating				
Road Maintenance*	3,896	-	-	3,896
Streetlights	61	-	-	61
Road Marking	227	-	-	227
Piped Water/Sewerage/Water Races *	1,442	-	-	1,442
Reserves*	754	754	-	1,508
Rating Valuations	170	170	14	354
Refuse	686	-	-	686
Refuse - Resource Recovery Park*	169	169	169	507
RH Developments	475	475	950	1,900
Management Plans Reserves	56	-	-	56
Total Operating Commitments	7,936	1,568	1,133	10,637

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

Capital	Within One Year \$000	One to Two Years \$000	Two to Five Years \$000	Total \$000
RD Hughes Developments - Designline Building	519	-	-	519
RD Hughes Developments - PGGW Building	9,909	-	-	9,909
Izone construction				-
- Independent Line Services	115	-	-	115
- BG Contracting	813	-	-	813
- Spunlite Poles	15	-	-	15
- Rockgas	54	-	-	54
- McLenghan Contracting	166	-	-	166
Lincoln Community Centre - Vege block	96	-	-	96
Lincoln Playcentre	9	-	-	9
Rolleston HQ carpark	41	-	-	41
Gould Road kerb & channel	179	-	-	179
Rolleston Tennis & Netball courts	72	-	-	72
Darfield Recreation Centre showers etc	202	-	-	202
	12,190	-	-	12,190

Operating leases as lessor

The Council leases four properties under operating leases. Three of these properties have a non-cancellable term of 3 years and the fourth property has a non-cancellable term of 15 years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Not later than one year	906	118	788	-
Later than one year and not later than five years	3,152	118	3,152	-
Later than five years	7,880	-	7,880	-
Total non-cancellable operating leases	11,938	236	11,820	-

No contingent rents have been recognised in the statement of financial performance during the period.

b) Group

The Council's subsidiaries have the following lease commitments at balance date (2008 \$3,221,040). These commitments exclude any commitments between the Council and subsidiaries:

	Parent 2009 \$000	Parent 2008 \$000	Group 2009 \$000	Group 2008 \$000
Not later than one year	-	-	1,228	1,181
Later than one year and not later than five years	-	-	1,654	1,799
Later than five years	-	-	24	241
Total non-cancellable operating leases	-	-	2,906	3,221

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The Council's subsidiaries have capital commitments as at 30 June 2009 for the purchase of property, plant and equipment of \$88,900 (2008: \$1,225,000).

Note 33. Contingent liabilities and contingent assets

a) General

- i) A problem was identified with the concrete components of the Resource Recovery Park in the 2006/07 financial year. The issues are now being resolved and a contract was let in April 2009 for remedial works that means there will be no significant reduction in the useful life of the facility.
- ii) The Council has a contingent liability in respect of a guarantee that it has provided for a bank loan to a sports club. The loan is for 15 years and has a value of \$105,000. There is currently no indication that the guarantee will be called.
- iii) The Council has received two weather-tightness claims. The outcome of these claims is uncertain and the Council has not made any provision in respect of the claims.
- iv) The Council has no contingent assets at 30 June 2009 (2008: Nil).

b) Landfills located within Selwyn district

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

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

c) Group

The Selwyn District Council has no contingent assets as at 30 June 2009 (2008: nil).

KB Irrigation Limited has no contingent liabilities as at 30 June 2009 (2008: there was a note in relation to a work place accident resulting in a death of an employee).

Selwyn Plantation Board Limited has no contingent liabilities as at 30 June 2009 (2008: nil).

Selwyn District Council is a participating employer in the National Provident Fund's Defined Benefit Plan Contributors' Scheme (the Scheme) which is a multi-employer defined benefit scheme. If all the other participating employers ceased to participate in the Scheme, Selwyn District Council could be responsible for the entire deficit of the Scheme. Similarly if a number of employers ceased to participate in the Scheme, Selwyn District Council could be responsible for an increased share of the deficit.

The fund has advised that insufficient information is available to use defined benefit accounting as it is not possible to determine, from the terms of the scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

As at 31 March 2008 the scheme has an estimated past service surplus of \$28.3 million (9.9% of the estimated liabilities). This amount is exclusive of specified superannuation contribution withholding tax. This surplus was calculated by the actuary to the scheme using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19: Employee Benefits. The actuary to the scheme has recommended the employer contribution reduces from 2 times contributor's contributions to 1.0 times contributor's contributions. The 1 times is inclusive of specified superannuation contribution withholding tax. The equivalent information as at 31 March 2009 is not available at the date of preparation of these financial statements.

From time to time SICON Limited and Ferguson Brothers Limited have performance bonds and bonds in lieu of retention to third parties. \$1,743,799 (2008: \$1,544,321) was committed to as at 30 June 2009.

Note 34. Related party transactions

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

a) *Selwyn Plantation Board Ltd*

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

The Council received money for:

	2009 \$000	2008 \$000
▶ Rates	66	80
▶ Water connections	-	1
▶ Other	20	10

There were no balances outstanding at 30 June 2009 (2008: Nil)

The Council paid for:

	2009 \$000	2008 \$000
▶ Chemical cleanup	-	-
▶ Hire and survey services	-	-
▶ Land clearing	-	-
▶ Fire fighting	63	4

There was \$71,307 outstanding at 30 June 2009 (2008: Nil).

b) SICON Limited

The Council entered into normal commercial transactions with SICON Limited:

The Council:

	2009	2008
	\$000	\$000
▶ Received payment for rates, royalties and leases	287	215
▶ Paid for contract services	10,911	11,769
▶ At balance date Council owed	1,167	1,633
▶ At balance date Council was owed	20	9

c) Selwyn Investment Holdings Limited (SIHL)

The Council received revenue from SIHL for:

	2009	2008
	\$000	\$000
▶ Dividends	4,203	4,661

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

	2009	2008
	\$000	\$000
▶ Accounts paid on SIHL's behalf	249	147
▶ Dividend payable	2,203	4,661

d) Central Plains Water Trust

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

The Council makes payments to suppliers on behalf of the Trust who then reimburse the Council. These payments total \$45,573 for the reporting period (2008: \$74,869). The Council is owed \$40,393 at balance date (2008: \$1,340).

e) Elected members and key management

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

- ▶ Councillor Jack Percy is part owner of a business from which the Council purchased goods and services totalling \$13,428 (2008: \$30,251).
- ▶ The following elected members entered into transactions with the Council for less than \$1,000. These transactions relate primarily to building and resource consent applications and small asset purchases:

- i. Mayor Kelvin Coe
- ii. Councillor Gary Doyle
- iii. Councillor Annette Foster
- iv. Councillor Debra Hasson
- v. Councillor Paul Stewart

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

Key management personnel compensation

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

	Council & Group 2009 \$000	Council & Group 2008 \$000
Salaries and other short term benefits	\$1,181	\$1,054
Termination benefits	nil	nil

Note 35. Remuneration

a) *Elected members*

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

	2009 \$	2008 \$
<i>Council</i>		
Mayor Michael McEvedy (to October 2007)	nil	21,328
Mayor Kelvin Coe	78,776	63,298
Councillor Jens Christensen	nil	7,422
Councillor Nigel Barnett	28,191	18,151
Councillor Gary Doyle	27,919	25,307
Councillor Annette Foster	27,919	25,680
Councillor Debra Hasson	30,435	26,548
Councillor Malcolm Lyall	27,919	25,221
Councillor John Morten	33,075	28,807
Councillor Jack Percy	29,406	25,222
Councillor Lindsay Philps	29,976	27,262
Councillor Sarah Walters	27,919	18,151
Councillor Paul Stewart	23,429	25,222
<i>Malvern Community Board</i>		
Chris McSherry (Chairperson to October 2007)	nil	2,736
Ian Warren (Chairperson)	10,443	6,864
Brian Redfern	nil	1,843
Warwick Judd	nil	1,843
Allan Thorne	7,035	6,466
Bob Mugford	7,035	4,623
Annie Smith	7,035	4,623
Mary Ireland	7,035	6,466
<i>Selwyn Central Community Board</i>		
Dorothy Oakley (Chairperson to October 2007)	nil	2,539
Mark Alexander	7,448	6,793
Jeff Bland	7,448	4,896
Joyce Davey	7,448	4,896
Marian Powell	nil	1,898
Bruce Russell (Chairperson)	9,084	7,866

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

	Company	2009 \$	2008 \$
Mayor Kelvin Coe	Selwyn Investment Holdings Limited	nil	6,000
Councillor John Morten	Selwyn Investment Holdings Limited	24,000	9,000
Councillor John Morten	Selwyn Plantation Board Limited	14,250	nil

b) Chief Executive

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

The total remuneration paid to the Chief Executive position was \$230,043 (2008: \$212,187). This included a non taxable allowance of \$536.

c) Severance payments

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

There were two severance payments made during the year of \$5,000 and \$14,000 (2008: three payments of \$29,962, \$25,663, and \$17,625).

Note 36. Construction contracts (Group)

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
<i>For contracts in progress as at 30 June:</i>				
Contract costs incurred	-	-	1,605	2,997
Recognised profits/(losses)	-	-	146	17
Progress billings	-	-	1,643	3,169
Gross amounts due from customers	-	-	769	552
Gross amounts due to customers	-	-	-	-
Advances received	-	-	-	-
Retentions included in progress billings	-	-	158	18

Note 37. Events after balance date

Since balance date, the Council has established borrowing facilities to fund its capital programme. On 1 September 2009 the Council issued a \$5 million bond with a fixed interest rate payable of 6.92% for 5 years. It has also put in place a \$20 million multi-option credit facility for two years.

On 9 September 2009 the Council agreed to provide the following support to the Central Plains Water scheme:

- ▶ the purchase of Christchurch City Council's loan of \$494,000 to Central Plains Water Limited
- ▶ the provision of bridging finance of \$800,000 to Central Plains Water Limited.

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As part of the agreement, Central Plains Water Limited will transfer to the Council right to 1m³ of water.

SICON Limited lost the Timaru Road Maintenance contract, with effect from 1 October 2009. This will result in a loss of revenue of \$3,375,000 and a reduction in profit before tax of \$175,000.

Selwyn Plantation Board Limited's Te Oka property was settled on 3 August 2009. Te Oka's assets of \$3,628,000 are included in the group accounts as property held for sale.

Note 38. Financial instruments

Financial instrument categories

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

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Financial assets				
<i>Fair value through profit & loss</i>				
Embedded derivatives	659	604	659	604
Interest rate swap	-	-	-	60
Unlisted shares	-	-	29	-
Total fair value through profit & loss	659	604	688	664
<i>Loans and receivables</i>				
Cash and cash equivalents	8,080	18,471	10,541	22,684
Debtors and other receivables	7,898	10,168	18,080	16,517
Term deposits	-	2,000	-	2,000
Total loans and receivables	15,978	30,639	28,621	41,201
<i>Fair value through equity</i>				
Selwyn Investment Holdings Limited	111,000	106,777	-	-
Transwaste (Canterbury) Limited	1,500	1,500	1,500	1,500
Orion Group Limited	-	-	65,270	65,255
Unlisted shares	-	-	-	18
Total fair value through equity	112,500	108,277	66,770	66,773
<i>Held to maturity</i>				
Government bonds	1,962	1,957	1,962	1,957
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Creditors and other payables	9,616	9,838	16,947	15,718
Interest rate swap	-	-	465	-
Borrowings				
- bank overdraft	-	-	4,674	2,069
- secured loans	-	-	6,851	7,167
- finance lease liabilities	-	-	290	578
Total financial liabilities at amortised cost	9,616	9,838	29,227	25,532

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's treasury policy provides the parameters for investment and liability management under which the Council must operate.

Market risk

Price risk

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

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. KB Irrigation Limited had outstanding commitments on forward exchange contracts at 30 June 2008 US\$293,000. It had no outstanding commitments at 30 June 2009.

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 Selwyn District Council to fair value interest rate risks. 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 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 Selwyn District Council to fair value interest rate risks.

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.

Maximum exposure to credit risk

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

	Council 2009 \$000	Council 2008 \$000	Group 2009 \$000	Group 2008 \$000
Cash and cash equivalents	8,080	18,471	10,541	22,684
Debtors and other receivables	7,898	10,168	18,080	16,517
Term deposits	-	2,000	-	2,000
Government bonds	1,962	1,957	1,962	1,957
Derivatives	659	604	688	664
Total credit risk	18,599	33,200	31,271	43,822

Credit quality of financial assets

The Selwyn District 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 Selwyn District 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.

Liquidity risk

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

In meeting its liquidity requirements, Selwyn District Council maintains a target level of bank deposits that are on call or short term.

SICON Limited has a total committed cash advance facility of \$3,600,000 (2008: \$3,000,000). KB Irrigation Limited has a total loan facility of \$2,000,000 from Selwyn Investment Holdings Limited. Of this \$1,900,000 (2008: \$1,900,000) has been borrowed by KB Irrigation Limited at balance date. Ferguson Brothers Limited has a total loan facility of \$2,000,000 from Selwyn Investment Holdings Limited. Of this \$1,944,887 (2008: nil) has been borrowed by Ferguson Brothers Limited at balance date. Ferguson Brothers Limited has a flexible credit facility of \$1,500,000.

Contractual maturity analysis on financial liabilities

The table below analyses Selwyn District 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.

	Carrying Amount	Contractual Cash Flows	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
Council 2009					
Creditors and other payables	9,616	9,616	9,616	-	-
Group 2009					
Creditors and other payables	16,947	16,947	16,947	-	-
Bank overdraft	4,674	4,674	4,674	-	-
Secured loans	6,851	6,851	1,940	3,005	1,906
Finance leases	290	332	128	204	-
Council 2008					
Creditors and other payables	9,838	9,838	9,838	-	-
Group 2008					
Creditors and other payables	15,718	15,718	15,718	-	-
Bank overdraft	2,069	2,069	2,069	-	-
Secured loans	7,167	7,167	2,739	4,427	-
Finance leases	578	666	283	383	-

Sensitivity analysis for Interest rate risk

Council

The Council's cash and cash equivalents include deposits at call of \$4,750,000 which are at floating rates. A movement in interest rates of plus or minus 1% has an effect in interest income of \$47,500.

The Council's derivative financial instrument is an embedded derivative within the Government Bond. Under the derivative the value of the bond increases by the rate of the Consumer Price Index (CPI). A 1% movement in the CPI changes the unrealised gain in the value of the derivative by \$26,000. (2008: \$26,000)

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Group

Cash & Cash Equivalents

Cash and cash equivalents include deposits at call totalling \$4,754,000 (2008:\$5,772,000) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$47,540 (2008: \$57,772).

Bank Overdrafts

Bank overdraft/interchangeable facilities totalling \$4,673,532 (2008: \$2,069,164) are at floating interest rates. A movement in interest rates of plus or minus 1% has an effect on interest expense of \$46,674 (2008:\$20,690).

Secured Loans

Secured loans totalling \$6,850,833 (2008: \$7,166,890) are at floating interest rates. A movement in interest rates of plus or minus 1% has an effect on interest expense of \$68,508 (2008: \$71,669).

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 Selwyn Community Plan (LTCCP) 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 LTCCP.

Selwyn District Council has the following council created reserves:

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

Reserves for targeted rate activities are used where surpluses (or deficits) from the 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. The release of these funds generally can only be approved by the Council.

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

Note 40. Funding for depreciation

The Council, in the Selwyn Community Plan (LTCCP) 2006-2016 has recognised the cost of depreciation on all of its assets. In preparing the 2008/2009 budget the Council consulted with its community and decided not to fund depreciation via targeted rates for water and wastewater functions. The decision was made on the basis that many of the district's water and wastewater assets are relatively new, with the ratepayers receiving those services, having either paid lump sum contributions or loan charges for the construction. By paying for depreciation via their rates, those same ratepayers would have been paying for the construction of the asset and replacement of the asset in the future at the same time, which is inequitable. In future, as assets age, ratepayers may decide to pay increased separate rates to fund the replacement of water and waste water systems.

7. How we performed

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

In this section

Activities

- Community Services
- Democracy
- Environmental Services
- Transportation & Townships
- Waste Management
- Waste Water Services
- Water Services
- Internal Council Services
 - Support Services
 - Izone Southern Business Hub and Property Sales



Introduction

For each of its significant activities, the Selwyn District Council set out its intentions for the period under review in the Selwyn Community Plan (LTCCP) 2006-2016 and Annual Budget 2008/09. Significant activities are the areas of the Council's operations where it delivers key services and outputs to ratepayers.

The purpose of this section of the annual report is to report on the degree to which the Council achieved what it set out to do for each significant activity in both financial and non-financial terms.

This section of the annual report provides the following information for each activity:

- ▶ a brief description of the activity, its overall goal and contribution to community outcomes;
- ▶ a statement of service performance that sets how the Council has performed against its non-financial targets for the year;
- ▶ a financial operating statement that shows the revenues and expenditure for the activity and explains variances compared with the budget and the previous year;
- ▶ a capital expenditure statement that sets details the capital expenditure each activity and explains variances compared with the budget and the previous year .

Measurement of progress towards community outcomes

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

The Council published a report on the community's progress towards achieving its community outcomes in June 2009. The summary of progress in that report read as follows:

'This report confirms what local residents already know; Selwyn is a great place to live. We enjoy the benefits of a strong and growing local economy, a clean natural environment, a relatively safe community and the advantage of good transport links around the district and into Christchurch.

There are however some aspects of life in the district where we as a community can do better. Although the rural nature of the district gives us many advantages it also brings some disadvantages. Our access to health and social services is not as good as it should be and is something we need to improve. Also, the provision of recreational and arts and cultural facilities is limited compared with more urban areas. Making progress in these areas presents a challenge for the future.'

The full report is available on the Council's web site. The following section of the annual report includes information on the Council's activities and performance for the year and, where relevant, sets out information on how the activity has contributed towards achieving the community outcomes and the effects of its activities on the well being of the community.

Activity description

This area includes a wide range of activities that help make Selwyn a great place in which to live, work and play. It includes the following:

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

Activity goal

Our goal is to:

- ▶ build strong, safe communities;
- ▶ support local economic prosperity;
- ▶ enhance the natural environment and landscape;
- ▶ enable residents to live healthy and active lives.

The Council contribution to community outcomes

The community services activities contribute to the achievement of the following community 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.

Statement of service performance

The Council's performance against the targets in the Selwyn Community Plan is set out in the table below. The Council achieved four of the six targets set. Library membership continues to grow, although the targets for number of issues per staff member and operating cost per issue were not achieved. This in part reflects the changing nature of the library service. The Council met the two targets covering its Civil Defence activities and its response to the events that occurred during the year demonstrated the effectiveness of this service in action.

The Council's activities have had a positive impact on the social, economic and cultural well-being of the community through the increasing use of public libraries, protection of the community during severe weather and continuing development of reserves to provide recreational opportunities. The June 2009 community outcomes progress report records that:

- ▶ 54% of local people are physically active 5 or more days a week
- ▶ seven new health and social services have been established in the district in the past three years
- ▶ the number of businesses and the number of people working in the district continues to increase
- ▶ 45% of the population are now registered library users.

Service Target	What will the Council do to achieve the target?	How will we know if we have met the target?	Our achievement in 2008/2009
Provide a quality and accessible, yet affordable library service to all residents in the District	<p>The Council operates five libraries at Darfield, Leeston, Lincoln and Rolleston plus the mobile library</p> <p>There are also libraries operated by volunteers at Glentunnel and Tai Tapu</p>	<p>Annual membership numbers increase greater than 5%</p> <p>Annual book issues increase greater than 5%</p> <p>Book issues per staff member to exceed 27,000 per annum</p> <p>Operating cost per book issued not to exceed \$4.40 per book</p>	<p>Achieved Increase in memberships of 6.27%</p> <p>Achieved Increase in annual book issues of 11.44%</p> <p>Not achieved Book issue per staff member 23,620</p> <p>Not achieved Operating cost per book issue \$5.01</p>
Effectively monitor and control rural fire risks	The Council has appointed a Principal Rural Fire Officer, 18 Rural Fire Officers and has three Volunteer Fire Parties to respond to rural fire incidents	Rural fire management meets the requirements of the Forest & Rural Fires Act 1977, the Forest & Rural Fires Regulations 2005 and National Standards (full compliance with legislation and agreed standards)	<p>Achieved During 2008/9 the Council met the full requirements of the Forest and Rural Fires Act Regulations and National Standards.</p> <p>Response capability was maintained through the Principal Rural Fire Officers, 19 Rural Fire Officers and three Volunteer Rural Fire Force Units (West Melton, Arthur's Pass and Lake Coleridge).</p>

Service Target	What will the Council do to achieve the target?	How will we know if we have met the target?	Our achievement in 2008/2009
			The Councils Rural Fire Organisation successfully meet the audit requirements for pumps, waterways equipment, rural fire fighter personal protection equipment and remote weather stations. This audit was carried out by the National Rural Fire Authority 17-18 December 2008.
A District that is able to respond to an emergency situation	The Council will continue to appoint appropriately qualified individuals to its Civil Defence Organisation	Local controllers and key appointments trained to meet the requirements of the Canterbury Group Civil Defence Emergency Management (CDEM) Plan (local controllers and key appointments fully trained)	Achieved The Council met the requirements of the Canterbury Group Civil Defence Emergency Management (CDEM) Plan with appointed and trained local controllers and key staff. <i>See further information below.</i>

The Council's ability to respond to events was tested by two high rainfall events 30 June - 1 August 2008 and 25-26 August 2008 which caused district-wide surface flooding and flooding in the Selwyn River.

All exercises and responses to these events were managed effectively

The Council continues to seek community volunteers and to encourage residents to be able to respond to and recover from disaster events.

Civil defence volunteer numbers continue to decline despite ongoing recruitment programmes.

Volunteer numbers have declined from 60 in 2007 to 53 in 2008 and 39 currently. The main reasons for decline are people leaving the district, retiring or not having the time.

The decline in these volunteers has been partially off-set by involving other community groups which have taken up some of the roles the volunteers were undertaking.

Links have been established with Community Groups and Neighbourhood Support groups for assistance during disaster events

Community Services Activity Operating Statement
Financial summary for the year ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2008	Note Actual 2009 v Budget 2009
Activity revenue					
Targeted rates	2,297	2,250	2,040	1	
Development contributions	1,092	2,134	3,288	2	14
Vested Assets	162	-	680	3	
Other revenue	1,458	1,247	2,492	4	15
Total activity revenue	5,009	5,631	8,500		
Operating expenditure					
Business development/district promotion	358	509	389		
Cemeteries	298	243	310		
Civil defence	203	202	203		
Community centres and facilities	1,048	1,093	916		
Community development	531	561	425		
Elderly housing	25	22	25		
Forestry	28	55	256	5	
Library services	1,340	1,274	1,215		
Medical centres	20	20	16		
Property and buildings	1,180	658	652	6	16
Public toilets	279	278	155		
Recreation reserves	2,137	2,460	1,876	7	17
Rural fire protection	395	310	533		
Safer community council	-	-	-		
Sports and culture grants	60	195	47		
Swimming pools	226	234	147		
Total operating expenditure	8,128	8,114	7,165		
Surplus/(deficit)	(3,119)	(2,483)	1,335		

Community Services Activity Capital Statement

Financial summary for the year ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2009	Note Actual 2009 v Budget 2009
Capital expenditure					
Business development/district promotion	19	20	-		
Cemeteries	-	29	-		
Civil defence	53	70	25		
Community centres and facilities	479	5,666	211	8	18
Library services	616	1,113	141	9	19
Medical centres	184	1,737	1		20
Property and buildings	232	1,071	2,105	10	21
Council headquarters	-	-	5,460	11	
Public toilets	72	396	362	12	22
Recreation reserves	1,976	3,718	1,568	13	23
Rural fire protection	171	230	16		
Swimming pools	51	126	68		
Total capital expenditure	3,853	14,176	9,957		

Financial commentary (actual 2009 compared with 2008)

1. *Targeted rates income* is higher than 2008 due to an increase in the number of rate payers and a \$10 increase in the level of the library rate.
2. *Development contributions revenue* is lower than in 2008 due to a slow down in the level of sub-division activity. This reflects the impact of the international financial conditions that affected the New Zealand economy in 2008/09.
3. *Vested assets revenue* recognises the value of assets installed by land developers that transfer to the Council when a development is complete. Revenue is lower than in 2008 due to a slow down in the level of sub-division activity.
4. *Other revenue* is lower than in 2008 because the 2008 figure included one-off items such as grants, timber sales and funding for the cost of fighting the Summit Road fire.
5. *Forestry expenditure* is lower than in 2008 because the 2008 figure included a write down in the value of the forest by \$220,000. (The value of the forest increased by \$91,000 in 2009.)
6. *Property and building expenditure* is higher than 2008 because it includes the cost of depreciation on the Council's Headquarters building. The cost is \$316,000 per year.
7. *Recreation reserves expenditure* is higher than 2008 due to additional project expenditure on the Prebbleton and Rolleston reserves, including the development of the Rolleston dog park.
8. *Community centres capital expenditure* is higher than 2008 as it includes capital expenditure of \$318,000 on the Greendale Pavilion upgrade.
9. *Libraries capital expenditure* is higher than 2008 as it includes capital expenditure of \$433,000 on the Leeston Library upgrade.

10. *Property and buildings capital expenditure* is lower than 2008 because the 2008 figure included strategic land purchases of \$2 million.
11. *The Council headquarters capital expenditure* is lower than 2008 as the project was completed in 2008.
12. *Public toilets capital expenditure* is lower than in 2008 because the 2008 figure included \$344,000 expenditure on the Arthurs Pass toilet.
13. *Recreation reserves capital expenditure* is higher than in 2008 as it includes \$1.6 million expenditure on the development of the Rolleston reserves.

Financial commentary (actual 2009 compared with budget 2009)

14. *Development contributions revenue* is lower than budgeted due to a slow down in the level of sub-division activity.
15. *Other revenue* is higher than budget in a number of areas including house rental (\$93,000), library fines (\$27,000), sexton fees (\$23,000), camping fees (\$21,000).
16. *Property and building expenditure* is higher than budgeted because it includes the cost of depreciation on the Council's Headquarters building that was not included in the budget.
17. *Recreation reserves expenditure* is lower than budgeted because \$400,000 planned expenditure on the youth parks has been carried forward to the 2010 financial year.
18. *Community centres capital expenditure* is lower than budgeted because the construction of the Lincoln Community Centre is now planned for the 2010 financial year and the planned health and fitness centre in Rolleston was cancelled.
19. *Libraries capital expenditure* is lower than budgeted because the upgrade to the Darfield library is now planned for the 2010 financial year.
20. *Medical centres capital expenditure* is lower than budgeted because the Darfield medical centre is now planned for the 2010 financial year.
21. *Property and building capital expenditure* is lower than budgeted because the Lincoln library is now planned for the 2011 financial year.
22. *Public toilets capital expenditure* is lower than budgeted because the new Springfield toilets are now planned for the 2010 financial year.
23. *Recreation reserves capital expenditure* is lower than budgeted because a number of projects, including the continued development of the Prebbleton reserve and a new gravel reserve, are now planned for completion in the 2010 financial year.

Significant capital expenditure

The significant capital projects during the year were:

- ▶ Development of the Rolleston reserves, including the Brookside Park changing facility - \$1,593,000
- ▶ Development of the Prebbleton reserve, including new lighting - \$299,000
- ▶ Upgrade of the Greendale Pavilion - \$318,000
- ▶ Upgrade of the Leeston library - \$433,000



Activity description

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

Activity goal

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

The Council contribution to community outcomes

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

The Council'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.

▶ Discretionary Fund - wards	\$40,000
▶ Discretionary Fund - the Council	\$15,000
▶ Discretionary Fund - Councillors	\$12,000
▶ Mayoral Fund	\$2,000
▶ Community special events	\$15,000
▶ Local history groups	\$5,000

The Council also budgeted for grants to the following organisations:

▶ Life Education Trust	\$4,000
▶ Community Law Canterbury	\$3,000
▶ Banks Peninsula Trotting	\$2,500
▶ Summit Road Society (Inc)	\$2,000
▶ Summit Road Protection Authority	\$2,040
▶ Waihora Ellesmere Trust	\$20,000
▶ Other minor grants	\$14,000
▶ Local Government NZ Annual Subscription	\$30,000
▶ Lincoln Envirotown Trust	\$30,000

Total budgeted grant funding	\$196,540
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(The total value grants distributed during the 2008/09 financial year was \$204,057)

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	\$232,062
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Statement of service performance

The Council's performance against the targets in the Selwyn Community Plan is set out in the table below. The Council achieved one of the three targets set. The Council fell short of its target to conduct 95% of its business in open meetings due to the number of commercially sensitive items that it dealt with during the year.

Service Target	What will the Council do to achieve the target?	How will we know if we have met the target?	Our achievement in 2008/2009
Ensure all elected members meetings are held in a transparent manner Implement an agreed programme of elected members meetings	All meetings of elected members will be held in compliance with the Local Government (Official Information and Meetings) Act 1987	Conduct less than 5% (by item) of the Council business in a public excluded meeting	Not achieved 22% public excluded meetings Meeting schedule adopted on 26 November 2008
2007/2008 Annual Report prepared	Produce an Annual Report that meets best practice	Prepared within statutory timeframe of 31 October 2008 and with an unqualified opinion	Not achieved Adopted outside statutory timeframe on 5 th November 2008
2009 to 2019 Selwyn Community Plan (LTCCP) prepared.	Produce a document that allows for easy input from ratepayers and residents	Prepared within statutory timeframe of 30 June 2009 and with a minimum of 200 submissions	Achieved Adopted on 24 th June 2009 with 503 submissions

Democracy Activity Operating Statement

Financial summary for the year ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2008	Note Actual 2009 v Budget 2009
Activity revenue					
Targeted rates	393	381	424		
Other revenue	4	-	39		
Total activity revenue	397	381	463		
Operating expenditure					
Mayoral	202	209	168		
Council	1,680	1,651	1,650		
Community boards	158	155	205		
Grants and subscriptions	447	418	368		
Total operating expenditure	2,487	2,433	2,391		
Surplus/(deficit)	(2,090)	(2,052)	(1,928)		



Activity description

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

This activity receives and processes applications for building consents, undertakes the inspection of building works and issues the necessary certificates for building related work.

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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.

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 activities which are being conducted without the appropriate consent.

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.

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.

Activity goal

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

The Council's 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.

Statement of service performance

The Council's performance against the targets in the Selwyn Community Plan is set out in the tables below. The Council did not achieve all of its targets to process consents within target times. With some categories only containing a small number of applications, just a few late applications can have a big impact on the percentage results. Additionally, any time delay in an application being heard in the Environment Court are still counted as 'processing days' when they are outside the control of the Council.

The Council achieved four of its other seven targets. Based on a survey, 78% of applicants were satisfied with the building consent process and 84% with the resource consent process and demonstrates a high level of satisfaction with these services.

The Council's activities have had a positive impact on the environmental well-being of the community with 75% of surveyed residents (as reported in the community outcomes progress report) stating that they believe that the Council has done an adequate or very good job of ensuring that their town has a 'rural character'.

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

The Council will process consents within the timeframes noted below:

Indicator	Quantity Estimate	Quantity Achieved	Working days target	Target within working days	Achieved within working days	Average processing days
Subdivision consents - notified (with hearing)	15	3	70	90%	0%	86.33
Subdivision consents - notified (no hearing)		0	50	90%	N/A	N/A
Subdivision consents - limited notification (with hearing)	4	1	70	90%	0%	77.00
Subdivision consents - limited notification (no hearing)		2	50	90%	50%	53.00
Subdivision consents - non-notified (with hearing)	210	0	40	90%	N/A	N/A
Subdivision consents - non-notified (no hearing)		124	20	90%	81%	19.13
Land use consent - notified (with hearing)	15	11	70	90%	18%	133.18
Land use consent - notified (no hearing)		3	50	90%	67%	48%
Land use consent - limited notification (with hearing)	8	7	70	90%	57%	81.00
Land use consent - limited notification (no hearing)		3	50	90%	67%	46.67
Land use consent - non-notified (with hearing)	275	0	40	90%	N/A	N/A
Land use consent - non-notified (no hearing)		207	20	90%	91%	12.00
Land Information Memoranda	1,600	1232	10	100%	100%	6.00
Property information memoranda	1,800	1208	20	90%	99%	10.00
Building consents	1,800	1712	20	90%	94%	13.00
Building inspections	12,000	8998	2	100%	80%	2.00
Full code of compliance certificates	2,000	1629	20	100%	73%	20.00

Service Target	What will the Council do to achieve the target?	How will we know if we have met the target?	Our achievement in 2008/2009
Applicants for building or resource consents are satisfied with the service	Provide the best possible service to applicants for building and resource consents	Percentage of applicants for building and resource consents who are very satisfied or satisfied is greater than 80. (Based on an independent annual survey of building and resource consent applicants.)	<p>Achieved 84% of resource consent applicants were satisfied or very satisfied</p> <p>Not achieved 78% of building consent applicants were satisfied or very satisfied</p>
Ensure compliance with all relevant legislation and issue licences, where necessary, regarding environmental health, liquor licensing, food quality, and the safety of the community	Inspect all premises registered under the Health Act during the year (approximately 180)	Licences issued in accordance with the prescribed statutory procedures and time limits	<p>Achieved All licences issued following statutory procedures and timeframes.</p> <p>Not achieved Only 94% of premises inspected</p>
	Applications for liquor licences processed (approximately 270 per annum)	All processed within statutory procedures of the Liquor Licensing Act	Not achieved Of 278 licences issued or renewed - 232 (83%) were issued on time (including the 87 special licences)
	Reported notifiable diseases investigated (approximately 80 per annum)	All investigations completed within five days by appropriately qualified staff/contractors	Achieved 75 notified diseases all of which were investigated appropriately within 5 days
	Nuisance complaints in regard to dog and animal control are investigated	Urgent nature within 4 hours Non-urgent nature within 72 hours	Achieved All 436 complaints were dealt with within the prescribed timeframes

Environmental Services Activity Operating Statement

Financial summary for the year ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2008	Note Actual 2009 v Budget 2009
Activity revenue					
User charges - animal control	271	258	270		
User charges - building	1,474	3,149	2,045	1	3
User charges - environmental health	90	102	97		
User charges - resource management	611	636	740		
User charges - RMA monitoring	25	40	24		
User charges - resource policy	34	52	20		
Total activity revenue	2,505	4,237	3,196		
Operating expenditure					
Animal control	345	321	289		
Building	3,209	4,166	3,236		4
Environmental health	156	168	133		
Resource management	1,332	1,162	1,244		
RMA monitoring	114	151	140		
Resource policy	1,771	2,040	1,515	2	5
Total operating expenditure	6,927	8,008	6,557		
Surplus/(deficit)	(4,422)	(3,771)	(3,361)		

Financial commentary (actual 2009 compared with 2008)

1. *Building consent revenue* is lower than 2008 due to the slow down in building activity in the district.
2. *Resource policy expenditure* is higher than in 2008 due to \$229,000 expenditure on the preparation of the Rolleston structure plan.

Financial commentary (actual 2009 compared with budget 2009)

3. *Building consent revenue* is lower than budgeted due to the slow down in building activity in the district. Also, the budget includes \$750,000 revenue in respect of levies collected on behalf of the Building Industry Association that is excluded from actual revenue under New Zealand equivalents to International Financial Reporting Standards.
4. *Building consent expenditure* is lower than budgeted because the slow down in building activity in the district has required lower staffing levels than anticipated. Also, the budget includes \$750,000 expenditure in respect levies collected on behalf of the Building Industry Association that is excluded from actual revenue under International Accounting Standards.
5. *Resource policy expenditure* is lower than budgeted because a number of planned projects were not completed.



Activity description

The Council provides a 2400km 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.

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.

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The Council contribution to community outcomes

The transportation and township activities contribute to the achievement of the following community outcomes:

- ▶ a clean environment;
- ▶ a safe place in which to live, work and play;
- ▶ an effective and accessible transport system;
- ▶ a prosperous community.

Statement of service performance

The Council's performance against the targets in the Selwyn Community Plan is set out in the table below. The Council achieved three of its five targets. The number of serious road injuries reflects the traffic and population growth in the district (Selwyn has the highest level of car ownership in the country). The length of reseals was below target as cost increases meant that less work could be completed within the budget available.

The Council's activities have had a positive impact on the social and economic well being of the community. In the residents' survey (as reported in the community outcomes progress report) there was an 83% approval rating for urban roads and a 61% rating for rural roads. However, the level of serious casualties indicates the negative impact that transportation can have on the social well being of the community.

Service Target	What will the Council do to achieve the target?	How will we know if we have met the target?	Our achievement in 2008/2009
Well maintained roading network	Undertake maintenance programmes and review processes that minimise ratepayer complaints	<p>Less than 310 public enquiries and concerns for routine general maintenance</p> <p>Less than 210 public enquiries and concerns for routine road signs and markings</p> <p>Annual reseal programme target length of 75km</p>	<p>Achieved 298 for routine carriageway maintenance</p> <p>Achieved 198 for routine signs and markings (Note: Changes to the categories in the service request system has likely resulted in some requests not being included in the summary)</p> <p>Not achieved 60.172 km resealed. The length of reseals was reduced after tendering to have the cost match the budget</p>
Improve roading network	Implement a roading upgrade programme that minimises roading congestion and improves safety.	Annual upgrade projects generally complete	<p>Achieved 34 projects completed</p> <p>5 projects partially completed</p> <p>4 projects carried forward with funding not confirmed</p> <p>6 projects carried forward with more information or more funding needed</p> <p>3 projects cancelled</p>
Roading activities provided to a satisfactory level	Undertake to provide a well maintained and safe roading network for users and residents	Less than 18 serious casualties from road accidents within the District	Not achieved 29 serious injury/casualties

Transportation and Townships Activity Operating Statement

Financial summary for the year ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2008	Note Actual 2009 v Budget 2009
Activity revenue					
NZTA subsidy	4,811	4,954	4,465		
Development contributions	143	156	491	1	
Vested assets	1,509	928	3,519	2	7
Other revenue	276	200	219		
Total activity revenue	6,739	6,238	8,694		
Operating expenditure					
Subsidised roading	5,418	4,666	5,307		8
Non-subsidised roading	580	392	383		
Townships	1,944	2,073	1,560	3	
Roading depreciation	7,762	6,134	5,940	4	9
Total operating expenditure	15,704	13,265	13,190		
Surplus/(deficit)	(8,965)	(7,027)	(4,496)		

Transportation and Townships Activity Capital Statement

Financial summary for the year ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2008	Note Actual 2009 v Budget 2009
Capital expenditure					
Subsidised roading	5,597	6,227	4,456	5	10
Non-subsidised roading	3,768	5,783	2,979	6	11
Townships	574	608	444		
Total capital expenditure	9,939	12,618	7,879		

Financial commentary (actual 2009 compared with 2008)

1. *Development contributions revenue* is lower than in 2008 due to a slow down in the level of sub-division activity. This reflects the impact of the international financial conditions that affected the New Zealand economy in 2008/09.
2. *Vested assets revenue* recognises the value of assets installed by land developers that transfer to the Council when a development is complete. Revenue is lower than in 2008 due to a slow down in the level of sub-division activity.
3. *Townships expenditure* is higher than in 2008 due to increased maintenance expenditure and expenditure on the Darfield railway land development and youth park.
4. *Roading depreciation* is higher than in 2008 due to the impact of the revaluation of the roading network. (The value of the network increased by \$80 million due to a valuation on 30 June 2008.)
5. *Subsidised roading capital expenditure* is higher than in 2008 due to expenditure on the Waddington intersection (\$567,000), Hornby to Prebbleton cycleway (\$214,000) and Lyndon Road culvert (\$169,000).
6. *Non subsidised roading capital expenditure* is higher than 2008 due to expenditure on numerous projects including the Rolleston Drive upgrade (\$355,000), Springston Rolleston Road seal widening (\$235,000) and North Rakaia Road seal widening (\$398,000).

Financial commentary (actual 2009 compared with budget 2009)

7. *Vested assets revenue* is higher than budgeted as the budget was based on a low estimate of the level of vested assets.
8. *Subsidised roading expenditure* is higher than budgeted due to greater than expected road maintenance costs. The main causes of the overspend were: the impact of the bad weather in August 2008 on the maintenance of unsealed roads (\$250,000); the cost of maintenance work on Davies Road, Glenroy as a result of forestry activity (\$150,000); extra work on Waimakariri Gorge Road to improve the quality of the road (\$100,000); additional costs associated with keeping the roads safe (including ice gritting, rubbish clearance and street lighting) \$200,000.
9. *Roading depreciation* is higher than budgeted due to the impact of the revaluation of the roading network. (The value of the network increased by \$80 million due to a valuation on 30 June 2008. The valuation was completed after budget had been prepared.)
10. *Subsidised roading capital expenditure* is lower than budgeted because a \$600,000 allowance made for increased bitumen costs was not required. (At the time the budget was prepared oil costs were rising rapidly.)
11. *Non subsidised roading capital expenditure* is lower than budgeted due to a number of projects spanning the year end that will be completed in 2010, including the Southfield Drive Bridge (Lincoln), Manse Road (Leeston) improvement, Byron Street (Rolleston) extension, Lowes/Goulds Road (Rolleston) improvement. A number of other projects are also now planned for 2010.

Significant capital expenditure

The significant capital projects during the year were:

- ▶ Cyclical renewals to maintain the roading network - \$4,466,000
- ▶ The realignment of the Waddington intersection to improve road safety - \$567,000
- ▶ Seal widening of Rolleston Drive, Springston/Rolleston Road and North Rakia Road to improve the quality and safety of the district's roads - \$814,000
- ▶ Land purchases to allow for future road extensions to improve traffic flows - \$1,732,000



Activity description

The Council provides a variety of services related to the management of waste in the more populous parts of the district, covering 11,269 households in June 2008. Essentially, waste is sorted, collected, recycled and processed and what remains is disposed of as residual waste.

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.

The Council contribution to community outcomes

The waste management activities contribute to the achievement of the following community outcomes:

- a clean environment.

Statement of service performance

The Council's performance against the targets set out in the Selwyn Community Plan is set out in the table below. The Council achieved three of its five targets. The Council continues to promote its zero waste policy and completed its school education programme for the year. However, the level of waste going to landfill continues to grow as a result of population and economic activity and this has a negative effect on the environmental well-being of the community.

Service Target	What will the Council do to achieve the target?	How will we know if we have met the target?	Our achievement in 2008/2009
Refuse services are delivered in accordance with the Councils Solid Waste Management Plan and Policies	The Council will ensure its refuse collection systems are operated to the scheduled frequency	The number of written complaints regarding refuse collection or disposal services does not exceed one per week	Achieved
The natural environment is not polluted	The Council will ensure its Resource Recovery Park and closed landfills are operated within their resource consent conditions	The number of breaches of resource consent conditions is nil	Achieved
The Council has a policy of 'zero waste' by 2015	Undertake a school education programme	Annual school education programme completed by 30 June 2009	Achieved Annual programme was completed by 30 June 2009
	Extend organics 240 litre wheelie bin collection	Volume of organic material collected is greater than 2,370 tonnes	Not achieved The weight of organic material collected was 971 tonnes.
	Reduce residual waste sent to landfills	Volume of residual waste collected is less than 6,500 tonnes	Not achieved The weight of residual waste collected was 6,981 tonnes.

Waste Management Activity Operating Statement

Financial summary for the year ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2008	Note Actual 2009 v Budget 2009
Activity revenue					
Targeted rates	2,690	2,697	2,368	1	
Other revenue	661	823	730		
Total activity revenue	3,351	3,520	3,098		
Operating expenditure					
Refuse collection	1,461	1,468	1,357		
Refuse disposal	1,727	2,314	1,486	2	3
Total operating expenditure	3,188	3,782	2,843		
Surplus/(deficit)	163	(262)	255		

Waste Management Capital and Reserves Funding Statement

Financial summary for the year ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2008	Note Actual 2009 v Budget 2009
Capital expenditure					
Refuse collection	-	-	-		
Refuse disposal	141	315	53		
Total Capital Expenditure	141	315	53		

Financial commentary (actual 2009 compared with 2008)

1. *Targeted rate revenue* is higher than in 2008 due to an increase in the number of rate payers and an increase in the level of the refuse rate.
2. *Refuse disposal expenditure* is higher than in 2008 due to the depreciation charge on the resource recovery park and the cost of the new composting service.

Financial commentary (actual 2009 compared with budget 2009)

3. *Refuse disposal expenditure* is lower than budgeted as a number of projects, including waste minimisation, hazardous waste, waste management plan and planned work in relation to the closure of Hawkins and Killinchy pits, are now planned for the 2010 financial year.



Activity description

The wastewater activity removes sewage in a way that protects the health of the population and natural environment and drains certain land so that it is usable. Wastewater services are provided to approximately 16,000 people.

Activity goal

Our goal is to:

- ▶ provide the community with services to a standard that protects its health and property;
- ▶ provide services in a cost effective manner;
- ▶ address problems with services in a timely manner and priorities them according to risk and need;
- ▶ provide service capacity to accommodate growing communities, where this growth is sustainable.

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The Council contribution to community outcomes

The wastewater activities contribute to the achievement of the following community outcomes:

- ▶ a clean environment;
- ▶ a rural district;
- ▶ a healthy community;
- ▶ a safe place in which to live, work and play;
- ▶ a prosperous community;
- ▶ a community which values its culture and heritage.

Statement of service performance

The Council's performance against the targets in the Selwyn Community Plan is set out in the table below. The Council achieved one of its four targets. Although temporary storage occurred more often than the target, there were no spillages on these occasions. The planned renewal works were not completed in the financial year as the Council was in the process of updating its renewal programme and did not undertake work unless replacement was required.

The wastewater service impacts on the social and environmental well being of the community and there was only one overflow incident during the year that resulted in a negative impact on the environment.

Service Target	What will the Council do to achieve the target?	How will we know if we have met the target?	Our achievement in 2008/2009
Waste water is removed reliably from a ratepayers property	The Council will ensure its sewerage systems have adequate capacity, that there are no pipe blockages causing sewerage spills on roads and that infiltration flows are minimised	Temporary storage in manholes or chambers occurs no more than 5 times in 2008/2009	Not achieved In the 12 Selwyn District Council operated sewer schemes, temporary storage occurred in the reticulation/manholes on 11 occasions during the 2008/09 year. On none of these occasions did spillage occur
The natural environment is not polluted	The Council will ensure its sewerage systems do not have spillages into waterways or have non-compliance with resource consent conditions	The number of breaches of resource consent conditions is nil	Not achieved Lincoln STP storage pond had an overflow incident into the L11 on 27 th May 2009
	The Council, in conjunction with Environment Canterbury and the Canterbury District Health Board, will monitor the ground water around those settlements not serviced by a Council reticulated sewerage scheme for public health issues	Annual monitoring completed and the results distributed to the Council and the relevant community committee	Achieved The Council continues to monitor groundwater around Kirwee and Darfield, adding to three years of data. Its records from suitably located wells identify that there is no identifiable current effect of the onsite discharges on down gradient groundwater sources.
Improve waste water network	Implement a waste water upgrade and renewal programme that ensures the Councils waste water systems continue to deliver the service demanded	Annual upgrade programme generally completed by 30 June 2009	Not achieved Annual upgrade programme not completed by 30 June 2009

Waste Water Services Activity Operating Statement

Financial summary for the year ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2008	Note Actual 2009 v Budget 2009
Activity revenue					
Targeted rates	2,144	2,093	1,878	1	
Lump sum rates payments	89	176	500	2	
Development contributions	813	2,516	4,220	3	7
Vested assets	1,140	899	5,550	4	8
Other revenue	277	92	179		
Total activity revenue	4,463	5,776	12,327		
Operating expenditure					
Land drainage	414	187	467		9
Sewerage	3,957	4,335	3,363	5	10
Total operating expenditure	4,371	4,522	3,830		
Surplus/(deficit)	92	1,254	8,497		

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Waste Water Services Activity Capital Statement

Financial summary for the year ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2008	Note Actual 2009 v Budget 2009
Capital expenditure					
Land drainage	-	1,341	-		11
Sewerage	745	4,270	523	6	12
Total Capital Expenditure	745	5,611	523		

Waste water

Financial commentary (actual 2009 compared with 2008)

1. *Targeted rate revenue* is higher than in 2008 due to an increase in the number of rate payers and an increase in the level of the some of the sewerage rates.
2. *Lump sum rate revenue* is lower than in 2008 because the 2008 figures included lump sum payments for the Springston system.
3. *Development contributions revenue* is lower than in 2008 due to a slow down in the level of sub-division activity. This reflects the impact of the international financial conditions that affected the New Zealand economy in 2008/09.
4. *Vested assets revenue* recognises the value of assets installed by land developers that transfer to the Council when a development is complete. Revenue is lower than in 2008 due to a slow down in the level of sub-division activity.

5. *Sewerage expenditure* is higher than in 2008 due to increases in a number of costs including disposal fees paid to Christchurch City Council (\$128,000), extra water quality monitoring (\$71,000), maintenance costs (\$266,000) and additional depreciation (\$60,000). The additional maintenance expenditure reflects the costs associated with operating the Helpet site, sewage disposal sites and sludge removal.
6. *Sewerage capital expenditure* is higher than in 2008 because of the cost of the Eastern Selwyn Sewer Scheme feasibility study.

Financial commentary (actual 2009 compared with budget 2009)

7. *Development contributions revenue* is lower than budgeted due to a slow down in the level of sub-division activity.
8. *Vested assets revenue* is higher than budgeted as the budget was based on a low estimate of the level of vested assets.
9. *Land drainage expenditure* is higher than budgeted because it includes the impact of the revaluation of infrastructure assets on the annual depreciation charge.
10. *Sewerage expenditure* is lower than budgeted because the Leeston industrial land project was deferred.
11. *Land drainage capital expenditure* is lower than budgeted because the Leeston North stormwater management plan project has been carried forward to the 2010 financial year.
12. *Sewerage capital expenditure* is lower than budgeted because a number of projects, including the Lincoln sewer upgrade and the Pines treatment module are now programmed for completion in the 2010 financial year. Renewal projects with a budgeted cost of over \$500,000 have also been carried forward to future years. This reflects the work that was carried in the 2009 financial year to prepare the Council five waters strategy and detailed activity management plans for the future operation and development of the sewer schemes. The budgeted expenditure included the value of vested assets (\$899,000) estimated to be received in the year, but these items are not included in actual capital expenditure.

Significant capital expenditure

The significant capital projects during the year were:

- ▶ Initial expenditure on the Eastern Selwyn Sewer Scheme. The project will provide key infrastructure for the future population growth in the district - \$319,000
- ▶ Installation of sewer reticulation along Jones Road to cater for the industrial development in that part of Rolleston - \$352,000



Activity description

The water services provide safe clean water for households and water for livestock. Drinking water is provided by the Council to over 70% of the population of the district, around 26,600 people.

Activity goal

Our goal is to:

- ▶ provide the community with services to a standard that protects its health and property;
- ▶ provide services in a cost effective manner;
- ▶ address problems with services in a timely manner and prioritise them according to risk and need;
- ▶ provide service capacity to accommodate growing communities, where this growth is sustainable.

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The Council contribution to community outcomes

The water activities contribute to the achievement of the following community outcomes:

- ▶ a clean environment;
- ▶ a rural district;
- ▶ a healthy community;
- ▶ a safe place in which to live, work and play;
- ▶ a prosperous community;
- ▶ a community which values its culture and heritage.

Statement of service performance

The Council's performance against the targets set out in the Selwyn Community Plan is set out in the table below. The Council achieved two out of its four targets. The Council has not met its target in relation to the 'rating' of supplies, but does consider the secure supplies to be safe.

Water that is "clean, safe and tastes and smells ok" is one the key measures of the communities' achievement of its community outcomes. The residents' survey (as reported in the community outcomes progress report) shows that 92% of residents consider the overall quality, taste and smell is very good or adequate. This indicates that the community is making good progress in relation to this outcome and this is having a positive impact on the social well-being of the district.

Service Target	What will the Council do to achieve the target?	How will we know if we have met the target?	Our achievement in 2008/2009
Water is safe to drink	<p>The Council will ensure its water supplies comply with the New Zealand Drinking Water Standards 2005</p> <p>Note: secure and unsecured water supplies as defined by Clause 4.5 of the New Zealand Drinking Water Standard</p>	<p>All 20 secure water supplies will meet the Standard Rating of 'B' for treatment and for reticulation by 30 June 2009</p> <p>All 8 unsecured water supplies will meet the Standards Rating of 'B' for treatment and 'b' for reticulation by 30 June 2009</p>	<p>Not achieved - see footnote below</p> <p>Not achieved - see footnote below</p>
Water is supplied continuously 24 hours a day, 7 days a week	All disruptions on schemes not to exceed 4 hours without notice or 12 hours with at least 24 hours notice	The number of occasions when disruption exceeds allowable timeframes is less than 5	Achieved No schemes exceeded 4 hours disruption
There is adequate fire fighting flow in the approved areas	The Council annually tests its approved water supplies to ensure adequate fire fighting flow	The number of times fire fighting Code of Practice not obtained is less than 20%	Achieved 2% of hydrants tested had inadequate fire fighting flow

Footnote:

The service target for 'water is safe to drink' was established in 2006 and based on the Ministry of Health's grading system at that time. Since then the grading system has been changed, making it more difficult for schemes to achieve the Bb target. In many cases the community does not wish to, or cannot afford to, carry out the works required to achieve the revised gradings. Council continues to monitor the water quality in all schemes, and believes that our communities generally receive a very high water quality supply irrespective of the gradings. Occasionally quality issues have arisen, as they will from time-to-time, however a detailed procedure is in place to ensure that testing, water treatment e.g. chlorination and updating the District Health Board/community is undertaken at such times.

The grading system covers all aspects of the Council water supply, including policies, Bylaws, contractor qualifications and contract requirements. Council operates secure and non-secure supplies. Security, as defined in the Drinking Water Standards 2005/2008 requires that water age, well head platform installation and water testing is achieved to a specified level.

Water Services Activity Operating Statement

Financial summary for the year ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2008	Note Actual 2009 v Budget 2009
Activity revenue					
Targeted rates	3,339	3,345	2,753	1	
Lump sum rates payments	180	33	-		
Development contributions	549	790	1,703	2	5
Vested assets	401	725	1,445	3	6
Meter charges and connection fees	407	252	364		
Other revenue	309	164	182		
Total activity revenue	5,185	5,309	6,447		
Operating expenditure					
Urban water supplies	3,199	3,223	3,389		
Rural water supplies	572	744	400		
Water races	1,603	1,727	1,600		
Total operating expenditure	5,374	5,694	5,389		
Surplus/(deficit)	(189)	(385)	1,058		

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Water Services Activity Capital Statement

Financial summary for the year ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2008	Note Actual 2009 v Budget 2009
Capital expenditure					
Urban water supplies	339	7,247	712	4	7
Rural water supplies	93	1,162	89		8
Water races	14	1,307	20		9
Total Capital Expenditure	446	9,716	821		

Financial commentary (actual 2009 compared with 2008)

1. *Targeted rate revenue* is higher than in 2008 due to an increase in the number of rate payers and an increase in the level of the some of the water rates.
2. *Development contributions revenue* is lower than in 2008 due to a slow down in the level of sub-division activity. This reflects the impact of the international financial conditions that affected the New Zealand economy in 2008/09.
3. *Vested assets revenue* recognises the value of assets installed by land developers that transfer to the Council when a development is complete. Revenue is lower than in 2008 due to a slow down in the level of sub-division activity.

4. *Urban water capital expenditure* is lower than in 2008 because most of the capital expenditure planned for 2009 has been either carried forward into future years or cancelled. This reflects the work that was carried in the 2009 financial year to prepare the Council's five waters strategy and detailed activity management plans for the future operation and development of the water schemes.

Financial commentary (actual 2009 compared with budget 2009)

5. *Development contributions revenue* is lower than budgeted due to a slow down in the level of sub-division activity.
6. *Vested assets revenue* is lower than budgeted due to a slow down in the level of sub-division activity.
7. *Urban water capital expenditure* is lower than budgeted for the reason outlined in note 4 above.
8. *Rural water capital expenditure* is lower than budgeted for the reason outlined in note 4 above.
9. *Water races capital expenditure* is lower than budgeted for the reason outlined in note 4 above.



Support Services

Internal support and administration functions exist to assist the Council's significant activities in the delivery of outputs and services. The cost of support services (overheads) is allocated to each of the Council's significant activities.

Support Services Activity Operating Statement

Financial summary for the year ended 30 June 2009

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	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2008	Note Actual 2009 v Budget 2009
Activity revenue					
Corporate revenue					
- Dividends	4,309	4,238	4,815	1	
- Interest	1,217	2,975	1,865	2	7
- Commercial Property Leases	44	44	44		
Sundry revenue	1,610	463	481	3	8
Total activity revenue	7,180	7,720	7,205		
Operating expenditure					
Chief executive's department	727	583	542		
Policy and communications unit	215	208	161		
Administration	762	794	882		
Corporate	461	363	144	4	
Finance	1,212	1,985	1,024		9
Information systems	1,522	1,499	1,542		
Vehicles/Infrastructure rates & insurance	94	137	366	5	
Asset management	2,840	2,687	2,435	6	
Total operating expenditure	7,833	8,256	7,096		
less Allocation to activity statements	(7,286)	(6,721)	(6,320)		
Surplus/(deficit)	6,633	6,185	6,429		
Plus Internal Interest	-	2,708	-		
Surplus/(deficit)	6,633	8,893	6,429		

Support Services Activity Capital Statement

Financial summary for the year ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2008	Note Actual 2009 v Budget 2009
Capital Expenditure					
Vehicles	103	220	350		
Information services	117	180	266		
Administration	11	25	16		
Corporate	24	-	77		
Finance	-	-	-		
Total Capital Expenditure	255	425	709		

Financial commentary (actual 2009 compared with 2008)

1. *Dividend revenue* is lower than in 2008 because more difficult trading conditions during 2009 meant that the Council's subsidiaries were not able to generate dividends at the level achieved in the previous year.
2. *Interest revenue* is lower than in 2009 because of the reduced interest rates available in 2009 and lower cash balances.
3. *Sundry revenue* is higher than in 2008 because it includes \$1.15 million for the increase in the value of the Council's investment property. The increase relates to the value of the Designline building in the Izone Southern Business Hub.
4. *Corporate expenditure* is higher than in 2008 because of the cost incurred in relation to the preparation and audit of the Selwyn Community Plan LTCCP, an additional provision for doubtful debts and the new Community Committee liaison team.
5. *Vehicles/infrastructure rates and insurance* expenditure is lower than in 2008 because of a change in the way insurance costs have been allocated to the Council's activities.
6. *Asset management expenditure* is higher than in 2008 due to increased staff costs. This reflects annual increases plus the Council's investment in additional staff to manage the Council's increasing infrastructure and community asset base.

Financial commentary (actual 2009 compared with budget 2009)

7. *Interest revenue* is lower than budgeted due to lower than anticipated interest rates in 2009. The budget also included \$900,000 of interest on the assumption that the Council would take on borrowings in advance of the cash being needed, and the cash would therefore be held on deposit. In the event the Council did not take out any borrowings in 2009.
8. *Sundry revenue* is higher than budgeted because it includes \$1.15 million for the increase in the value of the Council's investment property. The increase relates to the value of the Designline building in the Izone Southern Business Hub and was not included in the budget.
9. *Finance expenditure* is lower than budget because the budget assumed the Council would take out borrowings and incur interest costs as outlined in note 7 above.

Izone Southern Business Hub and Property Sales

Nature and scope

During 2001 the Council purchased 130 hectares north west of Rolleston for the establishment of an industrial park. The purchase was in response to issues identified in the economic development strategy, particularly those relating to employment opportunities within the district.

A project team has been established to manage the development.

In 2008/2009 the Council continued with project management, administration and promotion of the Izone Southern Business Hub.

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

Izone Activity Operating Statement

Financial summary for the year ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2008	Note Actual 2009 v Budget 2009
Activity revenue					
Izone Southern Business Hub sales	8,086	8,925	8,343		5
Other property gain on sale	-	-	-		
Other revenue	88	-	487	1	
Total activity revenue	8,174	8,925	8,830		
Operating expenditure					
Property development	2,244	1,883	3,244	2	6
Izone development contributions	-	-	1,355	3	
Infrastructure depreciation	-	-	-		
Total operating expenditure	2,244	1,883	4,599		
Surplus/(deficit)	5,930	7,042	4,231		

Izone Activity Capital Statement

Financial summary for the year ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Note Actual 2009 v Actual 2008	Note Actual 2009 v Budget 2009
Capital expenditure					
Property development	12,879	21,059	5,689	4	7
Total Capital Expenditure	12,879	21,059	5,689		

Financial commentary (actual 2009 compared with 2008)

1. *Other revenue* is lower than in 2008 as the 2008 financial year included "one off" income from Orion recognising its contribution to the installation of power lines in Izone Stage 4.
2. *Property development* expenditure is lower than in 2008 as the cost of land developed in each year is different. In the 2008 financial year, stage 4 of 15ha was fully constructed while in 2009, stage 5 of 15ha was only part constructed by 30 June 2009. The balance of stage 5 construction was completed in the 2010 financial year.
3. *Development contribution expenditure* is lower than in 2008 because no development contributions were payable during the 2009 financial year.
4. *Property development capital expenditure* is higher than in 2008 because of the construction of a commercial property for rent (the Designline building).

Financial commentary (actual 2009 compared with budget 2009)

5. *Izone revenue* is lower than budgeted because the general economic slowdown that has affected on New Zealand during 2009 has meant that the majority of potential purchasers who wish to locate in Izone are currently holding off committing to a purchase as they reassess their individual company requirements.
6. *Property development expenditure* is higher than budgeted because of the cost of expert advice for the hearing on the proposed Plan Change 1 to the Regional Policy Statement (\$250,000). The balance is due to the cost incurred on the rezoning of Hoskyns Road. The application was brought forward in response to the level demand for land in Izone.
7. *Property development capital expenditure* is lower than budgeted because the planned \$8 million commercial property development only started towards the end of the financial year.

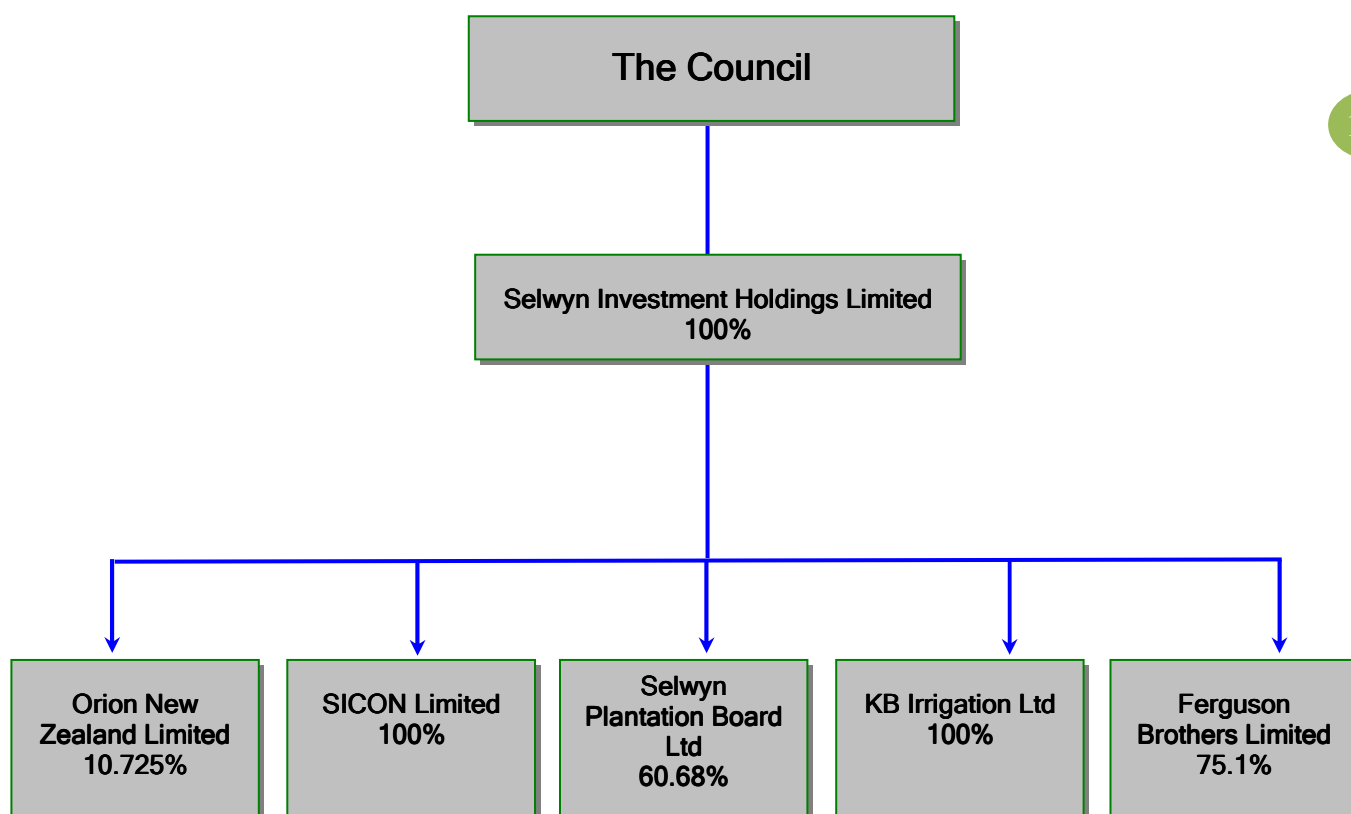
Significant capital expenditure

The significant capital projects during the year were:

- ▶ Completion of a commercial property (the Designline building) to provide a financial return to ratepayers in the form of lease revenue - \$6,983,000
- ▶ Land acquisition to allow for the continued development of Izone and bring jobs and financial return to the district - \$3,876,000
- ▶ Development of stage 5 of Izone to make it ready for sale - \$801,000

8. Financial interests

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Community Trusts Administered by the Council:

Central Plants Water Trust (50%)
Tramway Reserve Trust
Orion Selwyn District Centenary Educational Trust
Selwyn District Charitable Trust

Selwyn Investment Holdings Limited

Relationship to the Council

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

Nature and scope of the company

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

The Company's revenue is in the form of dividends from Orion New Zealand Limited, SICON Limited, Selwyn Plantation Board Limited, KB Irrigation Limited and Ferguson Brothers Limited. Net income is distributed to the Council via a fixed dividend distribution policy.

Objective

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

Statement of service performance for the year ended 30 June 2009

The company's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2009 is set out below.

Indicators	Target	Achievement
Surplus before tax	\$4,583,792	\$4,670,535
Surplus after tax	\$4,898,968	\$4,822,202
Proposed dividend	\$4,125,413	\$4,203,482
Debt/total assets	9.8%	1.4%
Return on total assets	3.7%	3.9%
Return to shareholders' funds	4.2%	4.0%

Statement of financial performance

	Actual 2009 \$000	Actual 2008 \$000
Revenue	5,500	5,842
Expenditure	830	1,243
Surplus before taxation	4,671	4,599
Surplus after taxation	4,822	4,627
Ordinary dividend	4,203	4,661

SICON Limited

Relationship to the Council

The board appoints its own Chief Executive and the Council has no involvement in the day-to-day management of SICON. The Council solely retains control over the activities of the company through approval of its annual Statement of Intent. In this regard the operation of SICON is no different from the other companies the Council has majority shareholdings in.

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Nature and scope of the company

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

Objective

To operate as a successful, growth 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.

Statement of service performance for the year ended 30 June 2009

Indicators	Target	Achievement
Indicator 1		
<i>Return on total assets</i>		
Return before interest & tax to total assets at start of period	9.0%	7.1%
Indicator 2		
<i>Return on shareholders' funds</i>		
Return after tax to opening shareholders' funds	9.8%	9.3%
Indicator 3		
<i>Performance ratio</i>		
Shareholders' consolidated funds to total assets (excluding deferred tax)	40.0%	57.0%
Indicator 4		
<i>Quality services</i>		
ISO 9001: 2000 quality standard certification	Maintain	Maintained
Indicator 5		
<i>Health and safety</i>		
ACC WSMP certification to tertiary level	Maintain	Maintained
NZS 4801 Safety Management Systems Certification	Maintain	Maintained
Indicator 6		
<i>Environment</i>		
NZS 14001 environmental standard certification	Maintain	Maintained

Statement of financial performance for the year ended 30 June 2009

	Actual 2009 \$000	Actual 2008 \$000
Revenue	41,797	44,310
Expenditure	40,709	44,521
Surplus/ (deficit) before taxation	1,088	(211)
Surplus after taxation	769	(230)
Ordinary dividend	384	nil

Selwyn Plantation Board Ltd

Relationship to the Council

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

Nature and scope of the company

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

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

Objective

To operate a financially successful forestry and land utilisation businesses on the plains and foothills of Canterbury in an environmentally and socially sustainable manner.

Statement of service performance for the period ended 30 June 2009

Indicators	Achievement
Indicator 1 Silviculture <i>To establish 50 hectares of forest per annum</i> <i>To prune and thin 185 hectares</i>	98 hectares 256 hectares
Indicator 2 Production <i>To produce a minimum of 150,000 tonnes of wood per annum (includes third party harvest volumes)</i>	146,271 tonnes
Indicator 3 Financial <i>Ratio of equity to total assets</i> <i>Return before interest and tax to total assets</i> <i>Return after tax to equity</i>	95% 7% 8%

Ecological management plan

Performance target - to have an evidence portfolio of positive changes to EMA's through EMA management plan implementation.

Achievement - surveys have been completed across our forest estate on several rare and threatened species to establish baseline data. Ongoing monitoring activities have been scheduled as part of PF Olsen Ltd's recently approved 5 year management plan.

Community relations plan

Performance target - to be proactively communicating strategies to all stakeholders, via various communication mediums.

Achievement - in January 2009 the company's forest managers wrote to all FSC stakeholders with an updated 5 year management plan. The document provided a summary of forest management intent and process and contains management objectives, a description of the land and forest resources, environmental safeguards, identification and protection of rare, threatened and endangered species, rationale for species selection, management regime and yields, appropriate management of unstocked reserve areas, and provisions for monitoring and protection.

	Actual 2009 \$000	Actual 2008 \$000
Revenue	21,499	15,966
Expenditure	15,545	22,569
Surplus / (deficit) before taxation	5,953	(6,603)
Surplus / (deficit) after taxation	5,789	(5,433)
Ordinary dividend	nil	1,638

The Company's expenditure for the period ended 30 June 2009 included a revaluation increment of \$2,233,312 (2008: a revaluation decrement of \$3,003,065) and a provision for the remediation of the Bankside Depot of \$620,569 (2008: \$2,217,716).

KB Irrigation Limited

Relationship to the Council

The board appoints its own Chief Executive and the Council has no involvement in the day-to-day management of KB Irrigation Limited. The Council solely retains control over the activities of the Company through approval of its annual Statement of Intent. In this regard the operation of KB Irrigation Limited is no different from the other companies in which the Council has majority shareholdings.

Nature and scope of the company

KB Irrigation Limited is in the business of the provision of quality pastoral irrigation services throughout the South Island. Consistent with its objectives, the Company will conduct its business in a technically responsible manner to provide quality solutions to its clients and to continually look at opportunities to maintain a competitive advantage. It 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 irrigation business and follow these key principles which are central to its business strategy:

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

Statement of service performance

Indicators	Target	Achievement
Shareholders funds/total assets	31.3%	(11)%
Debt/total assets	45.7%	111%
Return on total assets	2.1%	(25)%
Return on shareholders' funds	6.6%	(180)%
Dividend payable	nil	nil

Statement of financial performance for year ended 30 June 2009

	Actual 2009 \$000	Actual 2008 \$000
Revenue	10,371	7,820
Expenditure	11,397	8,979
Surplus / (deficit) before taxation	(1,025)	(1,132)
Surplus / (deficit) after taxation	(837)	(1,149)
Ordinary dividend	nil	nil

Ferguson Brothers Limited

Relationship to the Council

The board appoints its own Chief Executive and the Council has no involvement in the day-to-day management of Ferguson Brothers Limited. The Council solely retains control over the activities of the Company through approval of its annual Statement of Intent. In this regard the operation of Ferguson Brothers Limited is no different from the other companies in which the Council has majority shareholdings.

Nature and scope of the company

Ferguson Brothers Limited is a Greymouth-based roading and earthmoving contractor.

Objective

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

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

Statement of service performance

Indicators	Target	Achievement
Shareholder funds/total assets	40.0%	19.77%
Debt/total assets	40.0%	56.47%
Return on total assets	5.4%	(11.36)%
Return on shareholders' funds	12.0%	(36.49)%
Dividend payable	\$131,224	nil

Statement of financial performance for period ended 30 June 2009

	Actual 2009 \$000	Actual 2008 \$000
Revenue	20,549	12,380
Expenditure	22,499	11,474
Surplus before taxation	(1,950)	906
Surplus after taxation	(1,774)	600
Ordinary dividend	nil	240

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

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

Overall goal

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

Statement of service performance for the year ended 31 March 2009

1. Environmental targets

- ▶ Map Orion's impact on the environment - September 2008.

Achieved

- ▶ Following completion in September 2008 of the target to map its impact on the environment, Orion will assess the feasibility and desirability of becoming carbon neutral.

Achieved

- ▶ Reduce energy costs in office buildings occupied by Orion by 10% by March 2008 and a further 5% by March 2009.

Not achieved

- ▶ Continue Orion's support for and sponsorship of Community Energy Action (CEA).

Achieved

- ▶ Work with CEA to ensure that at least a further 500 low income homes are insulated this financial year in Christchurch.

Achieved

- ▶ Support the Christchurch City Council's sustainable energy strategy.

Achieved

2. Financial and electricity network reliability

Indicators	Actual 2009	Target 2009	Disclosed Average 2008
Profit after tax (\$m)	49.9	45.5	
Net profit to average shareholders' equity (%)	7.1	6.5	
Debt (%)	7	7	
Equity (%)	93	93	
Equity/total assets (%)	72	74	
Dividends (\$m)	44	37	
<i>Electricity network reliability</i>			
<i>All interruptions:</i>			
The following targets include interruptions sourced from the Orion network, Transpower network and the generation companies.			
Duration of supply interruptions:			
▶ SAIDI - minutes per year			
○ Urban	17	20	
○ Rural	382	432	
○ Overall	63	68	262
Number of supply interruptions			
▶ SAIFI - times per year			
○ Urban	0.3	0.5	
○ Rural	3.8	4.0	
○ Overall	0.7	0.9	2.7
<i>Orion network interruptions only:</i>			
The following targets include interruptions sourced from the Orion network only.			
Duration of supply interruptions			
▶ SAIDI - minutes per year			
○ Urban	17	19	
○ Rural	376	412	
○ Overall	62	64	238
Number of supply interruptions			
▶ SAIFI - times per year			
○ Urban	0.2	0.4	
○ Rural	3.4	3.6	
○ Overall	0.6	0.8	2.3

The disclosed average 2008 figures are stated only where comparable data is available.

Statement of financial performance for the year ended 31 March 2009

	Actual 2009 \$000	Actual 2008 \$000
Revenue	231,859	213,203
Expenditure	161,434	139,244
Surplus before taxation	70,425	73,959
Surplus from continuing operations after taxation	49,860	65,510
Surplus/(deficit) on discontinued operations	-	-
Surplus after taxation	49,860	65,510
Ordinary dividend	44,000	45,000

Central Plains Water Trust

Relationship with the Council

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

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

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

Policies and objections in regard to ownership and control

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

Statement of service performance for the year ended 30 June 2009

Indicator 1

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

Achievement 1

- ▶ 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 met formally and informally on 28 occasions during the year under review.
- ▶ The Trust has also monitored legal matters undertaken by the company and the preparation of scientific and technical studies that support the consent application, and has obtained and recorded copies of all agreements in relation to the Scheme and the consent process and in relation to legal proceedings and settlements, and of other relevant documentation to which it is entitled.

Indicator 2

- ▶ To develop and implement scheme recreational opportunities and environmental community enhancers.

Achievement 2

- ▶ The Trust commissioned research in 2007 to identify recreational opportunities. During 2008 priority has been directed towards consent hearings and the presentation of evidence. In support of that evidence the Trust and the Company engaged in consultative meeting with river recreational users. As a consequence of these meetings evidence in rebuttal will reinforce the role of the Trust and align scheme parameters with amenity values of both rivers and recreation expectations of the community.

Indicator 3

- ▶ The Trustees' will develop and adopt an annual budget and will report the financial results by providing financial statements to the settlers' quarterly - for the quarter year to 30 September, 31 December, 31 March and an audited statement for the year ended 30 June.

Achievement 3

- ▶ The Trust prepared and adopted an annual budget for the year ended 30 June 2009 as part of the revenue in advance provided by Central Plains Water Limited.
- ▶ Financial statements were provided to the settlers for the quarters ending 30 September, 31 December, 31 March and 30 June.

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Statement of financial performance for the year ended 30 June 2009

	Actual 2009 \$000	Actual 2008 \$000
Revenue	58	93
Expenditure	58	89
Surplus	nil	4

Tramway Reserve Trust

Nature and scope of activities

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

Tramway Reserve at the end of Tramway Reserve Road will be subject to restoration and enhancement to be led by the Tramway Reserve Trust. The restoration project was agreed as mitigation for the past and ongoing use of Tramway Reserve Drain for waste water management. The Trust was established as part of that agreement between Ngai Tahu and the Council as a condition of the upgraded Leeston (Ellesmere) Sewerage Treatment site.

Statement of service performance

Indicator

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

Achievement

- ▶ 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.

Statement of financial performance for the year ended 30 June 2009

	Actual 2009 \$000	Actual 2008 \$000
Revenue	2	1
Expenditure	2	1
Surplus	-	-

Orion Selwyn District Centenary Educational Trust

Nature and scope of activities

Orion Selwyn District Centenary Educational Trust is a CCO of the Council.

The Trust was established in November 2003 by Orion New Zealand Limited. The purpose of the Trust is to promote and support the education of students who are attending Ellesmere College, Lincoln High School and Darfield High School and any other high school established in the Selwyn District in the future, and who are intending to undertake a course of tertiary education in New Zealand.

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Statement of service performance

Indicator

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

Achievement

- ▶ In the year ended 30 June 2009, the Trust earned \$4,608 in interest revenue, and paid out scholarships totalling \$3,000 to students from the three designated schools.

Statement of financial performance for year ended 30 June 2009

	Actual 2009 \$000	Actual 2008 \$000
Revenue	5	4
Expenditure	3	3
Surplus	2	1

Selwyn District Charitable Trust

Nature and scope of activities

The Selwyn District Charitable Trust is a CCO of the Council.

The Selwyn District Charitable Trust was established on 26 June 2009, and is a trust for charitable purposes. It will hold and distributes funds to support and encourage Selwyn District Council's provision of public services and amenities for the benefit of the public within the Selwyn District.

The Trust was not active during the 2008/09 financial year.

9. Mayor and Councillors

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Mayor		Deputy Mayor (Malvern Ward Councillor)	
Kelvin Coe	Irwell	John Morten	224 Waireka Road
	513 The Lake Road		RD 1
	RD 3		DARFIELD 7571
	LEESTON 7683		(H) (03) 317 9001
	(H) (03) 329 1768		(F) (03) 317 9002
	(F) (03) 329 1786		(C) 027 200 2578
	(C) 027 267 7732		john.morten@selwyn.govt.nz
	kelvin.coe@selwyn.govt.nz		
Selwyn Central Ward		Springs Ward	
Gary Doyle	782 Weedons Road	Debra Hasson	152 Chamberlains Road
	RD 5		Springston, RD 4
	CHRISTCHURCH 7675		CHRISTCHURCH 7674
	(H) (03) 347 8458		(H) (03) 329 5445
	(C) 027 364 5834		(C) 027 435 5055
	gary.doyle@selwyn.govt.nz		debra.hasson@selwyn.govt.nz
Annette Foster	'Broomleigh'	Malcolm Lyall	520 Springs Road
	1092 Goulds Road		PREBBLETON 8153
	RD 5		(H) (03) 349 7990
	CHRISTCHURCH 7675		(F) (03) 349 3487
	(H) (03) 347 8651		(C) 027 433 9964
	(F) (03) 347 8653		malcolm.lyall@selwyn.govt.nz
	(C) 027 526 6388		
	annette.foster@selwyn.govt.nz		
Sarah Walters	143 Midhurst Road	Lindsay Philps	14 Lyttelton Street
	RD 1		LINCOLN 7608
	CHRISTCHURCH 7671		(H) (03) 325 7670
	(H) (03) 318 1227		(F) (03) 325 2139
	(C) 027 270 1215		(C) 027 295 3868
	sarah.walters@selwyn.govt.nz		lindsay.philps@selwyn.govt.nz
Malvern Ward		Ellesmere Ward	
Bob Mugford	PO Box 35	Jack Percy	PO Box 80
	COALGATE 7646		1450 Leeston Road
	(H) (03) 318 2877		DOYLESTON 7548
	(F) (03) 318 2861		(H) (03) 324 3902
	bob.mugford@selwyn.govt.nz		(F) (03) 324 3903
			(C) 027 295 3857
			jack.percy@selwyn.govt.nz
		Nigel Barnett	Dunsandel
			RD 2
			LEESTON 7682
			(H) (03) 325 4392
			(C) 027 484 4888
			nigel.barnett@selwyn.govt.nz

10. Community Board Members



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Malvern Community Board		Selwyn Central Community Board	
Chairperson		Chairperson	
Ian Warren	Waianiwa	Bruce Russell	123 Finlays Road
	84 Warrens Road		RD 5
	Greendale		CHRISTCHURCH 7675
	RD 1		(H) (03) 347 9692
	CHRISTCHURCH 7671		(F) (03) 384 1788
	(H) (03) 318 8876		(C) 027 436 1727
	(F) (03) 318 8186		bruce.russell@selwyn.govt.nz
	ian.warren@selwyn.govt.nz		
Deputy Chairperson		Deputy Chairperson	
Allan Thorne	'Arbourlea'	Mark Alexander	0478 Two Chain Road
	RD 2		RD 7
	DARFIELD 7572		CHRISTCHURCH 7677
	(H) (03) 318 0798		(H) (03) 347 6393
	(F) (03) 318 0797		(F) (03) 347 6392
	allan.thorne@selwyn.govt.nz		(C) 027 221 7348
			mark.alexander@selwyn.govt.nz
Mary Ireland	3D Perrin Place	Jeff Bland	Weedons Road
	DARFIELD 7510		RD 8
	(H) (03) 318 8649		CHRISTCHURCH 767
	(F) (03) 318 8648		(H) (03) 347 4070
	mary.ireland@selwyn.govt.nz		jeff.bland@selwyn.govt.nz
Annie Smith	202 Horndon Street	Joyce Davey	6 Juliet Place
	DARFIELD 7510		ROLLESTON 7614
	(H) (03) 318 7317		(H) (03) 347 8217
	(F) (03) 318 8104		joyce.davey@selwyn.govt.nz
	annie.smith@selwyn.govt.nz		
Bill Frost	55 Station Road		
	RD 1		
	COALGATE 7673		
	(H) (03) 318 2604		
	(F) (03) 318 2601		
	bill.frost@selwyn.govt.nz		

11. Where to go for more information



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This Annual Report 2008/2009 is also available at www.selwyn.govt.nz or you can get a copy at any Selwyn District library or service centre (see list below).

Customer services

For general enquiries, assistance and information, telephone (03) 347 2800.

Website

www.selwyn.govt.nz

Selwyn District Council Headquarters

2 Norman Kirk Drive
PO Box 90
ROLLESTON 7643

Service Centres

Leeston Library / Service Centre

High Street
Private Bag 1
LEESTON 7656
Phone (03) 324 8080

Darfield Library / Service Centre

MacMillan Street
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

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

Bankers

Westpac
PO Box 2721
CHRISTCHURCH 8140

Solicitors

Buddle Findlay
PO Box 322
CHRISTCHURCH 8140

Sister District

Akitakata City
Yoshida 791
Akitakata City
Hiroshima 731 0592
JAPAN

12. Council controlled trading organisations

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Council Companies (Appointments as at 30 June 2009)

Selwyn Investment Holdings Limited (100% owned by the Council)

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

Board

WJ Bell (Chairperson)
J Morten
SA Leck
RB MacGeorge
MJ Taggart

Chief Executive Officer
A Bartlema

Company Secretary
B Furness

SICON Limited (100% owned by Selwyn Investment Holdings Limited)

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

Board

GH Clemens (Chairperson)
KJ Beams
GH Clemens
LA McCracken
T Tattersfield
R Lauder

Chief Executive Officer
B Beagley

Selwyn Plantation Board Ltd

(60.68% owned by Selwyn Investment Holdings Limited)

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

Board

R Polson (Chairperson)
A Berg
J Christensen
J Morten
S Astor

Chief Executive

A Russell

KB Irrigation Limited

(100% owned by Selwyn Investment Holdings Ltd)

135 Alford Forest Road
PO Box 379
ASHBURTON 7740
Phone (03) 308 9419
Fax (03) 308 8199
Website www.kbirrigation.co.nz

Board

EM Frew (Acting Chairperson)
LA McCracken
GH Clemens

Acting Chief Executive

LA McCracken

Ferguson Brothers Limited

(75.1% owned by Selwyn Investment Holdings Limited)

Main South Road
PO Box 332
GREYMOUTH 7840
Phone: (03) 768 4181
Fax (03) 768 4180

Directors

T Tattersfield (Chairperson)
S Leck
M Ferguson

Managing Director

M Ferguson

General Manager

W Merriman

Other Council Organisations (Appointments as at 30 June 2009)

Central Plains Water Trust

(50% owned by Selwyn District Council)

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

Trustees

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

Izone Southern Business Hub

The Council committee established to develop an industrial park at Rolleston:

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

Committee Members

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

Chief Executive

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

Council Manager Responsible

DD Marshall - Manager Corporate Services Selwyn District Council

www.izone.org.nz

13. Statement of Values



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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

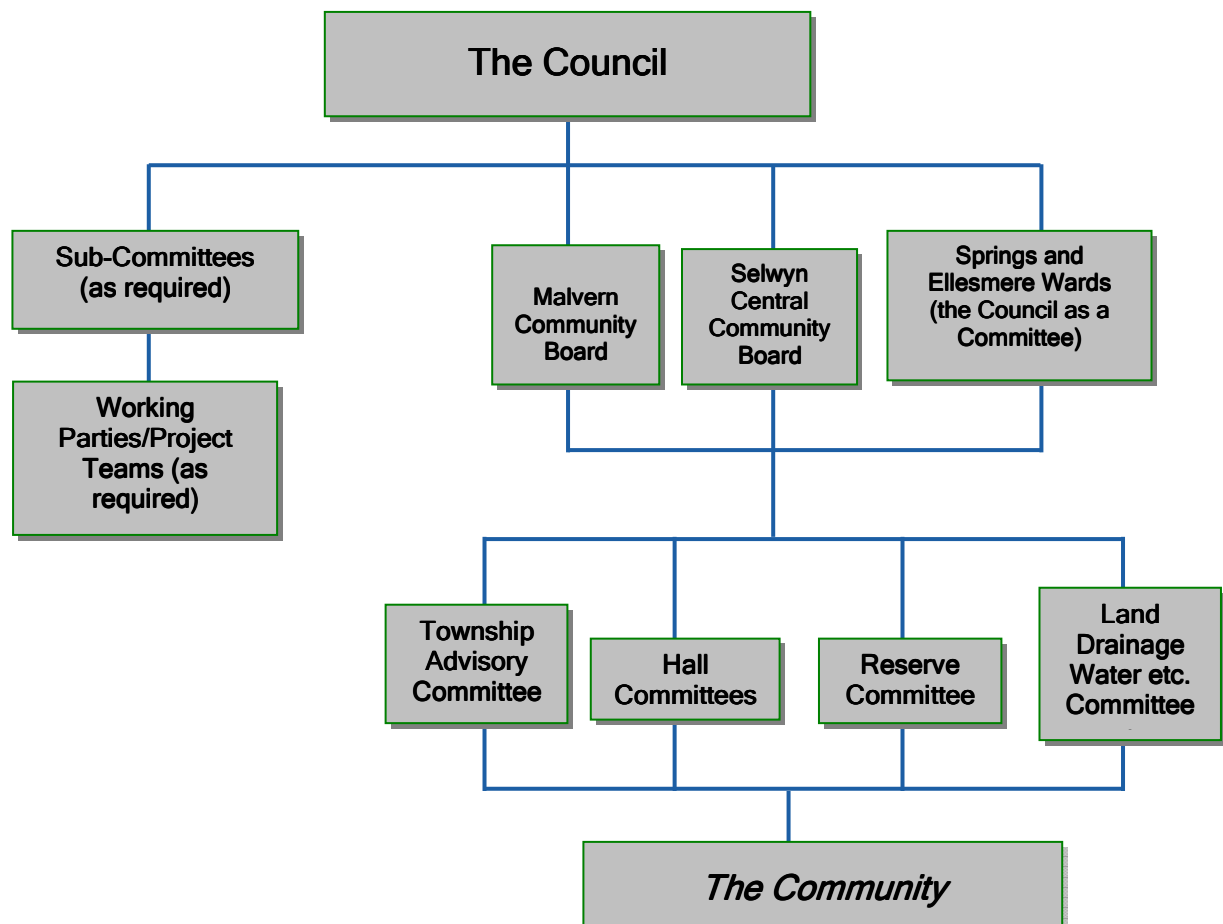
The emphasis on quality and service shall be, at all times, the focus of the Council activities. The Council will maintain and strive to improve the quality of services that are provided.

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.

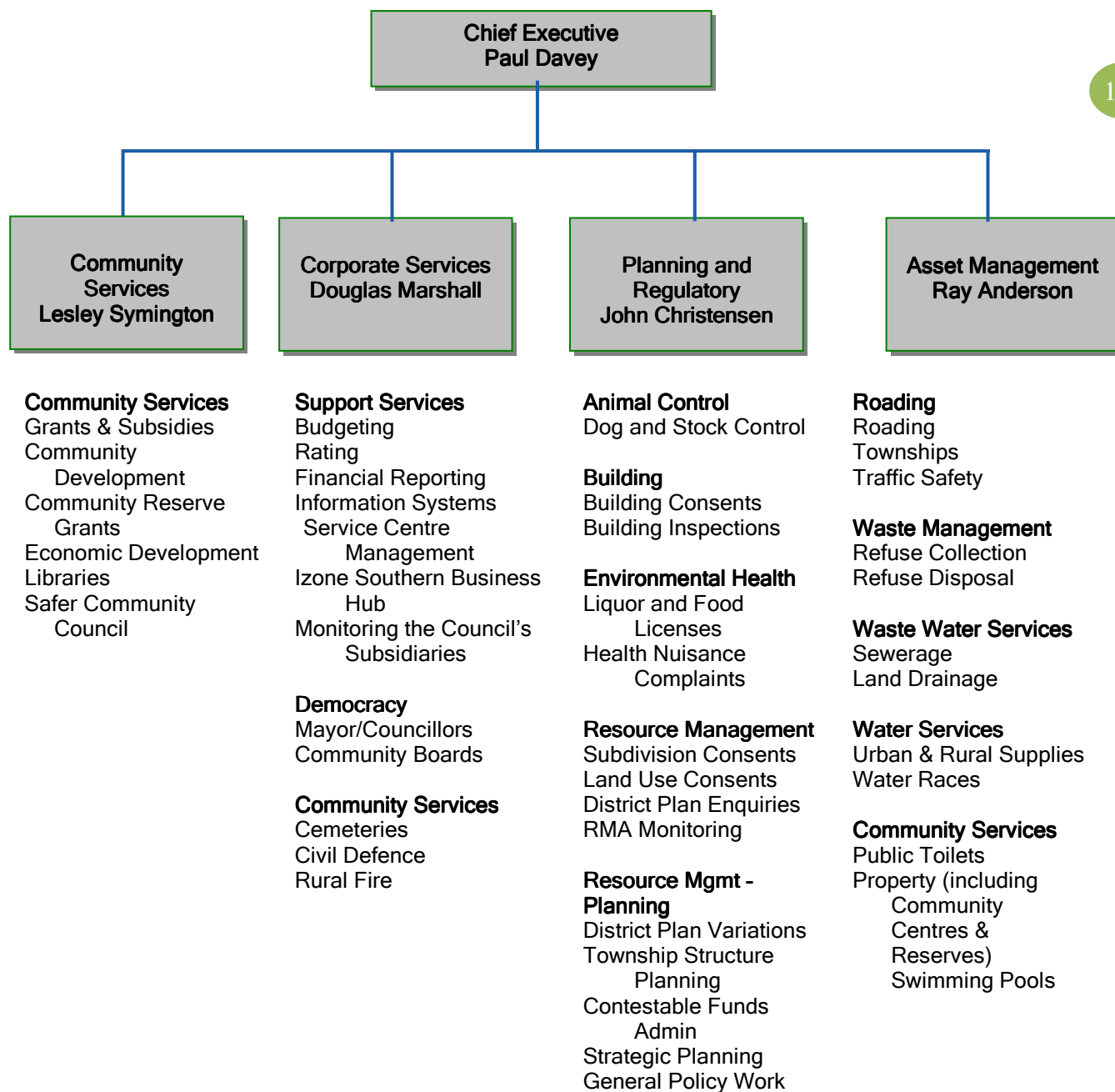
14. Governance structure

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15. Management structure

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16. Looking after our people

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Equal employment opportunities

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

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

Policy statement

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

- ▶ developing, implementing and reviewing an appropriate Equal Employment Opportunity [EEO] programme;
- ▶ fostering a positive climate in the workplace that appreciates a diversity of backgrounds and individual contribution and encourages employees to develop their potential;
- ▶ selecting the best person for the job on the basis of job requirements and the ability of that person to perform the job;
- ▶ ensuring that all personnel policies, procedures and activities reflect the fundamental principles of the EEO policy, in the recruitment, employment, training and promotion of its employees;
- ▶ identifying and providing appropriate training programmes to enable employees to best meet the requirements of their current jobs and to develop additional skills with a view to future promotion opportunities;
- ▶ promoting employees on the basis of performance, and the willingness of the employee to accept greater responsibility;
- ▶ maintaining a workplace free of discrimination and harassment - forms of direct or indirect discrimination include race, colour, ethnic or national origin, gender, religion, marital status, family responsibilities, sexual orientation, age and people with disabilities.

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

Performance statements

The Council undertook its activities in 2008/2009 with due regard to its EEO policy.

Maori 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 Maori, their culture, traditions, land and taonga.

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

Mahaanui Karataiao Ltd 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.