







# ANNUAL REPORT 2009/10

# SELWYN ANNUAL REPORT 2009/2010

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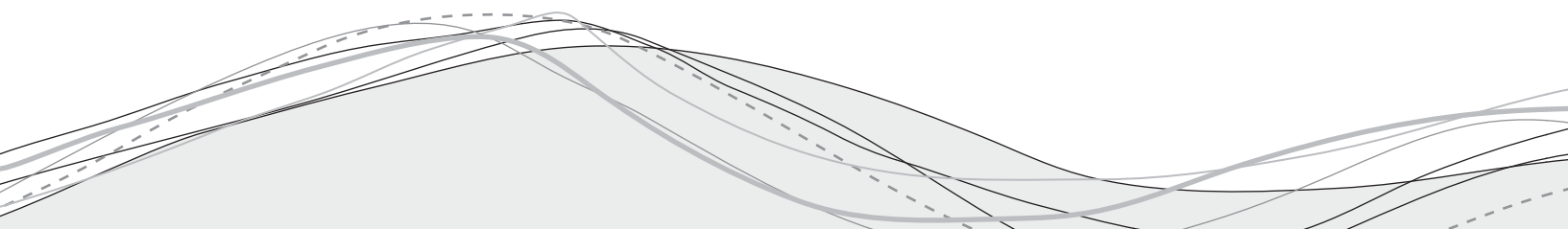
# WELCOME

...to the Annual Report 2009/2010

# WELCOME TO SELWYN DISTRICT'S ANNUAL REPORT 2009/10

The purpose of the Annual Report is to compare the actual activities and performance of the Council against that set out in the Long Term 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 one of the Selwyn Community Plan (LTCCP) 2009-19 that was adopted in June 2009.



## JOINT REPORT FROM THE MAYOR AND CHIEF EXECUTIVE

This report summarises the Council's activities and finances for the year 1 July 2009 to 30 June 2010. It shows that we made progress towards the community outcomes that have been prioritised in the Selwyn Community Plan (our blueprint for the next 10 years). Key examples are:

- the Lincoln Community Centre, whose construction is now well underway,
- the Selwyn pools strategy, which was approved after extensive consultation and community dialogue, and
- the continued development of our township structure plans.

However, the report also shows that, in some areas, we made less progress than expected. For example:

- several roading improvements will be delayed because we did not receive government approval for all the projects we had applied for,
- the construction of the Darfield library has been a little delayed because we spent time getting the plans right, and
- our finances showed a disappointing deficit of \$5 million, largely due to the economic recession which caused a slowdown in sales of industrial land and a 'paper' loss on the value of our investments.

You will find more detail and lots of other information about the Council's finances and activities in the following pages.

Although the earthquake which struck the heart of our district at 4.35am on Saturday, September 4th, falls outside the period covered in the body of this report, it would be remiss not to mention it here. The damage and distress, though widespread, could have been so much worse. We can thank several factors for this. The pre-dawn timing undoubtedly saved lives. Our high building standards undoubtedly saved many homes, workplaces and infrastructure. And the high level of preparation in the community enabled repair and recovery work to begin almost immediately.

The response by Selwyn residents was amazing, as was that of the Council civil defence team, emergency services, community volunteers, all Council staff, our contractors, and our electricity lines company, Orion. All their emergency planning, training and procedures were repaid handsomely. Our heartfelt thanks to all involved.

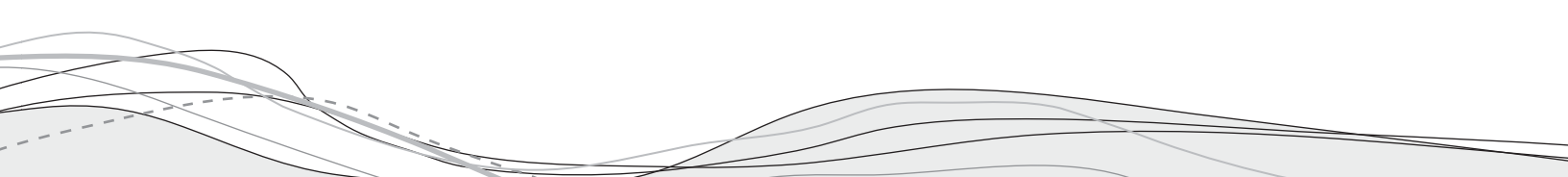
Although essential services were quickly restored, the recovery phase is not fully over. Selwyn suffered less damage than our neighbours but work is still being done to repair roads, water networks and buildings and to help those whose homes and businesses were worst affected.

This earthquake underlines why the Council is so committed to high standards for the district's buildings and infrastructure. Without the quality controls imposed by the Building Code, the District Plan, our Engineering Guidelines and the government's Drinking Water Standards, far greater damage might have ensued.

The full impact of the earthquake will not be known for some time but our initial estimates suggest that it will not have a major effect on Council finances. Although the Council and ratepayers will incur some cost, most costs will be covered by insurance and government support. A fuller reckoning will appear in next year's annual report.

For now, the focus is on recovery and, as the information in this report shows, the Council is well-placed to play its part in putting the district back on its feet.

In closing, we thank the district's elected representatives, the Council staff and the people of Selwyn for their contribution to the district's achievements in the past year. We look forward to continuing our success with them this year and next.



# STATEMENT OF COMPLIANCE AND RESPONSIBILITY

## Compliance

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

## 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 2010 fairly reflect the financial position and operations of the Selwyn District Council.



**Mayor**

Kelvin Coe



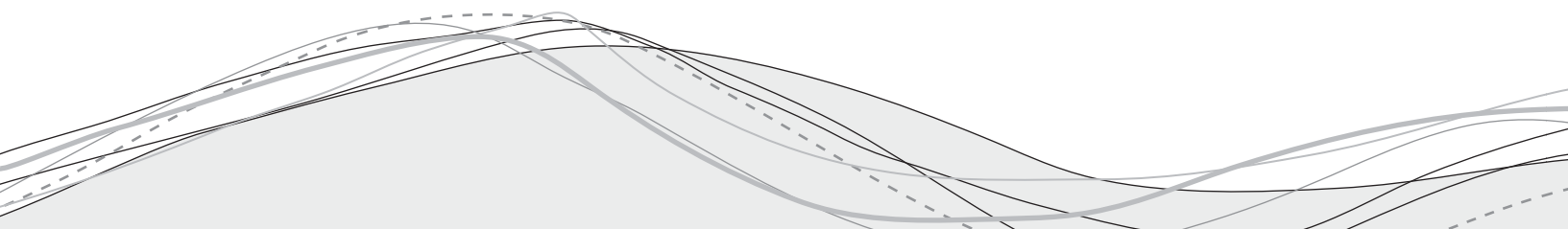
**Chief Executive**

Paul Davey



**Manager Corporate Services**

Douglas Marshall



## THE YEAR IN REVIEW

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

We are now one year into this 10 year programme. We have made a solid start on implementing our plans with some significant projects now underway. But in some areas we have made less progress than we hoped and will need to reassess our plans over the coming year. This section of the annual report summarises the progress we have made against the key priorities that we have made so far.

### Implement the aquatic strategy

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

Led by a steering group, that includes elected and community representatives, the Council developed a high level concept plan for the proposed aquatic centre. It also reviewed expected costs and alternative ways of funding swimming facilities in the district, including the planned improvements to community pools. We consulted with residents on these plans as part of the annual budget process. The proposal was based on the view that everyone in the district will gain benefit from a network of pools that serve the district (even if that benefit is just knowing that our children will be safer) and that the cost of all the facilities should be shared across the district. After listening to the many submissions on the proposal, and reviewing the results of an independent telephone survey, the Council decided to proceed with the aquatic strategy and fund it from a new targeted rate to start from 1 July 2011. In doing so it confirmed its support for the maintenance and improvement of the existing community pools and resolved to look at how the Council could support school pools.

We will work on detailed plans for the new Selwyn Aquatic Centre over the coming months with the aim of starting construction during 2011.

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

A significant proportion of residents commute from Rolleston and Lincoln and other townships into Christchurch and the CRETS projects aim to improve these busy transport links. Together with roading improvements, such as road widening and intersection improvements along key routes, the Council plans to provide improved walking and cycling facilities. Projects to provide 'Park n Ride' sites in conjunction with improved bus services are also envisaged to meet the increase in trips generated by the population growth that is occurring.

The Council had requested funding for these improvements from the New Zealand Transport Agency (NZTA) with the expectation that the Agency would subsidise this over a 10 year programme. Unfortunately, the NZTA revised the national funding criteria for the 2009-12 National Land Transport Programme which means funding is more difficult to obtain than originally anticipated. This means that the Council faces the choice of continuing with these improvements without government support (at an increased cost to the ratepayer), proceeding at a slower pace or deferring the projects until funding is available.

However the Council has been successful in having one CRETS project approved, the Byron St extension at Rolleston, while another is being discussed with the NZTA to determine if it is eligible. The Council will review the other CRETS projects and other transport programmes over the coming year in the light of the NZTA's priority and funding frameworks to determine how best to proceed.

Similarly funding decisions relating to the Council's larger walking and cycling projects have also been affected by changes by the NZTA and the Council will need to consider how these will proceed as outlined in its Walking and Cycling Strategy. Metro Bus Services within the district have been reviewed by Environment Canterbury and changes to these see the introduction of improved services from Lincoln and Rolleston to the City plus a new shuttle service between Lincoln and Rolleston. The promotion of alternative transport modes are also part of the CRETS strategy for dealing with the increased transport demands we face.



## **Construct the Eastern Selwyn Sewer Scheme**

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

To provide the additional capacity, the Council is planning to expand land based disposal of treated waste water next to the existing Pines treatment plant. Over the past 12 months the emphasis has been on obtaining the resource consent for the expanded plant. In a combined Regional Council / District Council hearing process, scheduled for October 2010, Council's Asset Delivery group will request approval for the expanded treatment system. If it is successful, construction work, which includes new pipelines from Lincoln to Rolleston and additional Pines treatment work, will occur through to March 2012. Once the plant is commissioned the currently deferred growth in Prebbleton in particular will be able to proceed.

## **Develop our district as a high quality place to live**

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

To achieve this, the Council has initiated a programme to prepare Urban Design Plans (known as Structure Plans) for its main growth areas – Rolleston, Lincoln and Prebbleton. The Structure Plans do not act as a blueprint for the towns, but rather provide an outline that will guide development and land use and help create high quality places to live. The Lincoln Structure Plan was completed in 2008, the Rolleston plan in 2009 and the Prebbleton plan in 2010. Work is underway to turn the plans into reality and the Council is currently working through a process to amend the District Plan (Plan Change 7) to allow the towns to develop in the way envisaged by the structure plans. A big step forward has also been achieved in Rolleston with the purchase of a key block of land that will allow for the development of a large recreation precinct in what will become a focal point for the town. The Council will also soon begin the consultation process for a Rolleston town centre master plan to guide the development of the town's commercial area.

Over the past three years the Council has focused its structure planning activities on the rapidly growing townships. Over the next two years the Council is shifting its focus to the rest of the district and is developing a District Wide Strategy. This overarching strategy will seek to reflect the wishes of local people in a guide for the future development of the district as a whole.

## **Make our resource consent processes more user friendly**

The Resource Consent process is complex and is often perceived as difficult for applicants to use and overly bureaucratic. The Council has been working to improve its processes and during the 2009-10 financial year we have introduced two new processes to assist applicants when they apply for resource consents. A Fast Track process has been introduced to speed up the processing of the more 'straight forward applications'. This process attracts a lower fee and a reduced turnaround of usually inside a week. The Planning Department is also formalising a Pre-lodgement Meeting process where the Council will provide Officers to advise and assist applicants prior to them lodging their consents. This service is designed to help applicants prepare and lodge a higher quality application which in turn should assist us in processing the application faster. There is no charge for the first hour of this service.

The Assets Building and Planning Teams are working together on larger consents with one point of contact. This process starts with a request for a meeting for a project by contacting Customer Services.

Selwyn District Council has also initiated a quarterly publication called "Selwyn Talk" for the building, construction and development community. Its aim is to keep customers updated on new initiatives, changes in laws, codes, standards and compliance activities. In addition to this the Council has initiated customer forums in which those involved in the resource consent process can offer feedback, make suggestions, and get information directly from staff.

These initiatives are reflected in the level of satisfaction with our services. A recent independent survey found that 86% of people who had applied for a Resource Consent in the last year were satisfied with the service received from the Council's Planning Team.

## **Implement our libraries for life strategy**

Libraries provide services that are highly valued by local people. They reach out to all age groups and interests, and provide education, recreation and inspiration to many. Libraries provide a place in the community for people to gather and meet each other. They are at the heart of a strong community.

In 2008 the Council adopted a Strategic Plan for its library service – “Libraries for Life”. The Strategy is to build a library service that is for the good of the entire district. The Strategy focuses on improving the library buildings so that they are welcoming and have sufficient space to meet the local communities’ needs. The Strategy is to deliver new or expanded and upgraded library facilities in Leeston, Darfield, Lincoln and Rolleston and ensure that the Mobile Library service continues to provide services in other, harder to reach areas around the district.

The new Leeston Library/Service Centre opened in April 2009. Since opening it has been a great success, with users enjoying the extra space, materials and services available to them. Usage levels are well up on the previous library in all areas, with 80% more people regularly using the library.

The Council had planned to develop the new Darfield Library/Service Centre during the 2009-10 financial year. However, due to the design and consultation process being longer than expected it has been deferred until the 2010-11 financial year. Planning is now complete and work started in August 2010, with an opening date expected in January 2011.

Concept design work has also begun on the new Lincoln Library/Service Centre. The site on Gerald Street will incorporate Library/Service Centre facilities, Lincoln and Districts Community Care offices, meeting space, and extensive greenspace on this prominent site, for use and enjoyment by the local community. Detailed work on the design will be underway by November 2010.

### **Build a new Lincoln Community Centre**

The Council has been committed to a new community centre in Lincoln for some time and construction got underway early in 2010. The new centre will be a real hub for the town. It will provide an indoor stadium, performing hall, meeting rooms and new toilet facilities for the Lincoln reserve. In addition the project provides 200 car parking spaces for centre and reserve users. Parking on road sides has been a major problem in this area for many years. The project also includes new facilities for the Lincoln playcentre, Lincoln Plunket and the Lincoln toy library, all of which were fully operational in February 2010. We plan to open the full centre in late February 2011.

### **Plan for the possible impact of the Central Plains Water scheme**

If it goes ahead, the Central Plains Water Scheme will have a big impact on the district and has the potential to bring substantial economic and recreational benefits to the district. The scheme made significant progress during the 2009-10 financial year with the Hearing Commissioners approving consent for the revised run of river scheme. The Commissioners’ decision to reject the storage reservoir has reduced the potential economic benefits of the scheme but it will still open up a wide area to alternative agricultural uses. The resource consents are still subject to appeal and the scheme may still change. Once the resource consents are approved the scheme will need to raise capital to allow it to proceed to the construction stage. If the scheme proceeds, and this now looks likely, it will have an impact on the district including the economy and job opportunities, land use patterns and the Council’s infrastructure. We will take account of the progress of the scheme as we develop the District Wide Strategy and our long-term infrastructure plans over the coming years.

### **Make the most of our investments**

Ratepayers benefit greatly from the returns from the Council’s company, Selwyn Investment Holdings Limited (SIHL). The company holds the Council’s share of a number of companies and provides investment returns to the Council. SIHL has been actively seeking ways of maximising returns to the Council and over the 2009-10 financial year, for example supporting the Selwyn Plantation Board’s sale of its land and forest assets and facilitating the amalgamation of KB Irrigation Limited with SICON Limited. The sale of the Selwyn Plantation Board’s assets will result in a future capital payment to the Council that can then be invested to generate income. This income will replace the income that might otherwise have been achieved from the Plantation Board’s forestry and farming activities.

It has been a difficult year for the Council’s trading companies with the economic downturn reducing both the volume of work available and the profit margin achievable.

- Despite the huge effort of its Board, management team and staff, SICON incurred a deficit after tax of \$9,000 in 2009-10. This is largely due to the loss of contracts and one-off restructuring and redundancy costs. However, the true value of the Council’s investment in SICON was demonstrated in the aftermath of the Canterbury earthquake when the company’s effective response helped keep the district’s water and waste water systems operating.
- KB Irrigation Limited suffered a substantial loss after tax of \$1.2 million, mainly due to disappointing sales volumes. As a consequence of continuing losses a decision was taken to amalgamate the company with SICON on 1 July 2010. This resulted in the redundancy costs and stock write offs that added to the total losses as the company repositioned its business in preparation for the merger.

- Ferguson Brothers Limited suffered a loss after tax of \$1.7 million. This was caused by restructuring costs, a high proportion of low margin maintenance work, one-off cost including losses from prior period contracts and rework, impairment of plant and high repairs and maintenance costs. The Board has worked hard to improve the company's performance and progress was achieved in the second half of the financial year with staff and management all working to turn the business around. The company remains in a good position in the West Coast market, retains substantial core contracts and has budgeted for a surplus in the 2010-11 financial year. As a result of the company's losses the Council has written down the value of its investment in Selwyn Investment Holdings Limited by \$1.2 million.

Selwyn Plantation Board Limited also incurred a loss after tax of \$2.6 million due to a write down in the value of its land and buildings of \$5.8 million. However, the focus of the company over the past year has been on maximising the proceeds from the sale of its assets as it is this that will determine the amount of money that can be returned to the Council.

Despite the losses incurred by its subsidiaries, SIHL has met its commitment to pay the budgeted \$4 million dividend to the Council. This is because SHIL's largest investment in Orion continues to provide a reliable core stream of dividends to the company and through it, to the Council.

It has also been a tough year for the Izone Southern Business Hub. Sales of industrial land slowed during the economic downturn and the Council has not been able to achieve the budgeted level of revenue from Izone in 2009-10. Izone had budget for income of \$8.7 million on the expectation of some large sales, but these did not happen and total income for the year was \$0.4 million. However, the Council has still been able to progress its central objective of bringing jobs to the district through Izone. The Council has built a large seed store building that it will lease to PGG Wrightson Limited and also built the new Izone café that opened in April 2010. The café is leased to a Rolleston couple and is proving popular with locals. These two developments will bring the total number of jobs created in Izone to 430.

## Manage our finances in a fair and prudent way

Everyone in the district has faced increased costs in recent years as food, fuel and power bills have all risen and the economic slowdown has made balancing the household budget even more difficult for many. The Council has also faced the same pressures on its budget, with increases in the cost of providing services and reduced revenue in a number of areas. The Council has sought to balance these pressures and keep the level of rates increases at affordable levels. In June 2010 the Council approved a general rate increase of 3.9% for the 2011-12 year, just below the increase forecast in the Selwyn Community Plan. There were also increases to a number of targeted rates for water, sewerage and community facilities.

One of the main pressures on the Council's costs is the need to fund capital works including roading and transport schemes and individual water and waste water schemes. The Council has traditionally taken a very prudent approach to financial management and has not taken out any debt to fund capital works. However, in planning for the capital works programme over the coming years, the Council will, within well defined and prudent limits, take out debt as the need arises.

The Council borrowed \$25 million during 2009-10. The borrowing was used to fund the development of Izone as well as part of the road programme. The amount borrowed is less than forecast in the budget because a number of projects that were planned for 2009-10 have been deferred for completion in 2010-11.

The financial statements section of the annual report provides an overview of the Council's financial performance for the year. It shows that the Council incurred a deficit in the 2009-10 financial year. The deficit reflects the impact of the economic downturn on the Council's finances, in particular the lack of land sales in Izone and the write down in the value of the Council's investments.





## HOW WE PERFORMED

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

### In this section

Activities

- Community Services
- Democracy
- Environmental Services
- Transportation and Townships
- Waste Management
- 5 Waters Services
- Izone Southern Business Hub
- Internal Council Support Services

# HOW WE PERFORMED - INTRODUCTION

## Introduction

The Council provides a wide range of services for and on behalf of the residents of the district. For planning and reporting purposes, these services are grouped together as significant activities. The Council's plans for each significant activity for the 2009-10 financial year were set out in the Selwyn Community Plan (LTCCP) 2009-2019.

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

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

- a brief description of the activity
- the overall goal for the activity
- the community outcomes to which the activity contributes
- a statement of service performance that sets out 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 details the capital expenditure of each activity and explains variances compared with the budget and with the previous year's expenditure.

## 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) 2009-2019. 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.'*

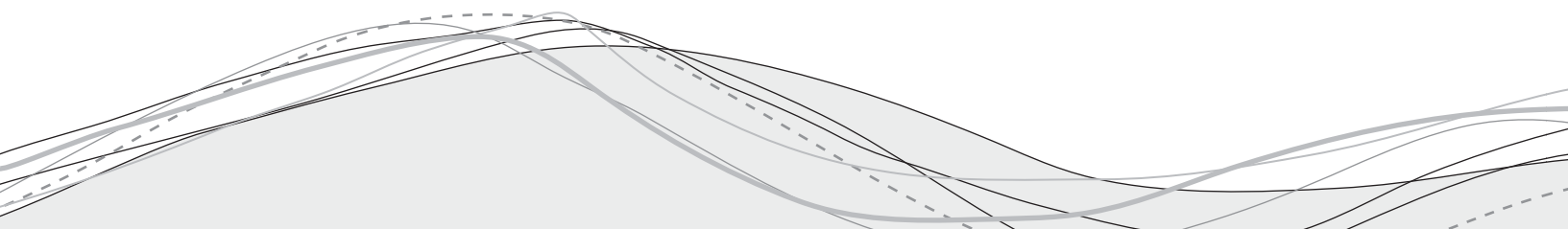
The full report is available on the Council's web site. The following section of the annual report includes information on the Council's activities and performance for the 2009-10 financial year and, where relevant, sets out information on how the activity has contributed towards achieving the community outcomes and the effects of its activities on the well-being of the community.

## Residents' survey

The statement of service performance that sets out how the Council has performed against its non-financial targets for the year includes a number of performance measures taken from a survey. This was an independent telephone survey of 1000 households in the Selwyn district that included questions about some of the services the Council provides.

The results are expressed in the form of a performance rating out of 100. The survey asked respondents whether the Council is doing a very good job, an adequate job, a not good enough job, or a poor job. The answers were weighted depending on the response with a very good job scoring 2, an adequate job scoring 1, a not good enough job scoring -1 and a poor job scoring -2. No responses scored 0. The weighted scores were converted to a 100 point scale, where a maximum score (all responses being a very good job) equals 100, and a minimum score (all responses being a poor job) equals zero.

The survey has a margin of error of +/- 3%.



## HOW WE PERFORMED – COMMUNITY SERVICES

### 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:

- community development
- 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
- tourism promotion.

### Activity goal

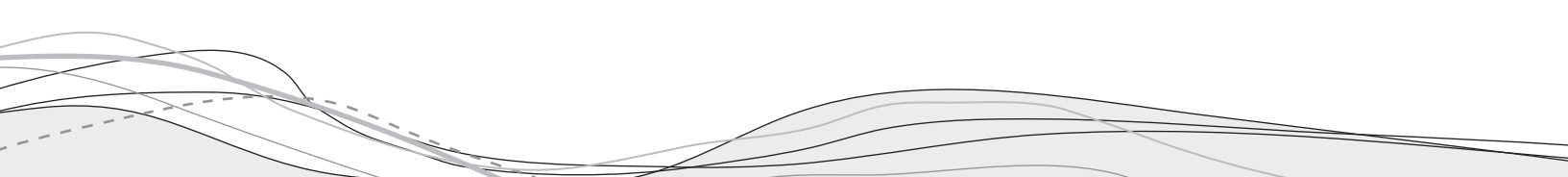
Our goal is to:

- 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

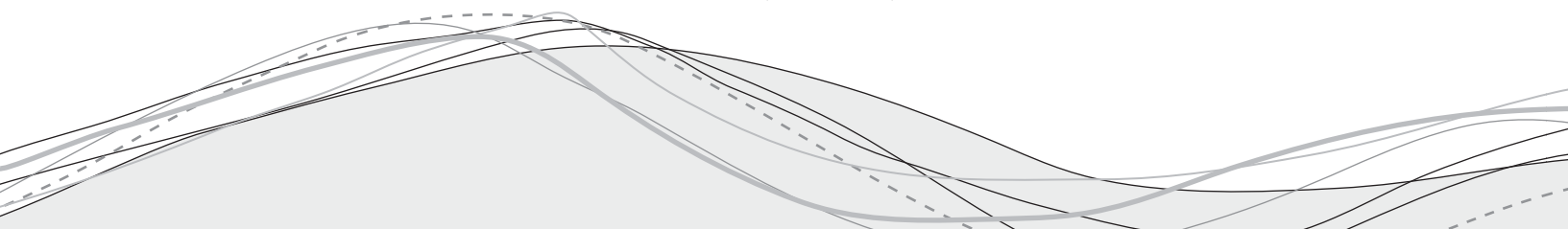
Many people and organisations contribute to residents' health, safety and quality of life, and to the strength of Selwyn's communities. Our approach is to provide support and advice to residents and community organisations to provide an environment in which residents and communities can flourish, and to work collaboratively with a range of agencies to ensure Selwyn residents get the facilities and services they need.

Key achievements during the 2009-10 financial year for community services activity are summarised below.

- An increase of health and social service providers in the district as a direct result of the Council partnering with health and social service providers to ensure that 'Selwyn people have access to appropriate health, social and community services'.
- The Rolleston Community House was established, to provide better access for Selwyn residents to health and social services and to reduce the need to travel to Christchurch for these services.
- More opportunities for Selwyn residents to enjoy healthy, active lifestyles. There was a substantial increase in the number of recreation programmes at the Rolleston Community Centre, leading to more people becoming involved in community activities. The performance rating for satisfaction with public halls and community centres providing venues for social, cultural, recreational and educational opportunities in the district is above target at 75 out of 100. However not all community centres and halls are in good condition, with 23% in an average or below average condition based on cyclical condition inspections. This was below the target of 20% as a result of one building being reassessed from "good" to "poor" condition following a more comprehensive survey. Ageing and deferred maintenance as a result of funding limitations contributed to not meeting this performance measure. However substantial improvement programmes were undertaken at a number of halls and community centres in the District. Half of residents reported participating in regular physical activity at least five days a week in the 2010 residents' survey, the level recommended by the Ministry of Health for health benefits.
- There were eight operational pools in the district during the 2009/10 year, one more than in the previous year. Poor weather during the swim season contributed to a lower number of swims per capita this year, 0.42 swims per person against the 0.5 target. Leeston Learners Pool did not open at all which had an impact on this figure. Planning and consultation for a district indoor pool facility has progressed and Council has made a decision to proceed with construction of this facility.
- Access to open space for physical recreation opportunities and social contact is valued by residents, with all households surveyed saying they used a public park or reserve in the past year, above the Council's target. The district enjoys more than the average number of hectares per resident of green space, compared to similar sized district authorities. There was a high level of satisfaction with parks and reserves in the district with a performance rating of 85 out of 100 in the residents' survey compared with a target of 80. Council failed to achieve its target that all residents are serviced by a reserve within 400m in at least 90% of townships because this target was based on inaccurate original data. Council has improved its systems so future information will be based on more reliable GIS data.
- There were a number of new events/activities for young people in the District, for example, discos and youth cafés in Rolleston and Leeston and the youth week programme.
- The Council continues to 'provide a range of quality, lifelong education and training opportunities' and 'a range of arts and cultural experiences and facilities' through its network of libraries and support for the arts. Programmes established in the past year have been designed to accommodate residents of all ages, from preschool story time and holiday reading programmes to adult book clubs, craft programmes and 'stroll and chat' sessions. The programmes designed for our younger residents attracted 3250 children. The percentage of the district's population registered as library users, increased to 55%, more than the 47% target Council set for itself. Nearly two-thirds (63%) of the district's households used their local public library over the past year. Satisfaction is very high with the library, with a score of 80 out of 100 in the residents' survey. The Council fell short of its target of 17.5 issues per patron per year, achieving 16.7 issues in the 2009/10 year, but it must be noted that many people do not take out resources, but rather use them in the library (for example computers and publications). Visits to libraries increased 13.5% compared with the previous year. This, in part, reflects the evolution of the library within its community from a place to access information to fulfilling a range of educational, recreational and social needs. The recently reopened library at Leeston is an example of this new generation of library.

The Council's work has contributed to the cultural and social well being of the community by ensuring that civil defence initiatives are in place, that community groups receive support and funding for further development, and that a wide range of services and facilities are available for the use of the community. The importance of this work is demonstrated by the high proportion of residents who use and value the council's services and the high proportion who report feeling a sense of community in Selwyn.

The value of all the planning and preparation work the council did for Civil Defence emergencies and the development and maintenance of the volunteer infrastructure during the 2009-10 year was demonstrated when the earthquake struck on 4 September 2010. The effective response reduced the negative impact of the earthquake on the Selwyn community and helped reduce the disruption to residents.

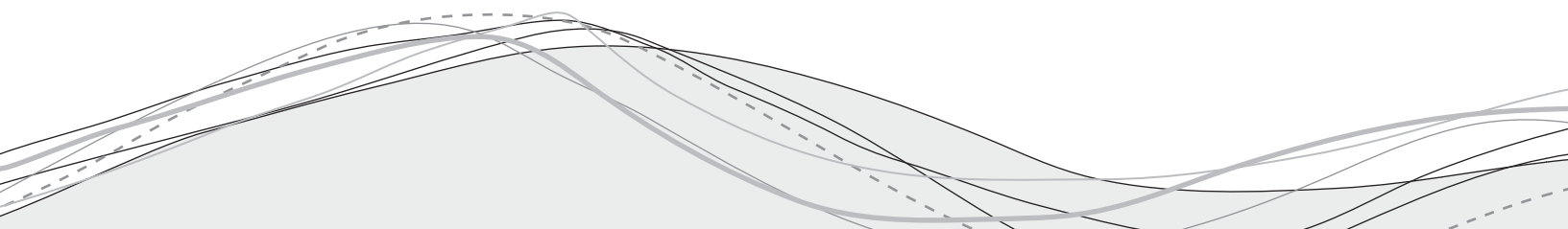




Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2009/2010
Residents have open spaces for physical recreation activities and social contact to benefit physical and mental wellbeing.	Percentage of residents who have used or visited a public park or reserve in the past 12 months.	Percentage 70% or better.	<b>Achieved</b>  70% of residents surveyed
	Hectares per 1000 population (for sports parks) is above the average for similar sized district authorities (minimum 3ha/1000).	Number of hectares per 1000 head of population is greater than 5ha.	<b>Achieved</b>  5.02ha per 1000 head of population.
Township reserves and streetscapes enhance the landscape character of the district and unique identity of township environments and provide places for recreation activities and social contact to benefit physical and mental well-being.	The performance rating (out of 100) for parks and reserves in the residents' survey.	Performance rating is 80/100 or better.	<b>Achieved</b>  85/100
	Percentage of townships where all residents are serviced by a reserve within 400m.	Percentage is 90% or better.	<b>Not achieved</b>  71%  Target of 90% was based on inaccurate original data on current provision.
Community centres and halls provide local venues for social, cultural, recreational and educational uses.	The performance rating (out of 100) for community centres/halls in the residents' survey.	Performance rating 50/100 or better.	<b>Achieved</b>  75/100
	Numbers of buildings in average condition or below based on cyclical condition inspections.	Percentage is less than 20%.	<b>Not achieved</b>  23% were in an average or below average condition.
Public swimming pools contribute to Selwyn district being an attractive place to live and provide places for recreation activities and social contact to benefit physical & mental wellbeing	Number of local, sub-district and district pools.	Number of pools equals 7.	<b>Achieved</b>  There were 8 operational pools in the district during the 2009/10 financial year.
	Number of swims per capita of district population per year.	Number is greater than 0.5.	<b>Not achieved</b>  0.42 – poor weather for swim season.



Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2009/2010
Provision of public toilets helps to promote a healthy living environment for district residents and has economic benefits in supporting local businesses, visitor destinations and tourism.	The performance rating (out of 100) for public toilets in the biennial resident survey.	Performance rating is 60/100.	<b>Achieved</b> 61/100
A network of cemeteries is provided to meet the district's burial and remembrance needs.	The performance rating (out of 100) for cemeteries in the residents' survey.	Performance rating is 70/100 or better.	<b>Achieved</b> 72/100
Provide community development services and advice to Selwyn residents.	Residents' sense of community.	No target set as 2009-10 will establish a baseline via Residents' survey.	83% of those surveyed felt a sense of community with their neighbourhood
	Percentage of Selwyn residents engaging in regular physical activity.	No target set as 2009-10 will establish a baseline via residents' survey.	50% (At least 30 minutes five times a week).
	Number of new businesses established in the district.	1% increase from 2008/09.	0.92% increase from 2007/08 to 2008/09.  (figures for 2009/10 financial year are not available until late October).
Provide library and cultural services.	Registered library users as a percentage of total population.	47% of population.	<b>Achieved</b> 53% of the population are registered.
	Issues per patron per annum.	17.5 issues.	<b>Not achieved</b> 16.74 issues per patron.



## Community Services Activity Operation Statement

### Financial summary for the year ended 30 June 2010

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
	\$000	\$000	\$000	v Actual 2009	v Budget 2010
<b>Activity revenue</b>					
Targeted rates	2,858	2,832	2,297	1	
Development contributions	1,066	363	1,092		9
Vested Assets	215	-	162		10
Other revenue	2,444	1,461	1,458	2	11
<b>Total activity revenue</b>	<b>6,583</b>	<b>4,656</b>	<b>5,009</b>		
<b>Operating expenditure</b>					
Business development/district promotion	477	456	358		
Cemeteries	317	339	298		
Civil defence	198	224	203		
Community centres and facilities	1,182	1,274	1,048		
Community development	693	595	531		
Elderly housing	25	29	25		
Forestry	23	54	28		
Library services	1,440	1,756	1,340		12
Medical centres	18	18	20		
Property and buildings	970	773	1,180	3	
Public toilets	271	425	279		
Recreation reserves	1,632	2,485	2,137	4	13
Rural fire protection	437	357	395		
Sports and culture grants	85	190	60		
Swimming pools	216	234	226		
<b>Total operating expenditure</b>	<b>7,984</b>	<b>9,209</b>	<b>8,128</b>		
<b>Surplus/(deficit)</b>	<b>(1,401)</b>	<b>(4,553)</b>	<b>(3,119)</b>		

## Community Services Activity Capital Statement

*Financial summary for the year ended 30 June 2010*

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
	\$000	\$000	\$000	v Actual 2009	v Budget 2010

<b>Capital expenditure</b>					
Business development/district promotion	-	-	19		
Cemeteries	36	58	-		
Civil defence	57	85	53		
Community centres and facilities	3,105	8,071	479	5	14
Library services	376	1,393	616	6	15
Medical centres	10	769	184		16
Property and buildings	1,328	715	232	7	17
Public toilets	57	589	72		18
Recreation reserves	1,395	3,942	1,976	8	19
Rural fire protection	170	350	171		
Swimming pools	91	234	51		
<b>Total capital expenditure</b>	<b>6,625</b>	<b>16,206</b>	<b>3,853</b>		

### ***Financial commentary (actual 2010 compared with 2009)***

1. *Targeted rate revenue* is higher than 2009 due to increased rate levels to fund improvements to the library services plus the new Lincoln Community Centre.
2. *Other revenue* is higher than in 2009 due to a \$517,000 lottery grant towards the cost of the new Lincoln Community Centre, increased revenue from hire fees, lease rentals and general receipts, plus an increase in the value of the Council's forestry assets of \$181,000.
3. *Property and buildings expenditure* is lower than in 2009 due to a revised methodology for the allocation of support costs (\$126,000) and depreciation expenses (\$74,000).
4. *Recreation reserves expenditure* is lower than in 2009 because the 2009 figure included significant expenditure on the Rolleston and Prebbleton reserves, including the Foster Park dog exercise area.
5. *Community centres capital expenditure* is higher than 2009 due to the construction of the new Lincoln Community Centre.
6. *Library services capital expenditure* is lower than 2009 as the 2009 figure included the new Leeston Library, but the new Darfield library upgrade planned for completion in 2010 has been deferred for completion in the 2011 financial year.
7. *Property and buildings capital expenditure* is higher than in 2009 due the purchase of two properties in Brookside Road Rolleston for \$894,000 as part of the implementation of the Lowes Road structure plan.
8. *Recreation reserves capital expenditure* is lower than in 2009 because the 2009 figure included substantial expenditure developing the Rolleston reserves, including the Brookside park changing facility.

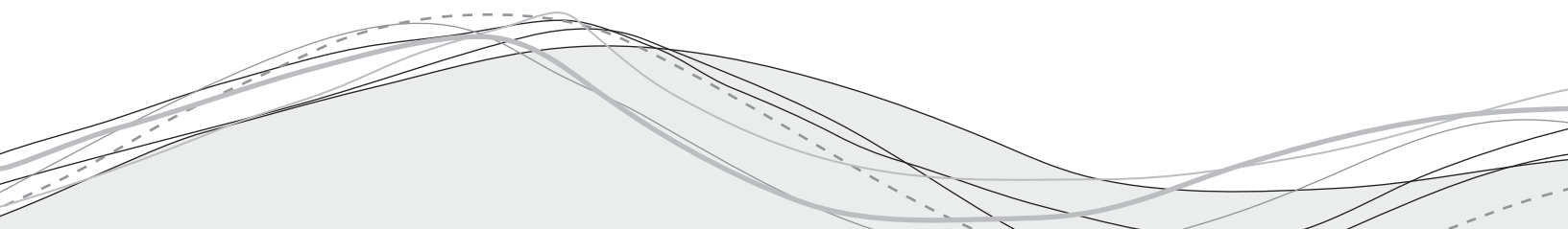
### ***Financial commentary (actual 2010 compared with budget 2010)***

9. *Development contributions revenue* is higher than budgeted as the level of sub-division activity was greater than anticipated. Due to the economic slowdown in the 2009 financial year, the budget included a very cautious estimate of the level of reserve contributions in the 2010 financial year.
10. *Vested asset revenue* recognises the value of reserves established by land developers that transfer to the Council when a development is complete. Revenue is higher than budgeted as no budget provision was made for vested reserves.
11. *Other revenue* is higher than budgeted due to a \$517,000 lottery grant towards the cost of the new Lincoln Community Centre, better than expected revenue from hire fees, lease rentals and general receipts plus an increase in the value of the Council's forestry assets of \$181,000.
12. *Library service expenditure* is lower than budgeted due to lower staffing and building costs than forecast. This is because the new Darfield library has been deferred for completion in the 2011 financial year.
13. *Recreation reserves expenditure* is lower than budgeted due to a number of projects being deferred for completion in the 2011 financial year. These include youth park projects (\$400,000), management plans for reserves (\$68,000) and the Cemetery Pit development (\$262,000).
14. *Community centres and facilities capital expenditure* is below budget as the Lincoln Community Centre was still under construction at the end of the financial year, whereas the budget was based on the assumption to would be completed by 30 June 2010.
15. *Library services expenditure* is lower than budgeted as the new Darfield library has been deferred until the 2011 financial year.
16. *Medical centre capital expenditure* is lower than budgeted as the Darfield Medical Centre project has been deferred for completion in the 2011 financial year. The project was delayed due to the time taken to determine the most appropriate location for the Centre.
17. *Property and buildings capital expenditure* is higher than budgeted as the expenditure includes the purchase of two properties in Brookside Road Rolleston for \$894,000 as part of the implementation of the Lowes Road structure plan compared with a budget of \$512,000 for strategic land purchases. There were also a number of unbudgeted property costs, including the costs associated with preparing land for future sale.
18. *Public toilets capital expenditure* is lower than budgeted as the Springfield (\$244,000) and Chamberlains Ford (\$288,000) upgrade and renewal projects have been deferred for completion in the 2011 financial year. The Springfield project is on the site of the existing fire station and will proceed once the NZ Fire Service relocates the fire station to its new site. The Chamberlains Ford has been delayed due to resource consent requirements.
19. *Recreation reserves capital expenditure* is lower than budgeted due to a number of projects that have been deferred for completion in the 2011 financial year. These include new gravel reserves (\$1,345,000), Rolleston Reserves developments (\$333,000), Prebbleton Reserve developments (\$212,000), Kirwee Pavilion upgrade (\$155,000) and Springston Pavilion and Reserve upgrade (\$240,000). The council is in the process of completing the due diligence for the purchase of the new gravel reserves from Selwyn Plantation Board Limited.

***Significant capital expenditure***

The significant capital projects during the year were:

- Initial construction work on the new Lincoln Community Centre - \$2,115,000
- Purchase of land on Horndon Street in Darfield to extend the domain and provide additional recreational land - \$542,000
- Purchase of two properties on Brookside Road, Rolleston as part of the implementation of the Lowes Road structure plan. This structure plan will guide the development of the area as a high quality urban environment and the property purchases will allow good connections across the area - \$894,000
- Development of the Rolleston reserves, including the youth park and toilet facility for the Foster Park Dog Exercise Area - \$612,000
- Development of the Prebbleton reserve including sports fields and landscaping - \$443,000.



## HOW WE PERFORMED – DEMOCRACY

### Activity description

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

### 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.

### 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. The Council paid the following grants in 2009-10.

Discretionary Fund - Wards	\$39,096
Discretionary Fund – Councillors	\$8,189
Mayoral Fund	\$1,203
Community special events	\$11,690
Local history groups	\$4,666
Life Education Trust	\$3,556
Community Law Canterbury	\$3,000
Banks Peninsula Trotting	\$934
Summit Road Society (Inc)	\$2,000
Summit Road Protection Authority	\$1,460
Waihora Ellesmere Trust	\$20,000
Other minor grants	\$6,726
Enviroschools Canterbury	\$2,500
Lincoln Envirotown Trust	\$30,000

<b>Total grant funding</b>	<b>\$135,020</b>
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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	\$248,412
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## Statement of service performance

The Council achieved two out of three performance measures set in the democracy area in the 2009/10 year.

The Council strives to provide opportunities for the community to participate in decision-making that contributes to a well-governed district by providing information, undertaking consultation and processing the community's input. There were 643 submissions received for the annual budget with 76 submitters wishing to speak to the Council on their submission.

The Council did not achieve its performance measure to conduct less than 5% of the Council business in a public excluded meeting. However, this was in keeping with other years. This results from the sensitive nature of some of the Council's decisions, many of which involve commercial transactions such as land purchases that need to be considered in publicly excluded meetings.

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

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2009/2010
Take decisions in an open and accountable manner.	All meetings of elected members are 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.	<b>Not achieved</b>  21% of business held in a public excluded meeting.
Prepare key accountability documents in accordance with good practices that allow for easy input from ratepayers and meet statutory requirements.	The annual report, annual budget and Selwyn Community Plan meet good practice standards.	2008/09 annual report adopted on time with unqualified audit opinion.  2010/11 annual budget adopted on time.	<b>Achieved</b>  The annual report was unqualified and adopted on 28 October 2009.  The annual budget was adopted on 23 June 2010

## Democracy Activity Operating Statement

*Financial summary for the year ended 30 June 2010*

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
	\$000	\$000	\$000	v Actual 2009	v Budget 2010

### Activity revenue

Targeted rates	418	414	393		
Other revenue	1	-	4		

<b>Total activity revenue</b>	<b>419</b>	<b>414</b>	<b>397</b>		
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### Operating expenditure

Mayoral	226	242	202		
Council	2,052	2,175	1,680	1	
Community boards	159	166	158		
Grants and subscriptions	455	473	447		

<b>Total operating expenditure</b>	<b>2,892</b>	<b>3,056</b>	<b>2,487</b>		
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<b>Surplus/(deficit)</b>	<b>(2,473)</b>	<b>(2,642)</b>	<b>(2,090)</b>		
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### Financial commentary (actual 2010 compared with 2009)

1. The Council expenditure is higher than in 2009 due to a revised methodology for the allocation of support charges introduced from 1 July 2009.



## HOW WE PERFORMED — ENVIRONMENTAL SERVICES

### 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.

#### 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 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.

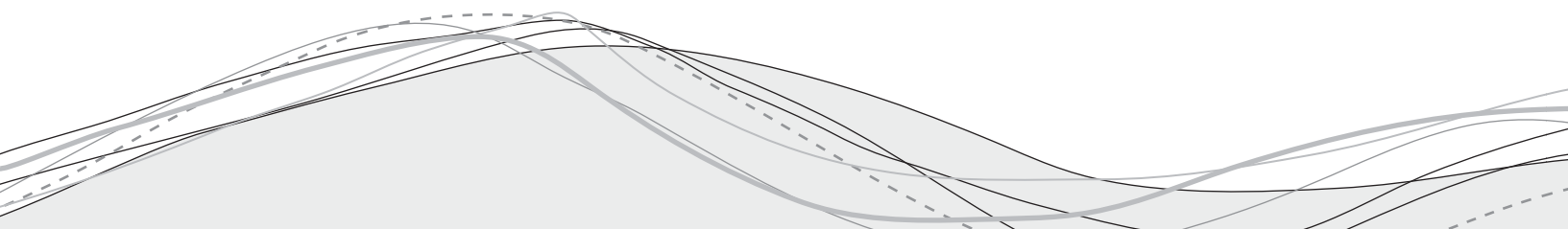
### Activity goal

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 met most of its performance measures in the 2009/10 year for environmental services.

The building department achieved the next stage of the process of being an accredited Building Consent Authority. Average processing times for building consents and full code of compliance certificates were 14 days and 10 days respectively, the latter being half the processing time of the previous year. Despite this improvement, the Council failed to achieve its target of 100% of building consents and code of compliance certificates issued within statutory timeframes. This is due to a spike in consents and the subsequent period of adjusting the number of staff engaged to meet the workload. Engaging additional staff, even in a temporary capacity, is not a quick process for the Council as a Building Consent Authority due to the regulations governing accreditation. The challenge for the Council is being able to adjust quickly to changing circumstances and arrange for additional resources at peak times. The significant majority (82%) of building consent applicants were fairly satisfied or extremely satisfied with the service received from the building department whilst applying for their consent, up from 78% last year<sup>1</sup>.

The planning department processed 90% of resource consents within statutory requirements which is a vast improvement on previous years. In addition, 86% of resource consent applicants were fairly satisfied or extremely satisfied with the service received from the planning department whilst applying for their consent<sup>1</sup>. The Council did not quite meet its target that 70% or more Environment Court appeals were settled or found in the Council's favour, in part due to the small number of appeals – two out of three (or 66%) met this target.

Continued growth in Selwyn District has meant the Council has had to become a lot more strategic when considering the implications of this growth for the district. The Council endeavours to ensure that the District's future development is of a high quality and complements the existing townships and the district's unique rural setting. Structure plans for Prebbleton and Rolleston have been developed to guide future development of the District. These have been developed in accordance with the Greater Christchurch Urban Development Strategy (UDS) which seeks to manage urban development in a sustainable way across the Greater Christchurch area. Plan Change 7 is an initial step towards implementing the UDS and proposes to rezone 585 hectares of land in Lincoln and Rolleston for residential development. It also seeks to implement Council's Subdivision Design Guide along with new provisions relating to Medium Density Housing which will support the consolidation of townships while achieving good urban design. The Subdivision Design Guide won the New Zealand Planning Institute's 2010 Best Practice Award. The performance rating for residents' views on whether the Council is doing an adequate or very good job at ensuring that Selwyn's towns and countryside are being developed in the best possible way is 52 out of 100. Our residents' survey also shows a significant majority of residents (92%) believe it is important to them to feel that their local town has 'rural character', whilst nearly two-thirds (65%) think the Council has done a very good or adequate job of ensuring that this happens.

The animal control activity has been actively rolling out education programmes for schools and dog owners. The Council achieved registration of almost all known dogs in the district. Only one owner with multiple unregistered dogs, due to financial pressure, was the only barrier to achieving 100% registration. (The related performance measure has been rounded from 99.8% to 100%.) All complaints were investigated in a timely manner over the 2009-10 year, however a flaw in the recording system shows 95% achievement – this irregularity has since been rectified.

The Environmental Services group of activities contributes most to the environmental wellbeing 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.

<sup>1</sup>It should be noted that there was a four point scale of satisfaction in the 2010 survey of applicants compared with a five point scale in previous years.

## 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	Number Processed	Working days target	Target % within working days	Achieved within working days	Average processing days
Subdivision consents – notified (with hearing)	3	70	90%	43%	95
Subdivision consents – notified (no hearing)	0	50	90%	n/a	n/a
Subdivision consents – limited notification (with hearing)	2	70	90%	100%	31
Subdivision consents – limited notification (no hearing)	0	50	90%	n/a	n/a
Subdivision consents – non-notified (with hearing)	0	40	90%	n/a	n/a
Subdivision consents – non-notified (no hearing)	96	20	90%	94%	13
Land use consent – notified (with hearing)	4	70	90%	36%	92
Land use consent – notified (no hearing)	3	50	90%	30%	13
Land use consent – limited notification (with hearing)	6	70	90%	100%	39
Land use consent – limited notification (no hearing)	2	50	90%	67%	66
Land use consent – non-notified (with hearing)	0	40	90%	n/a	n/a
Land use consent – non-notified (no hearing)	200	20	90%	95%	10
Building consents	1590	20	100%	90%	14
Full code of compliance certificates	1494	20	100%	87%	10

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2009/2010
BUILDING CONTROL			
That buildings within the Selwyn district are constructed in accordance with legislative and community expectations by making timely and quality decisions on issues related to Building Consents and ensuing project construction.	Proportion of building consents issued within statutory timeframes.	100%	<b>Not achieved</b> 90%
	Proportion of Code of Compliance Certificates issued within statutory timeframes.	100%	<b>Not achieved</b> 87%
To interact with customers in a manner which results in a high level of customer satisfaction.	Proportion of building consent applicants satisfied or very satisfied.	90% or better	<b>Not achieved</b> 82%
PLAN ADMINISTRATION			
That activities within the Selwyn district are undertaken in line with community expectations as expressed through the district plan making timely and quality decisions on resource consents.	Proportion of resource consents issued within statutory requirements.	90% or better	<b>Achieved</b> 90%
	Proportion of Environment Court appeals settled or found in the Council's favour.	70% or better	<b>Not achieved</b> 66%
To interact with resource consent applicants in a manner which results in a high level of customer satisfaction.	Proportion of resource consent applicants very satisfied or satisfied.	85% or better	<b>Achieved</b> 86%
ENVIRONMENTAL HEALTH			
All registered premises are operated in a manner that minimises any adverse effects on public health.	All currently registered food premises are compliant with the 1974 Food Hygiene Regulations.	100%	<b>Achieved</b> 100%
	All other related registered premises are compliant with the Health Act 1956, and regulations made under the Act.	100%	<b>Achieved</b> 100%
SALE OF LIQUOR			
All licence applications are processed efficiently in accordance with legislative requirements.	Proportion of special licences issued within ten working days.	100%	<b>Achieved</b> 100%
	Proportion of all other licences issued within 20 working days.	80% or better	<b>Achieved</b> 90%

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2009/2010
MONITORING			
That activities within the Selwyn district are undertaken in line with community expectations as expressed through the district plan and the resource consents that have been granted.	Proportion of resource consents monitored within stipulated timeframe (or if not stipulated, within a timeframe assessed as being appropriate).	100%	<b>Achieved</b>  100%  (Based on a sample of 30 consents)
POLICY AND STRATEGY			
Planning and providing for the sustainable management, development and protection of natural and physical resources of the district as required by Section 5 of the Resource Management Act 1991 and to develop, amend and review the Selwyn District Plan to reflect the strategic direction and meet statutory requirements.	A programme of plan changes to enhance the district plan is prepared and approved by the Council each year.	A Council report with a programme of plan changes is placed on the Council agenda twice a year.	<b>Achieved</b>  Progress on plan changes is reported to the Council on a monthly basis.
	Proportion of private plan changes processed within statutory timeframes	100%	<b>Achieved</b>  100%
Engaging with local communities, developers and other interested parties to develop a strategic direction.	Adoption of the strategies.	Adoption of the Rolleston Structure Plan.	<b>Achieved</b>  Rolleston Structure Plan approved 23 September 2009.
	Residents' survey level of satisfaction is increased. (No target set as 2009-10 will establish a baseline for comparison.)	Residents' satisfaction is measured	52/100
ANIMAL CONTROL			
Registration of all known dogs.	Registration of all known dogs by year end 30 June.	100%	<b>Achieved</b>  100%
All complaints in regard to dog control are investigated in a timely manner.	% of urgent callouts attended to within four hours.	100%	<b>Not achieved</b>  95%
	% of non-urgent callouts attended to within 72 hours.	100%	<b>Not achieved</b>  95%

## Environmental Services Activity Operating Statement

*Financial summary for the year ended 30 June 2010*

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
				v Actual	v Budget
	\$000	\$000	\$000	2009	2010

<b>Activity revenue</b>					
User charges - animal control	275	273	271		
User charges - building	2,778	2,576	1,474	1	3
User charges - environmental health	122	107	90		
User charges - resource management	504	445	611		
User charges - RMA monitoring	18	43	25		
User charges - resource policy	95	74	34		

<b>Total activity revenue</b>	<b>3,792</b>	<b>3,518</b>	<b>2,505</b>		
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<b>Operating expenditure</b>					
Animal control	308	346	345		
Building	3,224	3,864	3,209		4
Environmental health	167	179	156		
Resource management	1,064	1,033	1,332	2	
RMA monitoring	142	157	114		
Resource policy	1,606	1,929	1,771		5

<b>Total operating expenditure</b>	<b>6,511</b>	<b>7,508</b>	<b>6,927</b>		
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<b>Surplus/(deficit)</b>	<b>(2,719)</b>	<b>(3,990)</b>	<b>(4,422)</b>		
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## Environmental Services Activity Capital Statement

*Financial summary for the year ended 30 June 2010*

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
				v Actual	V Budget
	\$000	\$000	\$000	2009	2010

<b>Capital expenditure</b>					
Building	7	-	-		

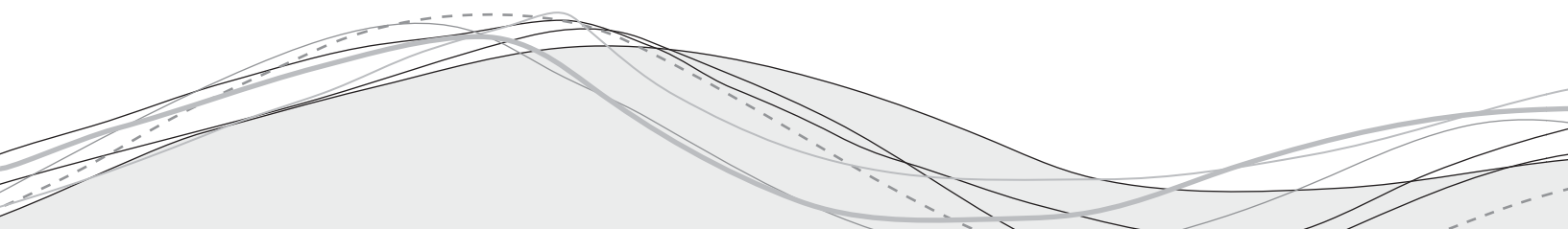
<b>Total capital expenditure</b>	<b>7</b>	<b>-</b>	<b>7</b>		
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***Financial commentary (actual 2010 compared with 2009)***

1. *Building revenue* is higher than in 2009 due to an increase in building activity in the district. The 2009 financial year saw a big drop-off in the level of activity compared with recent years.
2. *Resource management expenditure* is lower than 2009 because the 2009 figure included expenditure relating the Central Plains Water consent hearing, (these costs were recovered from the applicant) and legal expenses associated with a number of planning appeals.

***Financial commentary (actual 2010 compared with budget 2010)***

3. *Building revenue* is higher than budgeted due to greater than expected building activity in the district.
4. *Building expenditure* is lower than budgeted as the budget included \$610,000 building research association levies that are treated as an agency transaction in the annual report (i.e. as being revenue collected on behalf of another organisation) and excluded from both income and expenditure totals.
5. *Resource policy expenditure* is lower than budgeted as a number of projects were underspent during the year including the District Wide Strategy and implementation of the Rolleston Structure Plan. These are on-going projects that will continue in the 2010-11 financial year.



# HOW WE PERFORMED — TRANSPORTATION AND TOWNSHIPS

## 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.

Transport, in whatever form, plays an integral part of our lives and is the principal thread that binds our communities together. It also provides access to wider experiences and opportunities in the region and beyond. This benefits our social and cultural development, commerce, tourism and recreation.

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

## 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.

## 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.

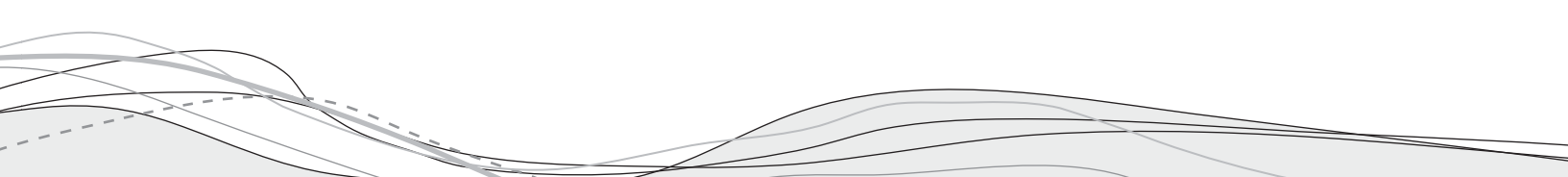
## Statement of service performance

The Council did not achieve all of its performance measures in the 2009-10 year in the transportation and townships area, narrowly missing some of them due to external influences beyond the Council's control.

The Council was not able to achieve some of its planned work, including the length of reseals and some major upgrades, because the New Zealand Transport Agency (NZTA) approved less funding to subsidise these than the Council had anticipated when it set its budget. However, the first major project under the Christchurch Rolleston and Environs Transportation Study (CRETS), started in the 2009-10 financial year. The Byron Street Extension will extend Byron Street to Norman Kirk Drive and Rolleston Drive in Rolleston, providing an important collector road link between Rolleston growth areas as well as improving access to the school and Council offices. The project is being funded through the subsidised National Land Transport Programme. Investigations to secure funding for other eligible projects are continuing.

The Council has continued to improve opportunities for sustainable transport options in the district such as walking, cycling and public transport. Resident satisfaction with footpaths was higher than the targeted with a performance rating of 67 out of 100. The Prebbleton to Hornby section of the Christchurch to Little River Railtrail has been completed and work commenced on planning the next section which connects Lincoln south towards Motukarara.

The wet weather experienced in the district in May and June 2010 impacted upon the number of public service requests received across the board. Prior to this period, the figures were tracking under the limits set by the performance measures. The timing of the residents' survey, which took place shortly after the poor weather, may have also impacted upon the residents' satisfaction with urban roads, rural roads and cycleways as these fell just short of their respective targets.





There were 19 serious casualties during the 2009-10 year, slightly exceeding the upper limit set as a performance measure of 18. The Council is one key partner among many who have a long term commitment to reduce crashes and casualties in the district. Their efforts may not be recognised in the shorter term as they depend on behavioural change of road users which is a long term process. The Council however, remains firmly committed to this goal.

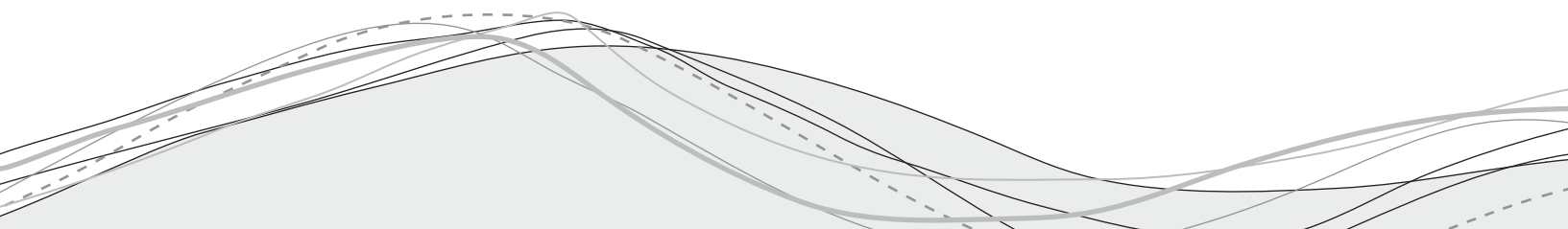
The transportation and townships activity contributes to the community outcomes in a number of ways. An 'effective and efficient transport system' has been progressed by the development of objectives and rules in a proposed District Plan variation. This seeks to integrate sustainable transport systems and land use planning to promote for example walking and cycling in townships, whilst ensuring development provides a range of transport options for residents into the future such as public transport.

The increasing number of sustainable transport options promotes the community outcome that 'air, land, water and general environment to be kept in a healthy condition'. As well as providing the infrastructure necessary to make walking, cycling or public transport an attractive option, education has a big part to play in the successful take-up of these options. This year, Selwyn District Council was awarded Highly Commended in The Golden Foot Awards for its School Travelwise Walking Programme, and was a finalist in the Cycling Advocates' Network (CAN) Cycle-Friendly Awards for its Bikewise Month promotion.

A further educational initiative which helped make Selwyn 'A safe place in which to live, work and play', used crash test dummies to raise awareness of stopping and taking another look at intersections. Crashes at intersections on Selwyn's roads account for 30% of all crashes in the district and for two months during the campaign this figure reduced by 50%. The community have been satisfied with the Council's efforts to promote road safety awareness with a performance rating of 70 out of 100 in the residents' survey.

The introduction of a rail siding into the Izone Southern Business Hub is a good example of alternative modes for heavy transport using rail. Improvements to options for heavy transport will continue to attract businesses into Izone and contribute to Selwyn being 'A prosperous community'.

The Council's performance has had an impact on the social, environmental and economic well-being of residents by planning, providing and maintaining a road network for the district, as well as cycle and pedestrian linkages and parking. Substantial improvements to metro bus services in 2010-2011 will also assist residents in having access to a range of affordable and efficient transport services.



Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2009/2010
Provide a well maintained, operated and affordable land transport system.	The number of public service requests received per year. Targets increase by less than the expected growth in new ratepayers who may lodge a service request.	Road maintenance, works and operations less than 1,520. Road safety less than 130. Walking, cycling and public transport less than 100. Streetlighting less than 115.	<b>Not achieved</b> 1655  167 102  126
	The performance rating (out of 100) in the residents' survey.	Urban roads 75 or better. Rural roads 60 or better. Footpaths 60 or better. Cycleways 60 or better.	<b>Not achieved</b> 68/100 43/100 67/100 49/100
	Road roughness (NAASRA counts/ km) is measured by the biennial road roughness survey which calculates an average count over the respective sealed and unsealed networks.	Sealed roads 60 or less.	<b>Not achieved</b> 63
		Unsealed roads 100 or less.	Not currently measured
	The length in kilometres of annual pavement resealing achieved.	75 kilometres.	<b>Not achieved</b> 48.8 km
Cater for any significant projected traffic increases in a sustainable manner.	The length in kilometres of the upgrade of major road routes as identified by CRETS and other upgrade schedules.	3 kilometres.	<b>Not achieved</b> Planning and funding approval for 400m Byron St Ext granted.
	The percentage of individual large capital projects generally completed in the year that they were programmed to occur.	Better than 80% of projects completed.	<b>Not achieved</b> 61% fully complete. (23 completed, 5 partly completed and 10 carried forward).
	The number of off-road cycleway projects implemented as identified by the Walking and Cycling Strategy Action Plan.	1 project implemented.	<b>Achieved</b> Prebbleton to Hornby Railtrail
	Adoption and implementation of the Greater Christchurch Travel Demand Management Strategy.	Strategy adopted and being implemented.	<b>Achieved</b> Adopted October 2009 and being implemented with partner organisations.

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2009/2010
Pedestrians, cyclists and motor vehicle users can safely move around the Selwyn district.	Number of serious casualties annually. Multiple casualty crashes can rapidly exceed the limits sought.	Not greater than 18.	<b>Not achieved</b> 19
	The performance rating (out of 100) in the residents' survey.	Promotion of road safety is 70/100 or better.  Making district roads safer roads is 65/100 or greater.	<b>Not achieved</b> 70/100  55/100
	Utilisation of NZ Transport Agency Funding for minor (safety) improvements.	Utilisation is greater than 85%.	<b>Achieved</b> 100% of budget utilised
Contribute to an integrated and responsive local and regional transportation system.	Allocate the appropriate staff and resources to represent the interests of the Council and the community in greater Christchurch and regional transportation planning, funding and implementation initiatives.	Greater than 80% attendance at relevant meetings and forums.	<b>Achieved</b> 100% Regional Transport Committee.  100% Regional Transport Officers Group.

## Transportation and Townships Activity Operating Statement

*Financial summary for the year ended 30 June 2010*

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
	\$000	\$000	\$000	v Actual 2009	v Budget 2010
<b>Activity revenue</b>					
NZTA subsidy	4,458	6,955	4,811		6
Development contributions	78	1,723	143		7
Vested assets	634	1,142	1,509	1	8
Other revenue	507	208	276	2	9
<b>Total activity revenue</b>	<b>5,677</b>	<b>10,028</b>	<b>6,739</b>		
<b>Operating expenditure</b>					
Subsidised roading	5,256	5,722	5,418		
Non-subsidised roading	780	560	580	3	10
Townships	1,554	1,421	1,944	4	
Roading depreciation	8,088	7,621	7,762		
<b>Total operating expenditure</b>	<b>15,678</b>	<b>15,324</b>	<b>15,704</b>		
<b>Surplus/(deficit)</b>	<b>(10,001)</b>	<b>(5,296)</b>	<b>(8,965)</b>		

## Transportation and Townships Activity Capital Statement

*Financial summary for the year ended 30 June 2010*

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
	\$000	\$000	\$000	v Actual 2009	v Budget 2010
<b>Capital expenditure</b>					
Subsidised roading	3,983	8,298	5,597	5	11
Non-subsidised roading	3,670	7,747	3,768		12
Townships	728	1,023	574		13
<b>Total capital expenditure</b>	<b>8,381</b>	<b>17,068</b>	<b>9,939</b>		

### **Financial commentary (actual 2010 compared with 2009)**

1. *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 2009 due to the slowdown in sub-division activity in the district.
2. *Other revenue* is higher than in 2009 as it includes reimbursement of costs relating to the Rail Trail (\$104,000) and revenue from road stopping processes (\$107,000).
3. *Non-subsidised roading expenditure* is higher than in 2009 as it includes costs relating to the Rail Trail (\$131,000) plus interest costs (\$82,000) that were not incurred in 2009.
4. *Townships expenditure* is lower than in 2009 because the 2009 figure included expenditure on the railway land development and youth park in Darfield. Expenditure has also reduced in 2010 due to a lower allocation of support costs to townships.
5. *Subsidised roading capital expenditure* is lower than in 2009 because the 2009 figure included expenditure on the Waddington intersection (\$567,000) and Hornby to Prebbleton cycleway (\$214,000). Expenditure is also lower because the New Zealand Transport Agency (NZTA) approved less funding than the Council requested for the maintenance and renewal of the district's roads. As a result the Council protected the maintenance budget and reduced the level of capital expenditure on renewals.

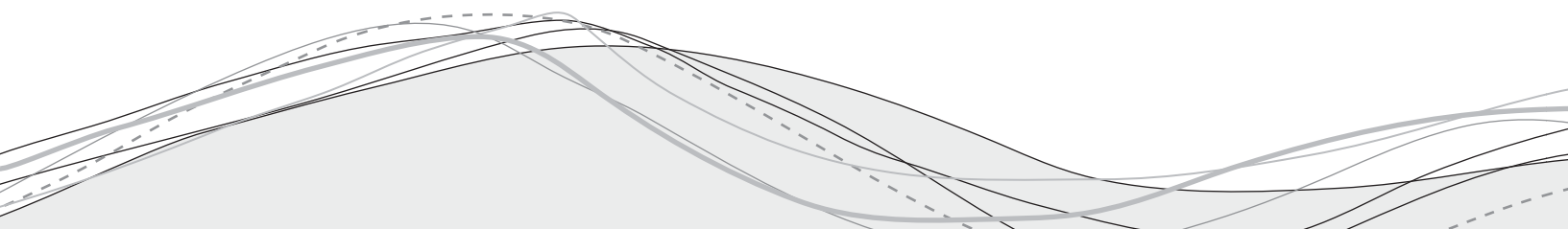
### **Financial commentary (actual 2010 compared with budget 2010)**

6. *NZTA subsidy* is lower than budgeted as the Agency approved a lower land transport programme budget than requested by the Council. The budget was set in advance of the NZTA approval process.
7. *Development contributions revenue* is lower than budgeted because the budget assumed a large development contribution in relation to the new road constructed for Clearview School (Broadlands Drive). The contribution will be received when the land is developed.
8. *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 budgeted due to the slowdown in sub-division activity in the district.
9. *Other revenue* is higher than budgeted as it includes reimbursement of costs relating to the Rail Trail (\$104,000) and revenue from road stopping processes (\$107,000) that were not included in the budget.
10. *Non-subsidised roading expenditure* is higher than budgeted as it includes costs relating to the Rail Trail (\$131,000) that were not budgeted plus support cost allocated to roading projects (\$114,000).
11. *Subsidised roading capital expenditure* is lower than budgeted due to NZTA approving a lower budget than requested by the Council. As a result, renewal expenditure is \$1.9 million below budget and expenditure on new capital works is \$2.3 million below budget. The new capital works projects that were not approved for completion in 2010 were the upgrades to Lincoln/Rolleston Road and Selwyn Road to Shands Road.
12. *Non-subsidised roading capital expenditure* is lower than budgeted as the budget includes vested assets (\$1.4 million) that are not included in the actual expenditure, projects totalling \$1.7 million that have been deferred including the William Street extension, and an underspend on the Broadlands Drive project (\$0.5 million). The William Street extension is being completed in conjunction with the construction of the new Lincoln Community Centre. Some of the deferred projects are part of the CRETS work programme and progress is dependent of the level of funding available for this programme.
13. *Townships capital expenditure* is lower than budgeted as some projects have been deferred for completion in the 2011 financial year. These include Darfield community park (\$154,000), Leeston Creek beautification (\$55,000) Leeston play equipment (\$31,000) and Lincoln passive reserve (\$51,000).

## **Significant capital expenditure**

The significant capital projects during the year were:

- Cyclical renewals to maintain the roading network - \$3,642,000
- Construction of Broadlands Drive in Rolleston to provide access to Clearview Primary School - \$1,193,000
- Construction of a new bridge on Southfield Drive, Lincoln to improve access across the town - \$531,000
- Streetlighting improvements on Manse Road, Leeston - \$207,000
- Purchase of land for Ceres Cottage in Prebbleton - \$220,000
- Undergrounding of electrical cables on Goulds Road, Rolleston - \$202,000.



# HOW WE PERFORMED – WASTE MANAGEMENT

## Activity description

The Council provides a variety of solid waste management services, including:

- kerbside rubbish and recycling collections
- a kerbside organic waste collection in the district's larger townships
- operation of a resource recovery park, with waste transfer facilities, an in-vessel composting plant, and recycling
- rubbish disposal from High Country Villages
- a waste education programme in the district's schools.

Solid waste activities fall under the requirements of the Waste Minimisation Act 2008. The purpose of this act is to encourage waste minimisation and a decrease in waste disposal in order to:

- protect the environment from harm
- provide environmental, social, economic, and cultural benefits.

The Council has a Zero Waste Policy with a target of zero waste to landfill by 2015. A review of this target is scheduled for 2010. It will be recommended that the review is incorporated in the preparation of a new Waste Management and Minimisation plan required under the Waste Minimisation Act.

## 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
- a healthy community.

## Statement of service performance

The Council met and exceeded all of its performance measures in the 2009-10 year for waste management. On face value, we made excellent progress towards our waste minimisation goal with a reduction of 7.5% in the amount of residual waste per person sent to the landfill as compared to the target of 5%. However it should be noted that a proportion of the reduction will almost certainly be attributable to the economic downturn.

Approximately 86% of Selwyn's households are serviced by the Council's kerbside rubbish and recycling collections. The remainder of households are in remote rural areas. In addition, households in the district's larger townships have the option of using a kerbside organic waste collection for their garden and food wastes. In the 2009-2010 year there was a 27% increase in the number of households using the kerbside organic waste collection.

In September 2009 the kerbside recycling collection was enhanced by a cost neutral change to the collection system. The old 60 litre crates that were emptied weekly were replaced with 240 litre wheelie bins collected fortnightly. The change has improved the convenience, capacity and efficiency of the collection and has resulted in an increase of about 25% (by weight) of recyclables being collected.

Approximately 26% of surveyed residents independently use the Resource Recovery Park.

Community satisfaction with the Council's rubbish, recycling and organic waste collection services is high with the residents' survey recording performance ratings of 88, 90 and 61 out of 100 respectively.

The waste management activity has contributed to achieving the community outcome, 'Air, land, water and general environment to be kept in a healthy condition' by ensuring the effective and efficient removal of waste. Just six written complaints were received about the solid waste service over the 2009/10 year, well below the upper limit of 25 complaints. In addition there were no Council customers who changed to private providers during the year.

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2009/2010
The Council provides a quality service for the community where charges cover costs.	The performance rating (out of 100) for solid waste in the residents' survey.	Rubbish collection scores 84/100. Recycling scores 82/100. Organic waste collection scores 60/100.	<b>Achieved</b> 88/100 90/100 61/100
The Council protects the environment from illegal dumping.	The proportion of households using the Resource Recovery Park (RRP).	20% of households use the Resource Recovery Park.	<b>Achieved</b> 26%
The solid waste service is effective and efficient.	Number of written complaints received per annum related to the solid waste service.	Less than 25 complaints per annum.	<b>Achieved</b> 6 complaints
The health of the environment and community are protected.	% compliance with contract specifications.	Compliance of 85% was achieved.	<b>Achieved</b> 100%
The Council's service is sustainable.	Numbers of customers changing to private providers.	Less than 5%.	<b>Achieved</b> No changes
Waste minimisation is achieved by reducing the amount of residual waste.	The annual reduction in the amount of residual waste per head of population.	Reduction of 5%.	<b>Achieved</b> 7.5%

## Waste Management Activity Operating Statement

*Financial summary for the year ended 30 June 2010*

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
	\$000	\$000	\$000	v Actual 2009	v Budget 2010
<b>Activity revenue</b>					
Targeted rates	3,028	2,839	2,690	1	
Other revenue	847	1,052	661		3
<b>Total activity revenue</b>	<b>3,875</b>	<b>3,891</b>	<b>3,351</b>		
<b>Operating expenditure</b>					
Refuse collection	1,493	1,522	1,461		
Refuse disposal	1,986	2,789	1,727	2	4
<b>Total operating expenditure</b>	<b>3,479</b>	<b>4,311</b>	<b>3,188</b>		
<b>Surplus/(deficit)</b>	<b>396</b>	<b>(420)</b>	<b>163</b>		

## Waste Management Activity Capital Statement

*Financial summary for the year ended 30 June 2010*

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
	\$000	\$000	\$000	v Actual 2009	v Budget 2010
<b>Capital expenditure</b>					
Refuse collection	-	-	-		
Refuse disposal	107	603	141		5
<b>Total capital expenditure</b>	<b>107</b>	<b>603</b>	<b>141</b>		

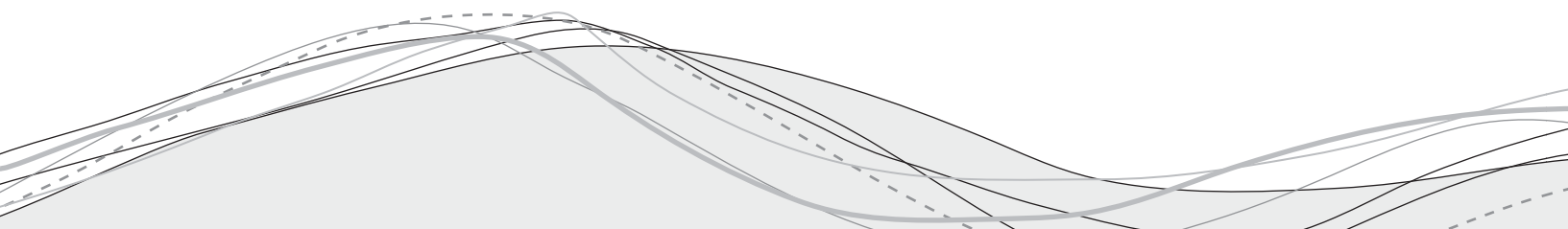


***Financial commentary (actual 2010 compared with 2009)***

1. *Targeted rate revenue* is higher than in 2009 due to an increase in both the level of rates and the number of wheelie bins collected.
2. *Refuse disposal expenditure* is higher than in 2009 because of the introduction of the Waste Minimisation Levy that is charged on disposals to landfill (\$100,000). The Council receives a share of this levy to spend on waste minimisation initiatives. Also, 2010 expenditure has increased because includes refuse disposal's share of support costs (\$109,000) whereas, in 2009 all waste management support costs were treated as refuse disposal expenditure.

***Financial commentary (actual 2010 compared with budget 2010)***

3. *Other revenue* is lower than budgeted due to lower than expected waste volumes at the Resource Recovery Park because of the economic slowdown. Sales of refuse bags also fell as some residents switched to wheelie bins.
4. *Refuse disposal expenditure* is lower than budgeted due to projects totalling \$610,000 that have been deferred for completion in the 2011 financial year. These include the closure costs for the Hawkins and Killinchy pits (\$284,000) and the waste minimisation plan (\$105,000). Disposal costs for the Kate Valley landfill site were also lower than budgeted as the level of waste reduced due to the economic climate in 2010.
5. *Refuse disposal capital expenditure* is lower than budgeted as projects totalling \$423,000 have been deferred for completion in the 2011 financial year. This includes the refurbishment of the compost plant that is expected to be completed early in 2011.



# HOW WE PERFORMED – 5 WATERS SERVICES

## Activity description

The ‘5 Waters’ services encompass:

5 Waters service	Purpose
Community water supplies	Public health
Community wastewater schemes	Public health
Water races – rural/urban	Stockwater, amenity and habitat
Stormwater – urban	Urban flood relief
Land drainage – rural/urban	Making land farmable, habitable.

The availability of clean safe to drink water and the safe disposal of waste water are fundamental to the health and welfare of the Selwyn community. The 5 waters services provide clean safe to drink water for households and removal of sewage and rain water in a way that protects the health of the population and natural environment. The 5Waters service also provides river water for livestock and drains certain land so that it is usable. These services are provided through 82 separately rated water based schemes within the district. The 5 Waters assets are valued at \$179 million with water valued at \$49 million and sewerage at \$58 million.

## Activity goal

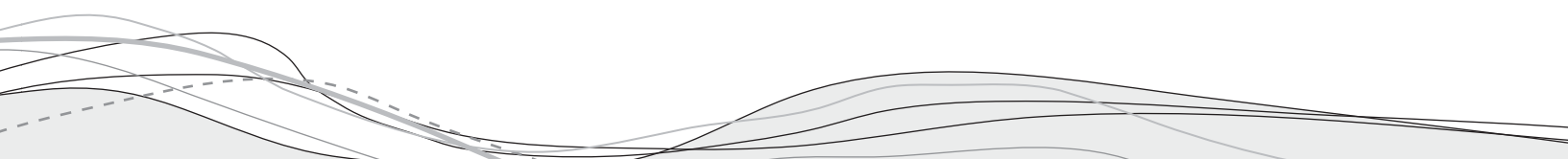
Our goal is to:

- provide the community with water services to a standard that protects its health and property
- provide water 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.

## 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.



Waste water

Statement of service performance

The Council met all of its performance measures in the 2009/10 year for waste water services.

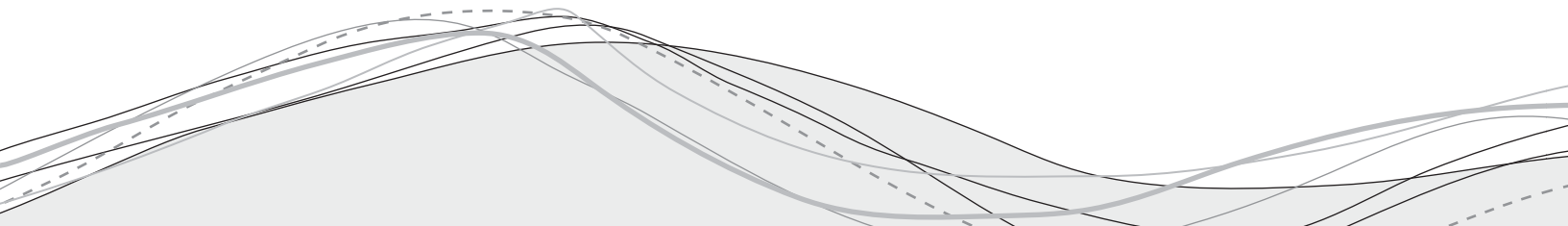
The Council carried out a thorough assessment of urban areas serviced by stormwater systems and concluded that all areas are covered, more than previously identified.

There were no sewer and sewer pump station overflow events, this contributed to the district’s community outcome that ‘air, land, water and general environment to be kept in a healthy condition’.

The Council has steadily progressed its programme of consenting an expanded Rolleston (‘the Pines’) wastewater treatment plant. Once consents are provided (hearing in October 2010), it is expected that the Eastern Selwyn Sewerage Scheme will allow Selwyn to accommodate current populations and future increases in Lincoln, Prebbleton, Rolleston and West Melton and support the continued growth of the district in line with the Greater Christchurch Urban Development Strategy.

The Council’s performance has had an impact on the social and economic well-being of the community. Social wellbeing is achieved by the safe and effective removal and disposal of wastewater without overflows causing flooding or contamination. A growing proportion of dwellings in the district are serviced by the council’s wastewater systems, indicating that service capacity has been increased to accommodate growing communities, which contributes to the social, environmental and economic well-being of the district.

Objective	What will the Council do to achieve the target?	How will we know if we have met the target?	Our achievement in 2009/2010
The community is provided with water services to a standard that protects their health and property.	The total number of sewer and sewer pump station overflow events (wet and dry weather).	No more than 3 overflow events in the year.	<b>Achieved</b>  No overflow events.
Service capacity is provided to accommodate growing communities where this growth is sustainable.	The proportion of residential properties serviced by a waste water system within the district expressed as a percentage of total residential properties.	50% of residences are serviced by the Council’s waste water systems.	<b>Achieved</b>  51% of residences are serviced by the Council’s systems.
	Urban areas serviced by a stormwater system expressed as a percentage of total urban area.	55% of urban areas are serviced by a stormwater system.	<b>Achieved</b>  100% of urban areas are serviced by a stormwater system.



## Waste Water Services Activity Operating Statement

*Financial summary for the year ended 30 June 2010*

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
	\$000	\$000	\$000	v Actual 2009	v Budget 2010
<b>Activity revenue</b>					
Targeted rates	2,516	2,369	2,144	1	
Lump sum rates payments	-	-	89		
Development contributions	879	1,536	813		3
Vested assets	1,263	1,705	1,140		4
Other revenue	291	257	277		
<b>Total activity revenue</b>	<b>4,949</b>	<b>5,867</b>	<b>4,463</b>		
<b>Operating expenditure</b>					
Land drainage	173	311	189		
Stormwater	310	520	225		5
Sewerage	4,107	4,177	3,957		
<b>Total operating expenditure</b>	<b>4,590</b>	<b>5,008</b>	<b>4,371</b>		
<b>Surplus/(deficit)</b>	<b>359</b>	<b>859</b>	<b>92</b>		

## Waste Water Services Activity Capital Statement

*Financial summary for the year ended 30 June 2010*

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
	\$000	\$000	\$000	v Actual 2009	v Budget 2010
<b>Capital expenditure</b>					
Land drainage	88	118	-		
Stormwater	143	4,908	-		6
Sewerage	1,822	4,351	745	2	7
<b>Total capital expenditure</b>	<b>2,053</b>	<b>9,377</b>	<b>745</b>		

### **Financial commentary (actual 2010 compared with 2009)**

1. *Targeted rates revenue* is higher than in 2009 due to increases in both the number of connections and the level of rates.
2. *Sewerage capital expenditure* is higher than in 2009 as capital expenditure in 2010 includes \$1.1 million on the purchase of the West Melton to Rolleston pipeline.

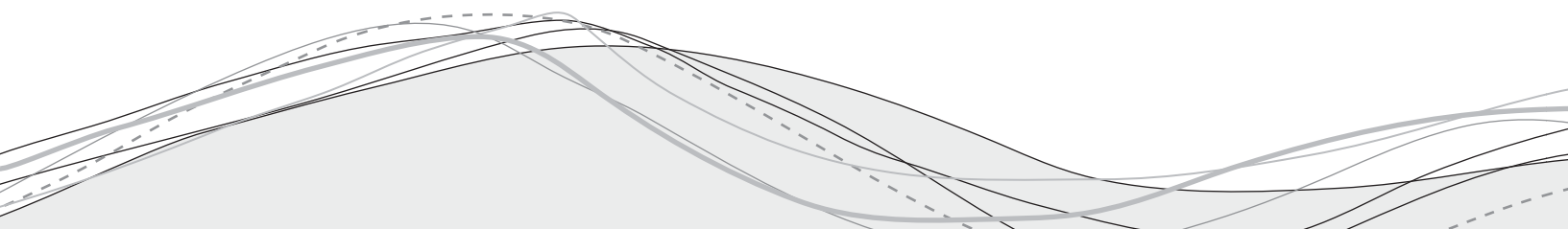
### **Financial commentary (actual 2010 compared with budget 2010)**

3. *Development contributions revenue* is lower than budgeted as the budget included \$1.2 million for the Leeston North Stormwater Management Plan. This project has been deferred for completion in the 2011 financial year. Other development contributions revenue is higher than budgeted as the budget assumed low levels of contributions due to the economic slowdown.
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 budgeted due to the slowdown in sub-division activity in the district.
5. *Stormwater expenditure* is lower than budgeted because the Council sought to minimise expenditure on this budget following the decision not to introduce a new targeted rate. Also, interest was below budget as the planned capital expenditure was deferred for completion in the 2011 financial year.
6. *Stormwater capital expenditure* is lower than budgeted because projects have been deferred for completion in the 2011 financial year, including Lincoln Integrated Stormwater Management Plan (\$2.6 million) and Leeston North Stormwater Management Plan (\$1.2 million). The budgeted expenditure also includes vested assets which are not included in the actual expenditure. The stormwater projects are designed to allow future developments in Leeston and Lincoln to proceed and the timing of the work is linked to the timing of the developments.
7. *Sewerage capital expenditure* is lower than budgeted as projects have been deferred for completion in the 2011 financial year, including the Lincoln sewer upgrade and Leeston Industrial Land development. The budgeted expenditure also includes vested assets which are not included in the actual expenditure. The Lincoln sewer upgrade is now expected to start in 2012. The Leeston Industrial Land development is dependent on the identification of suitable land.

## **Significant capital expenditure**

The significant capital projects during the year were:

- Expenditure on applying for the resource consent for the extension of the Pines treatment plant as part of the Eastern Selwyn Sewer Scheme. The project will provide key infrastructure for the predicted future population growth in the district - \$225,000
- Purchase of a pipeline running from West Melton to Rolleston to provide a sewer connection from the township to the Pines treatment plant - \$1,106,000
- Expenditure on the Rolleston sewer scheme, including land improvements to allow for better disposal of treated waste water - \$552,000.



## Water

### *Statement of service performance*

Council has completed Public Health Risk Management Plans for all its community drinking water supplies. These documents focus on water quality, and provide a clear direction on where the financial resources should be targeted over the next three to five years to manage the risks associate with providing communities with clean safe to drink water.

The 5 Waters customers made it clear that they want clean, safe to drink water which is provided at a reasonable price. Under the 5 Waters Strategy, a number of work programmes have been started which support these desired outcomes. Some projects in this programme will take several years to complete or may be on-going over the 10-year plan timeframe.

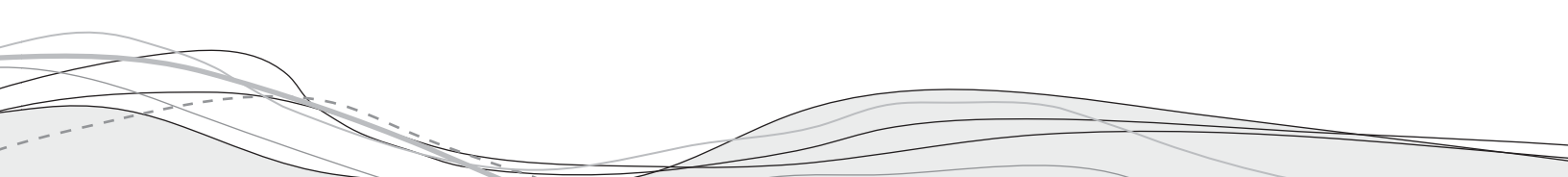
All projects are in the 10-year 5 Waters Activity Management Plan on the basis that they support the social, economic, environmental and cultural well-being of the community. The projects have been prioritised using sustainability principles, the 5 Waters Strategy and the customers' desired level of service. Therefore there is a direct link between the projects the Council is undertaking and the well- being of the community.

The Council achieved 7 of its 10 performance targets for 2009-10. Based on the latest monitoring information some of the initial targets have been easily exceeded. The Council will review its targets as it updates its Activity Management Plan as part of its long term planning process. The most significant shortfall against the performance targets was the proportion of the fire district within 135m of one fire hydrant and 270m of two fire hydrants. The Council achieved the standard for 52% of the fire district area compared with a target of 80%. This is expected to be addressed over the next 10 years via reticulation upgrades (renewal work) and new capital work (where development occurs). The community also exceeded the Council's target for water consumption (1,633 litres per residential property per day compared with a target of 1,100). The Council is aware that water consumption in the district is high and will continue to consider options for future demand management.

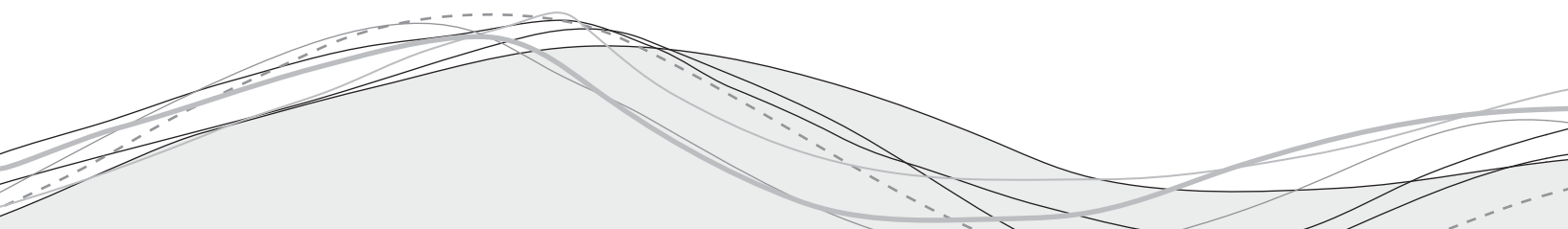
During the 2009-10 financial year the Council responded to issues with the quality of the Dunsandel water supply. Although this has proved a frustrating issue for the community, the Council has worked to address the matter. Initially treatment with chlorine and since April 2010 with UV light, means that the water is safe to drink.

The Council's performance has an impact on the environmental and economic well-being of the community by ensuring a reliable supply of potable water to both the community and industry. No properties in the district were affected by unplanned water supply interruptions of more than 24 hours.

The achievements have directly influenced the community outcome, 'air, land, water and general environment to be kept in a healthy condition'. In the 2009/10 year, compliance levels with bacterial criteria for water leaving treatment plants and water in the distribution systems were at 98% and 99% respectively, well in excess of the 65% national standard.



Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2009/2010
The community is provided with water services to a standard that protects their health and property.	Compliance with national standards for bacterial (E.coli) criteria for water leaving treatment plants as reported by the Ministry of Health, for each registered drinking water supply.	65% compliance with national standards.	<b>Achieved</b> 98% compliance
	Compliance with national standards for bacterial (E.coli) criteria for water in the distribution systems as reported by the Ministry of Health, for each registered drinking water supply.	65% compliance with national standards.	<b>Achieved</b> 99% compliance
	The proportion of the fire district who are within 135m of one fire hydrant and 270m of two fire hydrants.	80% of the fire district area is within stated parameters.	<b>Not achieved</b> 52% of the fire district is within the stated parameters
	The proportion of urban properties affected by unplanned water supply interruptions of more than 24 hours.	No more than 50% of properties.	<b>Achieved</b> No properties were affected
	The proportion of rural properties affected by unplanned water supply interruptions of more than 24 hours.	No more than 50% of properties.	<b>Achieved</b> No properties were affected
	Number of days on which water restrictions are applied and enforced (excludes voluntary compliance).	No more than 28.	<b>Achieved</b> Water restrictions applied on 6 days
	Average volume of water consumed per residential property per day in the 'total water serviced area'.	1,100 litres.	<b>Not achieved</b> 1,633 litres/day
Water services are provided in a cost effective manner.	Water supply total operating cost per serviced property.	\$325 per annum.	<b>Achieved</b> \$200 per annum



Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2009/2010
Problems with water services are addressed in a timely manner and prioritised according to risk and need.	The average duration for which a serviced property in the 'total water race services area' is without supply due to unplanned interruption hours.	12 hours	<b>Achieved</b>  Paparua 0.05 hours  Malvern 0.01 hours  Ellesmere 0.02 hours
Service capacity is provided to accommodate growing communities, where this growth is sustainable.	The proportion of residential properties serviced within the district expressed as percentage of total residential properties.	70% of residential properties are serviced.	<b>Not achieved</b>  68%

## Water Services Activity Operating Statement

### Financial summary for the year ended 30 June 2010

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
	\$000	\$000	\$000	v Actual 2009	v Budget 2010
<b>Activity revenue</b>					
Targeted rates	3,948	3,895	3,339	1	
Lump sum rates payments	139	252	180		
Development contributions	463	85	549		4
Vested assets	311	462	401		
Meter charges and connection fees	444	526	407		
Other revenue	231	139	309		
<b>Total activity revenue</b>	<b>5,536</b>	<b>5,359</b>	<b>5,185</b>		
<b>Operating expenditure</b>					
Urban water supplies	3,262	4,952	3,199		5
Rural water supplies	480	651	572		
Water races	2,143	1,925	1,603	2	6
<b>Total operating expenditure</b>	<b>5,885</b>	<b>7,528</b>	<b>5,374</b>		
<b>Surplus/(deficit)</b>	<b>(349)</b>	<b>(2,169)</b>	<b>(189)</b>		



## Water Services Activity Capital Statement

### Financial summary for the year ended 30 June 2010

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
	\$000	\$000	\$000	v Actual 2009	v Budget 2010

<b>Capital expenditure</b>					
Urban water supplies	1,391	7,174	339	3	7
Rural water supplies	49	1,112	93		8
Water races	51	1,658	14		9

<b>Total capital expenditure</b>	<b>1,491</b>	<b>9,944</b>	<b>446</b>		
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### Financial commentary (actual 2010 compared with 2009)

1. *Targeted rates revenue* is higher than in 2009 due to increases in both the number of connections and the level of rates.
2. *Water races operating expenditure* is higher than in 2009 due to the write-off of the cost of the Council's purchase of Christchurch City Council's loan to Central Plains Water Limited (\$494,000). The Council will recover the value of this loan plus interest if the scheme proceeds, but as it remains uncertain at this time the cost of this investment has been written off in accordance with accounting standards. This is a district wide cost and it not a cost to the water race schemes. It will not have an impact water race targeted rates.
3. *Urban water capital expenditure* is higher than in 2009 as expenditure includes \$925,000 on the Darfield Water Scheme including a new well.

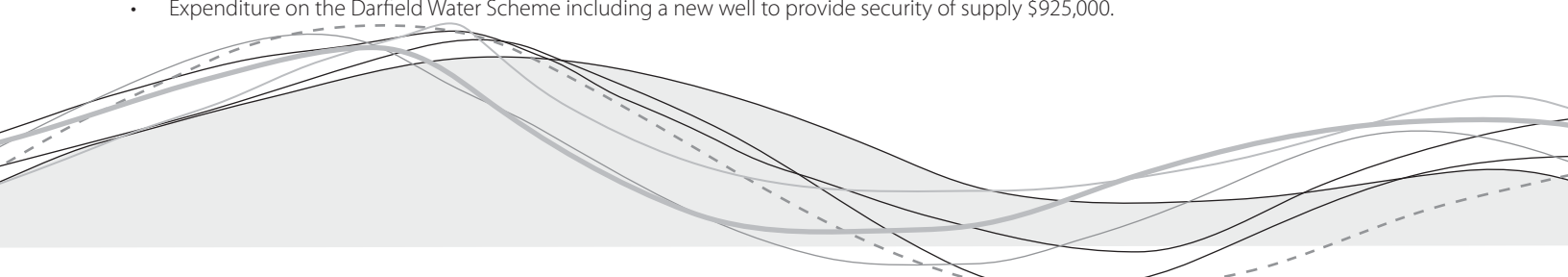
### Financial commentary (actual 2010 compared with budget 2010)

4. *Development contributions revenue* is higher than budgeted as the budget assumed low levels of contributions due to the economic slowdown.
5. *Urban water operating expenditure* is lower than budgeted in a number of areas. These include lower interest and depreciation costs due to capital expenditure being deferred (\$268,000), lower than expected electricity costs (\$88,000), fault repairs (\$164,000) and connection costs (\$105,000). Also projects totalling \$943,000 have been deferred or cancelled. The Council is reviewing the need for some of these projects in the light of legislative changes to the implementation of new drinking water standards.
6. *Water race operating expenditure* is higher than budgeted due to the write off described in note 2 above. This increase against budget is offset by projects totalling \$366,000 that have been deferred or cancelled.
7. *Urban water capital expenditure* is lower than budgeted because projects totalling \$5.4 million have been deferred for completion in the 2011 financial year including the Darfield upgrade and Rolleston extension and improvements. The budgeted expenditure also includes vested assets of that are not included in the actual expenditure (\$0.5 million). A new well has been acquired for the Darfield supply and a decision on a further well will be made in 2011. As noted in 5 above, some of the capital projects that have been deferred are subject to review in the light of changes to the legislative requirements for the implementation of new drinking water standards.
8. *Rural water capital expenditure* is lower than budgeted as projects totalling \$1.1 million have been deferred for completion in the 2011 financial year and are being reviewed in the light of the legislative changes to the implementation of new drinking water standards.
9. *Water races capital expenditure* is lower than budgeted as projects totalling \$1.1 million have been deferred for completion in the 2011 financial year due to the time required to obtain resource consents. A number of other projects have been cancelled as they are no longer required.

## Significant capital expenditure

The significant capital projects during the year were:

- Expenditure on the Darfield Water Scheme including a new well to provide security of supply \$925,000.



## HOW WE PERFORMED – IZONE SOUTHERN BUSINESS HUB AND PROPERTY SALES

### Activity description

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

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

### Activity goal

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

### The Council contribution to community outcomes

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

### Statement of service performance

It has been a tough year for the Izone Southern Business Hub. Sales of industrial land slowed during the economic downturn and the Council has not been able to achieve the budgeted level of revenue from Izone in 2009-10. Izone had budget for income of \$8.7 million on the expectation of some large sales, but these did not happen and total income for the year was \$0.4 million. As a result, the Council has deferred construction of stage 6 until sales justify further development.

Despite the slow sales the Council has still been able to progress its central objective of bringing jobs to the district through Izone. The Council has built a large seed store building that it will lease to PGG Wrightson Limited and also built the new Izone café that opened in April 2010. The café is leased to a Rolleston couple and is proving popular with locals. These two developments will bring the total number of jobs created in Izone to 430.

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2009/2010
To provide employment opportunities by selling 10 hectares of land on an annual basis.	Quantity of land sold, measured in hectares, per annum.	15 hectares of land sold.	<b>Not Achieved</b>  Less than 1 ha sold (1,500m <sup>2</sup> ).
	Dividends distributed to the Council of \$1,500,000 per annum.	\$1,500,000 in dividends received for the year.	<b>Achieved</b>

## Izone Activity Operating Statement

*Financial summary for the year ended 30 June 2010*

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
	\$000	\$000	\$000	v Actual 2009	v Budget 2010
<b>Activity revenue</b>					
Izone Southern Business Hub sales	211	8,717	8,086	1	4
Other property gain on sale	-	-	-		
Other revenue	218	-	88		
<b>Total activity revenue</b>	<b>429</b>	<b>8,717</b>	<b>8,174</b>		
<b>Operating expenditure</b>					
Property development	2,500	2,328	2,244	2	
Izone development contributions	-	-	-		
Infrastructure depreciation	-	-	-		
<b>Total operating expenditure</b>	<b>2,500</b>	<b>2,328</b>	<b>2,244</b>		
<b>Surplus/(deficit)</b>	<b>(2,071)</b>	<b>6,389</b>	<b>5,930</b>		

## Izone Activity Capital Statement

*Financial summary for the year ended 30 June 2010*

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
	\$000	\$000	\$000	v Actual 2009	v Budget 2010
<b>Capital expenditure</b>					
Property development	14,310	19,813	12,879	3	5
<b>Total capital expenditure</b>	<b>14,310</b>	<b>19,813</b>	<b>12,879</b>		

***Financial commentary (actual 2010 compared with 2009)***

1. *Izone revenue* is lower than in 2009 as the economic slowdown has had a significant impact on the level of sales. The economic climate has meant industrial land sales across the country have been slow with businesses reluctant to commit themselves to the cost of expansion or relocation.
2. *Property development expenditure* is higher than in 2009 due to interest on borrowing being used to fund the continued development of Izone (\$279,000). No interest costs were incurred in 2009 as the Council did not have any debt.
3. *Property development capital expenditure* is higher than in 2009 as expenditure includes the new PGG Wrightson seed store building and the Izone café. These buildings are owned by the Council and leased to tenants.

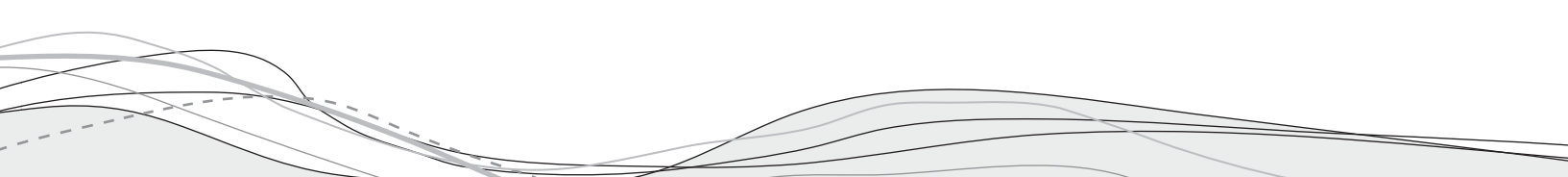
***Financial commentary (actual 2010 compared with budget 2010)***

4. *Izone revenue* is lower than budgeted as the economic slowdown has had a significant impact on the level of sales.
5. *Property development capital expenditure* is lower than budgeted as the development of stage 6 has been delayed until demand for industrial land picks up.

**Significant capital expenditure**

The significant capital projects during the year were:

- Purchase of land to 'square-off' the industrial park and make it more suitable for future development. This will help bring jobs and financial return to the district - \$2,338,000
- Construction of the PGG Wrightson seed store building. This building is owned by the Council and will be leased for a commercial return - \$8,324,000
- Construction of the Izone café. The café is owned by the Council and leased for a commercial return - \$639,000.



## HOW WE PERFORMED – INTERNAL COUNCIL 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 the Council's significant activities where the costs incurred support the delivery of the activities.

### Support Services Activity Operating Statement

*Financial summary for the year ended 30 June 2010*

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
	\$000	\$000	\$000	v Actual 2009	v Budget 2010
<b>Activity revenue</b>					
Corporate revenue					
- Dividends	4,075	4,268	4,309	1	
- Interest	288	522	1,217	2	5
- Commercial property leases	812	834	44	3	
Sundry revenue	1,723	1,835	1,610		
<b>Total activity revenue</b>	<b>6,898</b>	<b>7,459</b>	<b>7,180</b>		
<b>Operating expenditure</b>					
Chief Executive's department	903	749	727		
Policy and communications unit	228	262	215		
Administration	645	675	762		
Corporate	2,481	790	461	4	6
Finance	1,237	875	1,212		7
Information systems	1,453	1,766	1,522		8
Vehicles/Infrastructure rates & insurance	86	227	94		
Asset management	2,847	2,768	2,840		
<b>Total operating expenditure</b>	<b>9,880</b>	<b>8,112</b>	<b>7,833</b>		
less Allocation to activity statements	(7,144)	(7,356)	(7,286)		
<b>Surplus/(deficit)</b>	<b>4,162</b>	<b>6,703</b>	<b>6,633</b>		
Plus Internal Interest	-	27	-		
<b>Surplus/(deficit)</b>	<b>4,162</b>	<b>6,730</b>	<b>6,633</b>		

## Support Services Activity Capital Statement

### Financial summary for the year ended 30 June 2010

	Actual	Budget	Actual	Note	Note
	2010	2010	2009	Actual 2010	Actual 2010
	\$000	\$000	\$000	v Actual 2009	v Budget 2010

<b>Capital expenditure</b>					
Vehicles	105	231	103		
Information services	182	251	117		
Administration	17	26	11		
Corporate	4	-	24		
Finance	-	-	-		
<b>Total capital expenditure</b>	<b>308</b>	<b>508</b>	<b>255</b>		

### Financial commentary (actual 2010 compared with 2009)

1. *Dividend revenue* is lower than in 2009 due to the difficult trading conditions faced by the Council's subsidiaries.
2. *Interest revenue* is lower than in 2009 as the Council has much lower cash balances and the level of interest rates has fallen. The Council has lower cash balances as it has converted its cash holdings into other investments in the form of commercial property and has funded its capital programme.
3. *Commercial property lease revenue* is higher than in 2009 due to the rental from the Designline property.
4. *Corporate expenditure* is higher than in 2009 as it now includes interest costs and fees totalling \$1 million relating to the Council's borrowings. This includes the recognition of a notional liability on the value of the Council's interest rate swaps of \$438,000. The Council uses interest rate swaps to fix the interest rate on its borrowing and this liability represents the difference between the interest rates at the time the Council took out the interest rate swap and the comparable rates at the end of the financial year. As interest rates fell sharply towards the end of the year this resulted in a notional cost to the Council. Expenditure also includes \$1.2 million relating to a write down in the value of the Council's shareholding in Selwyn Investment Holdings Limited (SIHL). The write down reflects an impairment in the value of SIHL's investment in Ferguson Brothers Limited.

### Financial commentary (actual 2010 compared with budget 2010)

5. *Interest revenue* is lower than budgeted as the Council has operated with lower than forecast cash balances. This has allowed the Council to reduce its interest costs.
6. *Corporate expenditure* is higher than budgeted as it includes the recognition of a notional liability on the value of the Council's interest rate swaps of \$438,000 plus the write down in the value of the Council's investments as explained in note 4.
7. *Finance expenditure* is higher than budgeted as the budget was reduced by \$366,000 in anticipation of budget savings for the Council as a whole. The savings have been achieved in other activities, for example Environmental Services.
8. *Information systems expenditure* is lower than budgeted due to postage and printing expenditure now being recorded against the Chief Executive's budget rather than information services.





# FINANCIALS

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

## In this section

- Financial highlights
- Statement of comprehensive income
- Statement of changes in equity
- Statement of financial position
- Statement of cash flows
- Statement of accounting policies
- Notes to the financial statements



# FINANCIALS

## Financial Highlights

### Introduction

Financially 2009-10 was a tough year for many Selwyn residents and businesses. It has also been a tough one for the Council. The economic slowdown has had a big impact on our financial result, with a disappointing level of industrial land sales and a 'paper' loss on the value of our investments resulting in a deficit of \$5.2 million compared with a budgeted surplus of \$3.8 million. This is a turnaround from the surpluses of previous years and shows that the Council is vulnerable to economic forces, particularly in relation to its trading activities.

In previous years the Council, and therefore ratepayers, have benefited from trading activities, including land sales, and the Council's investments and this year's result does not mean that these activities will not bring benefits in the future. But it does show that the Council needs to continue to be prudent in planning for returns from its investments in these volatile times.

The Council's net assets are now valued at \$827 million. This is equivalent to over \$21,000 per resident. These net assets are made up of the roads, water schemes and community facilities that are vital to the well-being of local people, plus the value of the Council's investments.

The result for the Council group shows a deficit of \$4.6 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 \$864 million, \$13 million lower 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

Total expenditure for the year was \$52.3 million compared with a budget of \$55 million. The main variances compared with budget were:

- Community services expenditure was \$1.2 million under budget because a number of projects, including recreation reserve projects, were deferred for completion in the 2010-11 financial year.
- Environmental services expenditure was \$1 million under budget mainly due to Building Research Association levies being excluded from the actual expenditure figure as it is an agency (in and out) transaction rather than real income and expenditure. This technical adjustment has no overall impact on the Council's surplus or deficit.
- Waste management expenditure was \$0.8 million under budget. This is partly the result of lower waste volumes going to the Kate Valley landfill due to the economic slowdown and partly because a number of projects were deferred for completion in future years.
- Urban water supplies expenditure was \$1.7 million under budget due to lower than budgeted operating costs, a number of operating projects being deferred and lower interest and depreciation costs because some capital projects were delayed.
- Other corporate expenditure was \$2 million over budget. These costs include a \$1.2 million write down in the value of the Council's investments and a \$0.4 million notional cost in relation to the Council's interest rate swap transactions (the swap transactions are used to fix the interest rate on borrowings but result in a notional cost when interest rates fall).

More information on expenditure variances is provided in the previous section of the annual report.

### Income

The economic slowdown had a big impact on the Council's income. Total income for the year was \$47.2 million compared with a budget of \$58.8 million. The main variances compared with budget were:

- Izone Southern Business Hub income from sales of land was \$8.3 million below budget. Sales were slow in 2009-10 as businesses have been unable or unwilling to commit to the costs of expansion or relocation in the current economic climate.
- Community services income was \$1.9 million above budget. Development contributions and vested assets revenue (the value of assets transferred to the Council by sub-dividers) were \$0.9 million above budget as the budget was set at a very cautious level in the expectation of lower sub-division activity. Also the Council received a lottery grant of \$0.5 million towards the Lincoln Community Centre and secured more revenue than expected from hires, leases and other activities.
- Transportation and roading income was \$4.3 million below budget. Revised national funding criteria for the 2009-12 National Land Transport Programme meant that funding for transportation expenditure was more difficult to obtain than expected when the budget was prepared. As a result subsidy revenue was \$2.5 million lower than budgeted. Also an anticipated development contribution has been delayed until the relevant land is sub-divided.

- Waste water income was \$0.9 million below budget as the budget allowed for a large development contribution for the Leeston North Stormwater management plan. However the project has been deferred for completion in the 2010-11 financial year.

***Statement of financial position***

Overall, the value of the Council's net assets decreased by \$5.2 million in 2010-11. The decrease was due to the operating deficit.

The value of the Council's net assets at the end of the year was \$827 million. This was lower than budgeted due to the deficit for the year and the deferral of the planned revaluation of land and property to the 2010-11 financial year. The level of property, plant and equipment assets at the end of the year was also below budget as a number of capital projects were deferred for completion in the 2010-11 financial year. These deferrals also mean that the amount that the Council needed to borrow was less than anticipated.

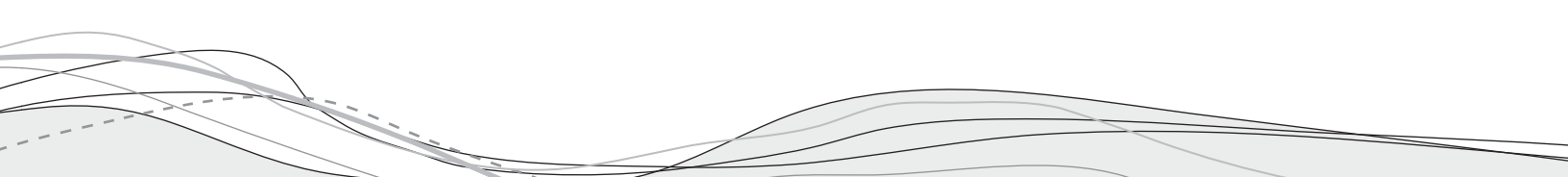
***Statement of cash flows***

The Council had a positive net operating cash flow of \$3.8 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 comprehensive income for the year ended 30 June 2010

	Note	Council	Council	Council	Group	Group
		2010	Budget	2009	2010	2009
		\$000	\$000	\$000	\$000	\$000
<b>Income</b>						
Rates revenue	2	22,163	21,620	19,763	22,085	19,693
Other revenue	3	23,272	27,029	22,475	62,873	81,595
Other gains / (losses)	4	1,757	10,162	9,347	2,261	9,893
<b>Total income</b>	<b>1</b>	<b>47,192</b>	<b>58,811</b>	<b>51,585</b>	<b>87,219</b>	<b>111,181</b>
<b>Expenditure</b>						
Employee benefit expenses	5	9,878	9,893	9,390	30,211	31,888
Depreciation and amortisation	6	13,864	13,373	13,153	17,482	16,246
Other expenses	7	27,219	30,152	26,427	45,633	60,749
Finance costs	8	1,294	1,613	-	2,027	1,539
<b>Total operating expenditure</b>	<b>1</b>	<b>52,255</b>	<b>55,031</b>	<b>48,970</b>	<b>95,353</b>	<b>110,422</b>
<b>Operating surplus before tax</b>		<b>(5,063)</b>	<b>3,780</b>	<b>2,615</b>	<b>(8,134)</b>	<b>759</b>
Share of associate surplus/(deficit)	17	-	-	-	-	-
<b>Surplus before tax</b>		<b>(5,063)</b>	<b>3,780</b>	<b>2,615</b>	<b>(8,134)</b>	<b>759</b>
Income tax expense	9	92	-	21	(1,046)	(176)
<b>Surplus after tax before discontinued operation</b>		<b>(5,155)</b>	<b>3,780</b>	<b>2,594</b>	<b>(7,088)</b>	<b>935</b>
Surplus after tax from discontinued operation	41	-	-	-	2,497	7,311
<b>Surplus after tax</b>		<b>(5,155)</b>	<b>3,780</b>	<b>2,594</b>	<b>(4,591)</b>	<b>8,246</b>
<i>Attributable to:</i>						
Council		(5,155)	3,780	2,594	(4,679)	6,758
Minority Interest		-	-	-	88	1,488
		<b>(5,155)</b>	<b>3,780</b>	<b>2,594</b>	<b>(4,591)</b>	<b>8,246</b>
<b>Other comprehensive income</b>						
Gain on infrastructure assets revaluation	20	-	-	-	-	-
Financial assets at fair value through other comprehensive income	28	-	3,737	4,223	-	15
Gain/(loss) on land and building revaluation	20	8	12,417	(460)	(12)	(475)
Deferred tax on revaluation	9	(25)	-	-	(25)	(9)
<b>Total other comprehensive income before discontinued operation</b>		<b>(17)</b>	<b>16,154</b>	<b>3,763</b>	<b>(37)</b>	<b>(469)</b>
Total other comprehensive income from discontinued operation	41	-	-	-	(8,682)	(4,627)
<b>Total other comprehensive income</b>		<b>(17)</b>	<b>16,154</b>	<b>3,763</b>	<b>(8,719)</b>	<b>(5,096)</b>
<b>Total comprehensive income</b>		<b>(5,172)</b>	<b>19,934</b>	<b>6,357</b>	<b>(13,310)</b>	<b>3,150</b>
<i>Attributable to:</i>						
Council		(5,172)	19,934	6,357	(10,437)	2,571
Minority Interest		-	-	-	(2,873)	579
		<b>(5,172)</b>	<b>19,934</b>	<b>6,357</b>	<b>(13,310)</b>	<b>3,150</b>

The accompanying notes form part of these financial statements

## Financials – statement of changes in equity for the year ended 30 June 2010

	Note	Council	Council	Council	Group	Group
		Actual	Budget	Actual	Actual	Actual
		2010	2010	2009	2010	2009
		\$000	\$000	\$000	\$000	\$000

<b>Balance at 1 July</b>		831,866	832,286	825,509	877,445	874,295
Total comprehensive income for the year		(5,172)	19,934	6,357	(13,310)	3,150
Dividends to minority interest		-	-	-	-	-

<b>Balance at 30 June</b>	<b>27-31</b>	<b>826,694</b>	<b>852,220</b>	<b>831,866</b>	<b>864,135</b>	<b>877,445</b>
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<i>Total comprehensive income for the year is attributable to:</i>						
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Selwyn District Council		(5,172)	19,934	6,357	(10,437)	2,571
Minority interest		-	-	-	(2,873)	579

		<b>(5,172)</b>	<b>19,934</b>	<b>6,357</b>	<b>(13,310)</b>	<b>3,150</b>
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The accompanying notes form part of these financial statements

## Financials – statement of financial position as at 30 June 2010

	Note	Council	Council	Council	Group	Group
		Actual	Budget	Actual	Actual	Actual
		2010	2010	2009	2010	2009
		\$000	\$000	\$000	\$000	\$000
<b>Current assets</b>						
Cash and cash equivalents	10	2,385	6,293	8,080	6,011	10,541
Debtors and other receivables	11	9,700	10,048	7,698	11,764	17,880
Derivative financial instruments	12	-	-	-	-	-
Inventory and work in progress	13	-	-	-	1,683	3,390
Other financial assets	15	80	-	-	80	29
Income taxation receivable	9	39	-	4	4,274	4,477
Property held for sale	16	6,966	3,305	2,442	6,966	2,442
Discontinued operation						
Property held for sale	16	-	-	-	58,361	3,628
Livestock	14	-	-	-	865	1,871
Other current assets	41	-	-	-	13,447	-
<b>Total current assets</b>		<b>19,170</b>	<b>19,646</b>	<b>18,224</b>	<b>103,451</b>	<b>44,258</b>
<b>Non-current assets</b>						
Debtors and other receivables	11	175	-	200	175	200
Derivative financial instruments	12	-	-	-	-	-
Other financial assets	15	115,381	112,150	115,121	70,851	69,391
Investment in associates	17	-	-	-	-	-
Investment property	18	20,707	19,635	9,250	20,177	8,700
Forestry assets	19	358	118	209	358	19,389
Property, plant and equipment	20	698,737	748,067	690,885	714,968	759,746
Development property	21	7,400	9,392	8,685	7,400	8,685
Deferred tax	9	-	-	-	356	676
Intangible assets	22	171	326	224	695	766
<b>Total non-current assets</b>		<b>842,929</b>	<b>889,688</b>	<b>824,574</b>	<b>814,980</b>	<b>867,553</b>
<b>TOTAL ASSETS</b>		<b>862,099</b>	<b>909,334</b>	<b>842,798</b>	<b>918,431</b>	<b>911,811</b>

The accompanying notes form part of these financial statements

## Financials – statement of financial position as at 30 June 2010

	Note	Council	Council	Council	Group	Group
		Actual	Budget	Actual	Actual	Actual
		2010	2010	2009	2010	2009
		\$000	\$000	\$000	\$000	\$000
<b>Current liabilities</b>						
Creditors and other payables	23	8,378	10,508	9,616	10,993	16,947
Employee benefit liabilities	24	880	-	796	2,645	3,242
Other provisions	25	50	-	-	539	1,293
Derivative financial instruments	12	70	-	-	382	465
Borrowings	26	-	-	-	8,968	6,718
Discontinued operation						
Deposit received in advance		-	-	-	936	-
Other current liabilities	41	-	-	-	3,006	-
<b>Total current liabilities</b>		<b>9,378</b>	<b>10,508</b>	<b>10,412</b>	<b>27,469</b>	<b>28,665</b>
<b>Non-current liabilities</b>						
Employee benefit liabilities	24	105	-	114	221	270
Other provisions	25	362	506	334	362	334
Deferred tax	9	191	-	72	-	-
Derivative financial instruments	12	369	-	-	369	-
Borrowings	26	25,000	46,100	-	25,875	5,097
<b>Total non-current liabilities</b>		<b>26,027</b>	<b>46,606</b>	<b>520</b>	<b>26,827</b>	<b>5,701</b>
<b>Equity</b>						
General funds	27	555,822	558,557	546,685	600,243	590,341
Fair value through other comprehensive income reserve	28	52,020	-	52,020	24,892	24,892
Special funds	29	31,067	41,106	45,274	31,067	45,274
Asset revaluation reserve	30	187,785	252,557	187,887	179,531	185,663
Minority Interest	31	-	-	-	28,402	31,275
<b>Total equity</b>		<b>826,694</b>	<b>852,220</b>	<b>831,866</b>	<b>864,135</b>	<b>877,445</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>862,099</b>	<b>909,334</b>	<b>842,798</b>	<b>918,431</b>	<b>911,811</b>

The accompanying notes form part of these financial statements

## Financials – statement of cashflows for the year ended 30 June 2010

	Note	Council	Council	Council	Group	Group
		Actual	Budget	Actual	Actual	Actual
		2010	2010	2009	2010	2009
		\$000	\$000	\$000	\$000	\$000

<b>Operating activities</b>						
Cash was provided from:						
Receipts from customers		38,605	40,549	33,828	82,341	101,038
Agency receipts		650	-	503	650	503
Interest received		231	522	1,415	217	2,083
Dividends received		2,305	4,268	6,704	4,097	6,746
Income taxation received		-	-	-	273	4,246
Net GST		(231)	-	(446)	(231)	(446)
		<b>41,560</b>	<b>45,339</b>	<b>42,004</b>	<b>87,347</b>	<b>114,170</b>

<b>Cash was distributed to:</b>						
Suppliers/employees		35,813	40,045	35,620	77,138	100,055
Agency payments		650	-	503	657	761
Income taxation		33	-	24	120	4,884
Interest paid		1,294	1,613	-	2,066	1,054
		<b>37,790</b>	<b>41,658</b>	<b>36,147</b>	<b>79,981</b>	<b>106,754</b>

<b>Net cash from operating activities</b>	<b>32</b>	<b>3,770</b>	<b>3,681</b>	<b>5,857</b>	<b>7,366</b>	<b>7,416</b>
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<b>Investment activities</b>						
Cash was provided from:						
Sale of property, plant & equipment		119	900	312	918	3,039
Sale of property intended for sale		227	11,218	9,779	227	9,779
Proceeds from investments		-	-	2,000	-	2,000
		<b>346</b>	<b>12,118</b>	<b>12,091</b>	<b>1,145</b>	<b>14,818</b>

Cash was applied to:						
Purchase of property, plant and equipment		32,814	70,209	28,314	34,601	36,276
Purchase of intangible assets		75	-	25	77	32
Purchase of investments and goodwill		1,922	-	-	1,922	11
		<b>34,811</b>	<b>70,209</b>	<b>28,339</b>	<b>36,600</b>	<b>36,319</b>

<b>Net cash from investing activities</b>		<b>(34,465)</b>	<b>(58,091)</b>	<b>(16,248)</b>	<b>(35,455)</b>	<b>(21,501)</b>
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The accompanying notes form part of these financial statements

	Note	Council	Council	Council	Group	Group
		Actual	Budget	Actual	Actual	Actual
		2010	2010	2009	2010	2009
		\$000	\$000	\$000	\$000	\$000
<b>Financing activities</b>						
Cash was provided from:						
Loans raised		25,000	46,100	-	25,000	4,605
Proceeds from share capital		-	-	-	-	-
		<b>25,000</b>	<b>46,100</b>	<b>-</b>	<b>25,000</b>	<b>4,605</b>
<b>Cash was applied to:</b>						
Settlement of loans		-	-	-	2,398	2,604
Dividend paid		-	-	-	-	59
		-	-	-	2,398	2,663
<b>Net cash from financing activities</b>		<b>25,000</b>	<b>46,100</b>	<b>-</b>	<b>22,602</b>	<b>1,942</b>
<b>Net increase/decrease in cash</b>		<b>(5,695)</b>	<b>(8,310)</b>	<b>(10,391)</b>	<b>(5,487)</b>	<b>(12,143)</b>
Plus opening cash 1 July		8,080	14,602	18,471	10,541	22,684
Discontinued operation	41	-	-	-	957	-
<b>Closing cash 30 June</b>		<b>2,385</b>	<b>6,292</b>	<b>8,080</b>	<b>6,011</b>	<b>10,541</b>
<b>Summary of cash resources</b>						
Cash and bank		2,380	6,292	5,075	5,250	7,532
Short term deposits maturing within 3 months		5	-	3,005	761	3,009
		<b>2,385</b>	<b>6,292</b>	<b>8,080</b>	<b>6,011</b>	<b>10,541</b>

The accompanying notes form part of these financial statements



## Financials – Statement of Accounting Policies

### Statement of reporting entity

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

The Selwyn District Council group (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 Limited (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 2010. The financial statements were authorised for issue by the Council on 27 October 2010.

### 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.

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

The financial statements of Selwyn Plantation Board Limited have been prepared on a realisation basis. In previous years the financial statements were prepared on a going concern basis. In April 2010, SPBL shareholders approved the Board's Strategic Plan for the company, which provided for the sale of all of the company's assets and for the proceeds of sale to be returned to shareholders. In the later part of the financial year the company was in transition from forestry and farming operations to the realisation of assets.

SPBL no longer adopting the going concern assumption for accounting purposes has consequences for the classification of assets within the statement of financial position, the valuation of assets, and statement of comprehensive income disclosures. All assets are expected to be realised within 12 months of the year end, therefore have been classified as current assets. Property, plant and equipment and forest assets have been classified as assets held for sale. All assets have been recognised at their expected realisable value, this being the proceeds expected to be received on sale of the assets.

The financial statements of KB Irrigation Limited were prepared on a disestablishment basis prior to its amalgamation with SICON Limited, see note 38.

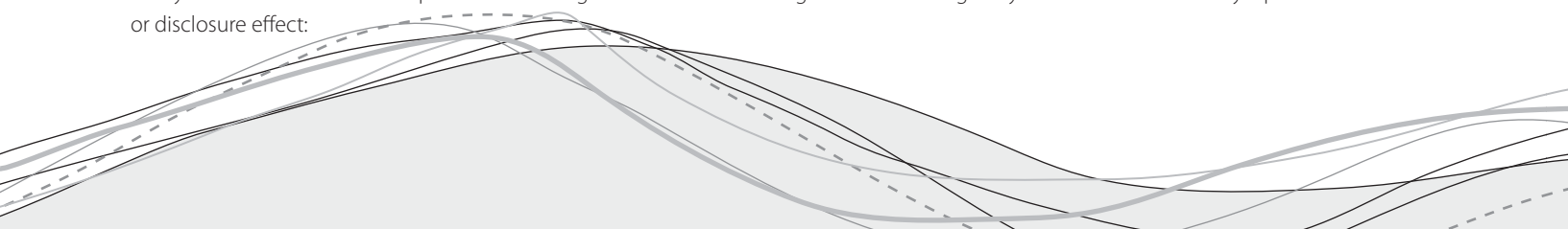
The financial statements of Ferguson Brothers Limited have been prepared on a going concern basis, see note 26.

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 surplus or deficit.

### Changes in accounting policies

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

Selwyn District Council has adopted the following revisions to accounting standards during the year which have had only a presentational or disclosure effect:



- NZ IAS 1 Presentation of Financial Statements (Revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (Issued 2004). The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from nonowner changes separately from transactions with owners. The Selwyn District Council has decided to prepare a single statement of comprehensive income for the year ended 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Items of other comprehensive income presented in the statement of comprehensive income were previously recognised directly in the statement of changes in equity.
- Amendments to NZ IFRS 7 Financial Instruments: Disclosures. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used. A maturity analysis of financial assets is also required to be prepared if this information is necessary to enable users of the financial statements to evaluate the nature and extent of liquidity risk. The transitional provisions of the amendment do not require disclosure of comparative information in the first year of application. The Selwyn District Council has elected to disclose comparative information.

### ***Standards, amendments and interpretations issued that are not yet effective and have not been early adopted***

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Selwyn District Council are:

- NZ IAS 24 Related Party Disclosures (Revised 2009) replaces NZ IAS 24 Related Party Disclosures (Issued 2004). The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The new standard is required to be adopted for the year ended 30 June 2012.
- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. The new standard is required to be adopted for the year ended 30 June 2014. Selwyn District Council has not yet assessed the effect of the new standard and expects it will not be early adopted.

## **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 surplus or deficit.

### **Basis of consolidation**

The purchase method is used to prepare the consolidated financial statements, this involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intra-group 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 surplus or deficit. 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 the Council's own 'parent entity' financial statements.

## Discontinued Operation

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

## Revenue

Revenue is measured at the fair value of consideration received.

### *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.

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

### *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.

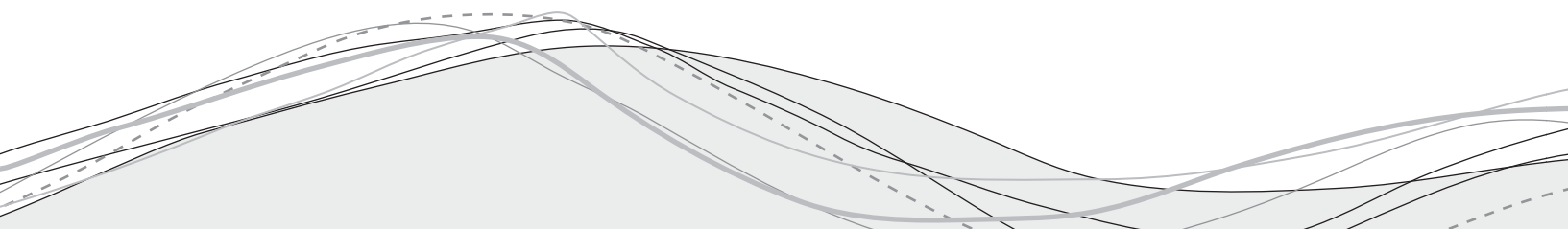
Grant revenue other than New Zealand Transport Agency is recognised when terms and conditions pertaining to that grant have been fulfilled.

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

## **Cash and cash equivalents**

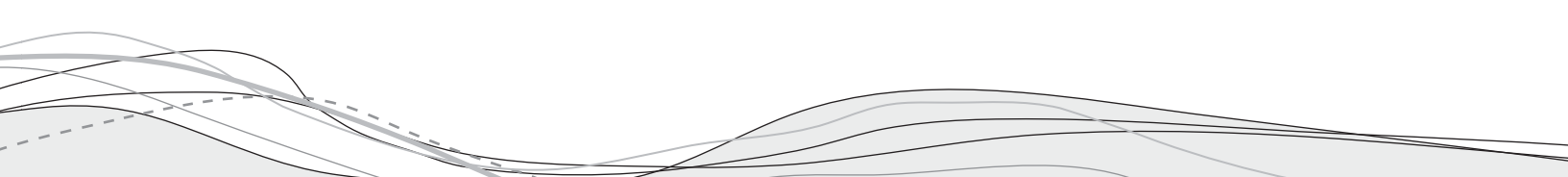
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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

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

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

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

**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 2010 by Mr Brian Brice of Hazlett Rural, Stock and Station Agents.

**Other financial assets**

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

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

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

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

The four categories of financial assets are:

- 1. Financial assets at fair value through surplus or deficit.

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

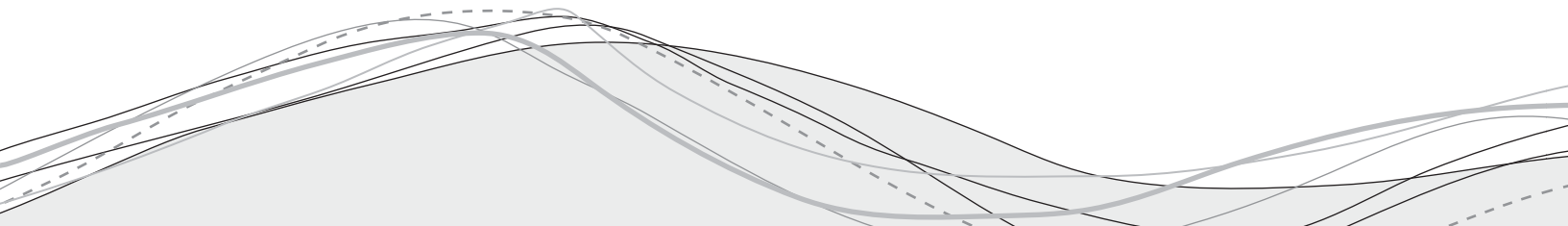
After initial recognition, they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

Currently, 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 surplus or deficit.



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 surplus or deficit.

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

4. Financial assets at fair value through other comprehensive income.

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

This category encompasses:

- Investments that Selwyn District Council intends to hold long-term but which may be realised before maturity; and
- Shareholdings which 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 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 in other comprehensive income except for impairment losses which are recognised in the surplus or deficit. In the event of impairment any cumulative losses previously recognised in other comprehensive income will be reclassified from equity and recognised in the surplus or deficit even though the asset has not been derecognised.

## Impairment of financial assets

At each balance date 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 surplus or deficit.

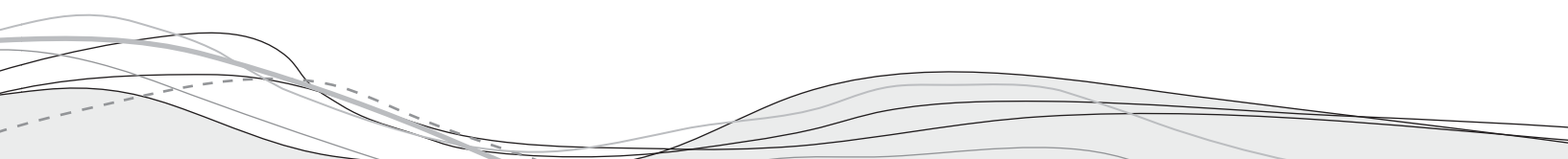
## Derivative financial instruments

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 surplus or deficit.

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



Property, plant and equipment

Property, plant and equipment of 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.

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

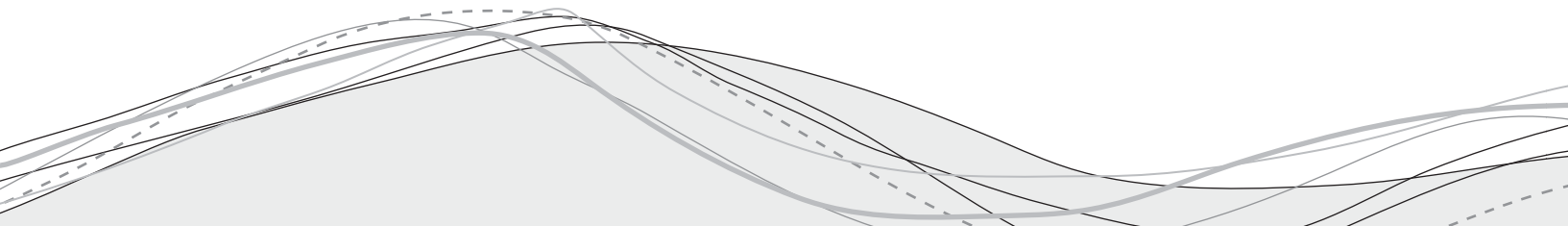
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred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

Depreciation

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%)

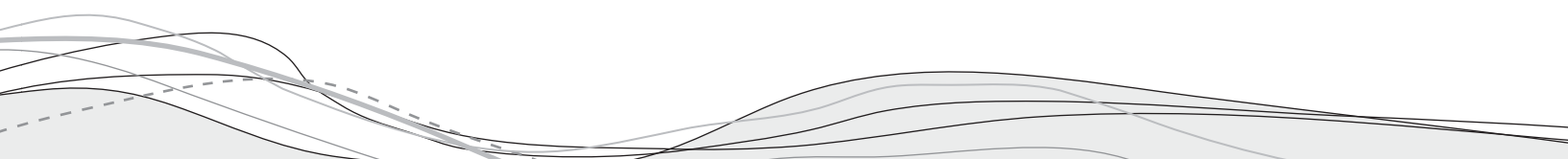


<b>Roads</b>		
Formation/Sub Grade	Not depreciated	
Sub Base – Sealed Roads Only	Not depreciated	
Base Course	13 – 99 years	(1.0% - 7.7%)
Surface – Sealed Roads	1 – 18 years	(5.6% - 100%)
Surface – Unsealed Roads	40 years	(2.5%)
Kerb & Channelling	50 years	(2%)
Footpaths Base and Surface	40 years	(2.5%)
Culverts	50 – 100 years	(1% - 2%)
Traffic Signs	10 years	(10%)
Street Lights	20 years	(5%)
Street Light Poles	40 years	(2.5%)
<b>Bridges</b>	50 – 150 years	(0.7% - 2%)
<b>Water Races – Structure</b>	30 – 122 years	(0.8% - 3.3%)
<b>Water Races - Race</b>	Not depreciated	
<b>Land Drainage – Structure</b>	9 – 100 years	(1% - 11%)
<b>Land Drainage - Drain</b>	Not depreciated	
<b>Water supplies</b>		
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%)
<b>Sewerage Systems</b>		
Manholes	75 years	(1.3%)
Pipes	50 – 75 years	(1.3% - 2%)
Pump Stations	10 – 100 years	(1% - 10%)
Sewerage Treatment Stations	10 – 75 years	(1.3% - 10%)
Service Connection	75 years	(1.3%)

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

### ***Selwyn Investment Holdings Limited***

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





**SICON Limited**

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

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 Limited**

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

<b>Buildings</b>		
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**

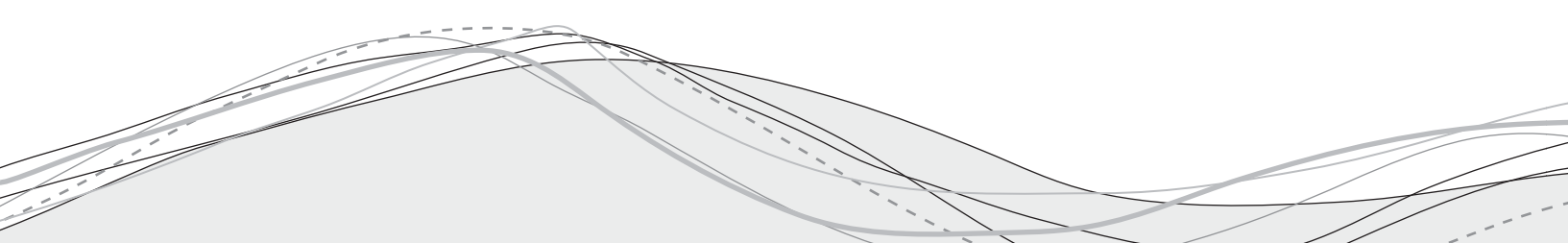
Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of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

Buildings	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 associated 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 2010. The valuation of Selwyn Plantation Board Limited was performed by Property Advisory Ltd, Registered Valuers and the valuation is effective as at 30 June 2010.

### ***Other land and buildings***

Other land and buildings are valued at fair value as determined from market-based evidence by an independent valuer. The most recent valuation of such property held by Selwyn District Council, KB Irrigation Limited and SICON Limited 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 such property held by Selwyn Plantation Board Limited was performed by Property Advisory Ltd, Registered Valuers and the most recent valuation is effective as at 30 June 2010.

### ***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 subsequently 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 other comprehensive income and accumulated in an asset revaluation reserve for that class of asset for Selwyn District Council and for each asset for Selwyn Plantation Board Limited, SICON Limited, KB Irrigation Limited and Ferguson Brothers Limited. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed and recognised in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive income.

## Non-current assets held for sale

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

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

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

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

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

## Investment property

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

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

After initial recognition, 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 the valuations are effective as at 30 June 2010.

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

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

## Development property

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

## Forestry assets

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. The Selwyn District Council forest was independently revalued as at 30 June 2010 by Terry O'Neill, Qualified Forester. The Selwyn Plantation Board Limited forest is independently revalued every year with the most recent valuation being effective as at 30 June 2010 and completed by PF Olsen Ltd.

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

## Intangible assets

### *Goodwill*

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

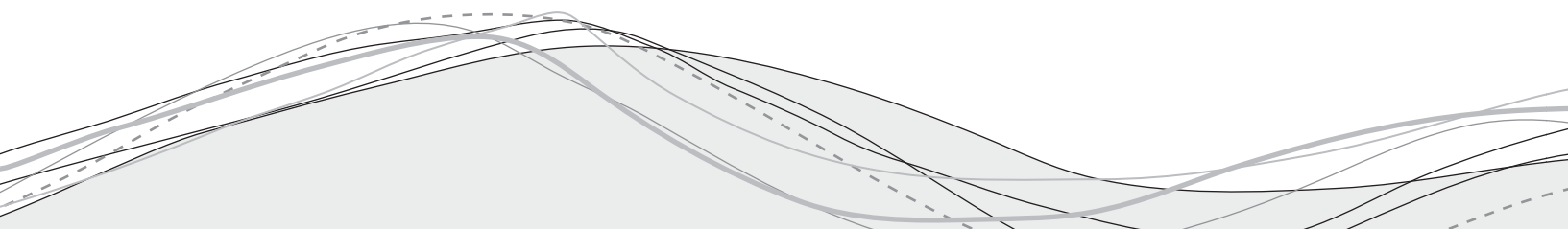
### *Software acquisition*

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 surplus or deficit.



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 surplus or deficit.

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 surplus or deficit.

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

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

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

### **Goods and services tax (GST)**

All items in the financial statements are stated exclusive of GST except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the Inland Revenue Department, including the GST relating to the investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## 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*

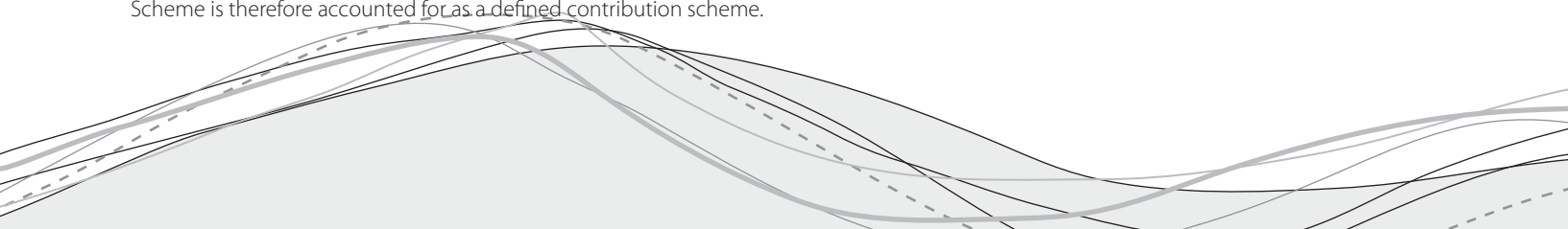
### **Defined contribution schemes**

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

### **Defined benefit schemes**

Selwyn District Council, Selwyn Plantation Board Limited 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 surplus or deficit as a time value adjustment.

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

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

### Restricted and council created reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by 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 reference to any third party or 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 40.

## Leases

### *Finance leases*

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

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

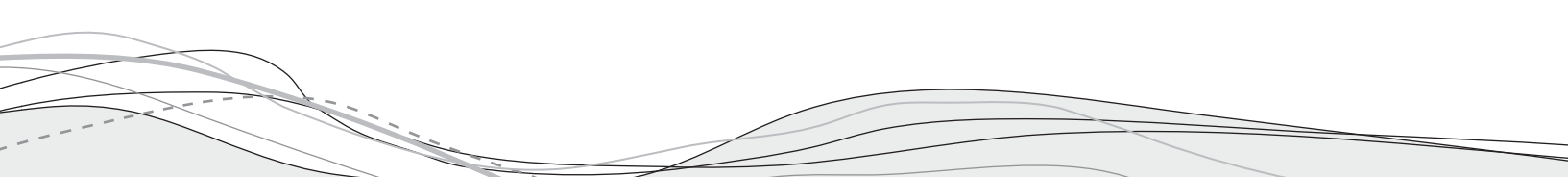
The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Selwyn District Council will obtain ownership at the end of the lease term the asset is fully depreciated over the shorter of the lease term and its useful life.

### *Operating leases*

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

## Budget figures

The budget figures are those approved by the Council at the beginning of the year in the Annual Budget/Selwyn Community Plan (LTCCP). 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 other comprehensive income*

There are assumptions and estimates used when performing valuations of investments about the future maintainable earnings of investments and the earnings multiple used in these valuations. Experienced valuers perform the valuation of 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 which 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 asset; 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 surplus or deficit. To minimise this risk Selwyn District Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Selwyn District Council's asset management planning activities which gives Selwyn District Council further assurance over its useful life estimates.

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

## Provisions

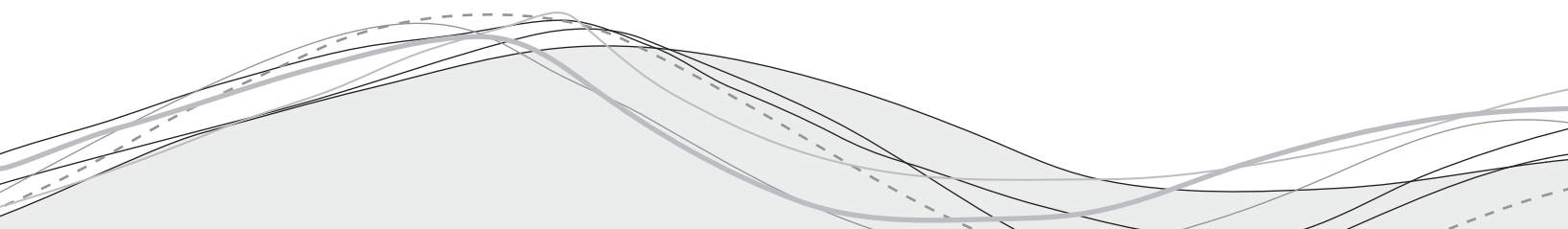
Note 25 comments on the exposure of the Selwyn District Council in relation to weathertightness claims.

## 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.

## Bankside provision

Note 25 comments on the exposure of Selwyn Plantation Board Limited in relation to the estimates and uncertainties surrounding the Bankside provision.



## Financials – Notes to the Financial Statements

### Note 1. Summary cost of services

	<b>Council</b>	<b>Council</b>	<b>Council</b>
	<b>2010</b>	<b>Budget</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Income</b>			
Democracy	419	414	397
Community services and other activities	6,583	4,656	5,009
Environmental services	3,792	3,518	2,505
Transportation and townships	5,677	10,028	6,739
Waste management	3,875	3,891	3,351
Waste water services	4,949	5,867	4,463
Water supplies	5,536	5,359	5,185
Izone southern business hub	429	8,717	8,174
<b>Total activity income</b>	<b>31,260</b>	<b>42,450</b>	<b>35,823</b>
Less internal revenue	-	-	-
General rates	8,862	8,900	8,407
Rates penalties	172	157	175
Other corporate revenue	6,898	7,304	7,180
<b>Total income</b>	<b>47,192</b>	<b>58,811</b>	<b>51,585</b>
<b>Expenditure</b>			
Democracy	2,892	3,057	2,487
Community services and other activities	7,984	9,210	8,128
Environmental services	6,511	7,508	6,927
Transportation and townships	15,678	15,324	15,704
Waste management	3,479	4,311	3,188
Waste water services	4,590	5,008	4,371
Water supplies	5,885	7,528	5,374
Izone southern business hub	2,500	2,328	2,244
Other corporate expenditure	2,736	757	547
<b>Total activity expenditure</b>	<b>52,255</b>	<b>55,031</b>	<b>48,970</b>
Less internal expenditure	-	-	-
<b>Total operating expenditure</b>	<b>52,255</b>	<b>55,031</b>	<b>48,970</b>

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 in section 2 of the annual report. Explanations for significant income and expenditure variances compared with the budget and previous year are provided for each activity in section 2 of the annual report (how we performed).



**Note 2. Rates revenue**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>

General rates	8,862	8,407	8,784	8,337
Rates penalties	172	175	172	175

Targeted rates				
Democracy	418	393	418	393
Community services and other activities	2,858	2,297	2,858	2,297
Waste management	3,028	2,690	3,028	2,690
Waste water services	2,516	2,144	2,516	2,144
Water supplies	3,948	3,339	3,948	3,339
Water meter charges	361	318	361	318

<b>Total rates revenue</b>	<b>22,163</b>	<b>19,763</b>	<b>22,085</b>	<b>19,693</b>
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Rates revenue is shown net of rates remissions. The Council's Rates Remission Policy provides for 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 the amended Selwyn Community Plan 2009-2019.

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>

Total rates revenue	22,206	19,805	22,128	19,735
Rates remissions				
Sports bodies	21	20	21	20
Churches	18	18	18	18
Other social and cultural organisations	4	4	4	4
<b>Total remissions</b>	<b>43</b>	<b>42</b>	<b>43</b>	<b>42</b>

<b>Rates revenue net of remissions</b>	<b>22,163</b>	<b>19,763</b>	<b>22,085</b>	<b>19,693</b>
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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**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Building consents	2,778	1,474	2,778	1,474
Connection and irrigation fees	227	249	227	249
Development contributions	2,646	2,897	2,646	2,897
Dividend revenue	4,075	4,309	4,070	4,825
Dog registration	249	243	249	243
Grants	671	92	671	92
Gravel royalties	82	81	-	5
Interest revenue	288	1,222	361	1,355
New Zealand Transport Agency subsidy	4,458	4,811	4,458	4,811
Leases	1,040	234	923	117
Lump sum contributions	139	249	139	249
Petroleum tax	169	155	169	155
Rental and hire charges	593	506	593	506
Resource consent fees	504	611	504	611
Vested assets	2,424	3,212	2,424	3,212
Other trading income - Council	2,929	2,130	2,929	2,130
Other trading income - SICON	-	-	19,235	30,295
Other trading income - FBL	-	-	15,769	18,024
Other trading income - KB	-	-	4,728	10,345
<b>Total other revenue</b>	<b>23,272</b>	<b>22,475</b>	<b>62,873</b>	<b>81,595</b>

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

**Note 4. Other gains/(losses)**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Gain on disposal of property held for sale	211	8,086	670	8,594
Gain on changes in fair value of forestry	180	91	180	91
Gain on fair value of derivatives	106	55	106	55
Gain/(loss) on changes in fair value of investment property (note 18)	1,292	1,115	1,312	1,130
Other gains/(losses)	(32)	-	(7)	23
<b>Total other gains/(losses)</b>	<b>1,757</b>	<b>9,347</b>	<b>2,261</b>	<b>9,893</b>

**Note 5. Employee benefit expenses**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Salaries and wages	9,703	9,232	30,336	31,533
Employer contributions to superannuation plans	100	15	357	176
Employer contributions to other plans & benefits	-	-	56	68
Increase/(decrease) in employee liabilities	75	143	(538)	111
<b>Total employee expenses</b>	<b>9,878</b>	<b>9,390</b>	<b>30,211</b>	<b>31,888</b>

**Note 6. Depreciation and amortisation**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Operational assets (note 20 a & b)	2,111	1,836	6,289	6,217
Infrastructural assets (note 20 c)	11,625	11,190	11,625	11,190
	<b>13,736</b>	<b>13,026</b>	<b>17,914</b>	<b>17,407</b>
Intangible assets (note 22)	128	127	200	198
	<b>13,864</b>	<b>13,153</b>	<b>18,114</b>	<b>17,605</b>
Less capitalised depreciation	-	-	-	(577)
	<b>13,864</b>	<b>13,153</b>	<b>18,114</b>	<b>17,028</b>
Depreciation and amortisation relating to discontinued operation (note 4)	-	-	632	782
Depreciation and amortisation relating to continuing operations	13,864	13,153	17,482	16,246
	<b>13,864</b>	<b>13,153</b>	<b>18,114</b>	<b>17,028</b>

**Note 7. Other expenses**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Impairment of property, plant & equipment	120	-	249	8
Impairment of intangible assets	-	-	-	2,396
Auditors' fee				
- Audit	113	129	266	293
- LTCCP audit and other work	5	69	5	69
Bad debts written off	10	11	68	196
Cost of sales - materials	-	-	6,161	17,397
Directors' and members' remuneration	495	435	846	806
Donations	-	-	6	20
Grants	129	132	129	132
Impairment of trade receivables	-	-	89	3
Impairment of other financial assets	1,756	72	556	72
Lease payments under operating leases	66	-	1,161	1,171
Loss on disposal of assets	30	230	30	230
Refuse contract payments	1,345	1,230	1,345	1,230
Refuse transfer station operations	1,872	1,605	1,872	1,605
Roading	6,202	5,770	6,202	5,770
Valuation services	145	151	145	151
General operating expenses	14,931	16,593	26,503	29,200
<b>Total other expenses</b>	<b>27,219</b>	<b>26,427</b>	<b>45,633</b>	<b>60,749</b>

**Note 8. Finance costs**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Interest expense				
- Creditors accounts	-	-	8	-
- Bank overdraft	-	-	808	980
- Loan interest	855	-	855	-
- Finance lease	-	-	70	34
Revaluation of interest rate swap	439	-	286	525
<b>Total finance costs</b>	<b>1,294</b>	<b>-</b>	<b>2,027</b>	<b>1,539</b>

**Note 9. Income tax**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>

**Tax expense and accounting profit relationship**

Surplus/(deficit) before tax continuing activities	(5,063)	2,615	(8,134)	759
Surplus/(deficit) before tax discontinued activity	-	785	3,891	7,476
Taxation at 30%	(1,519)	785	(1,273)	2,471
Permanent adjustments	1,664	(760)	1,512	(29)
Prior year adjustment	(40)	(4)	(4)	(148)
De-recognition of future income tax benefit	-	-	47	(2,198)
Recognition of tax losses to carry forward	-	-	-	(29)
Deferred tax on removal of timing differences	-	-	-	(78)
Change in tax rate	(13)	-	66	-

<b>Total taxation expense/(credit)</b>	<b>92</b>	<b>21</b>	<b>348</b>	<b>(11)</b>
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**Tax expense components**

Current tax expense	38	40	90	298
Prior year adjustments	(40)	(4)	(4)	(2,345)
Deferred tax expense	108	(15)	196	2,036
Change in tax rate	(14)	-	66	-

<b>Total taxation expense</b>	<b>92</b>	<b>21</b>	<b>348</b>	<b>(11)</b>
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**Tax expense is attributable to:**

Continuing operations	92	21	(1,046)	(176)
Discontinued operation	-	-	1,394	165

<b>Total taxation expense/(benefit)</b>	<b>92</b>	<b>21</b>	<b>348</b>	<b>(11)</b>
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**Amounts charged or credited directly to other comprehensive income**

Deferred income tax	25	-	25	-
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<b>Total</b>	<b>25</b>	<b>-</b>	<b>25</b>	<b>-</b>
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**Taxation receivable/(provision)**

Opening balance 1 July	4	16	4,477	4,171
less Current taxation expense	(38)	(40)	(90)	(298)
less taxation refund	-	-	(274)	(4,246)
Prior period adjustments	40	4	40	(34)
plus taxation paid	33	24	121	4,884

<b>Total taxation receivable/(provision)</b>	<b>39</b>	<b>4</b>	<b>4,274</b>	<b>4,477</b>
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The Government announced in the May 2010 budget that the income tax rate for companies will change from 30 percent to 28 percent with effect for the 2012 and subsequent income tax years. The change in tax rate to 28 percent has been incorporated into the deferred tax calculation and has resulted in a \$14,000 reduction in the net deferred tax liability balance for the Council and a \$67,000 reduction in the net deferred tax asset balance for the Group.

Further, the Government also announced in the budget that depreciation rates for long life buildings will reduce to zero percent with effect for the 2012 and subsequent income tax years. This change in depreciation rates has resulted in a \$113,000 increase in the net deferred tax liability balance for the Council and a decrease of the same amount in the net deferred tax asset balance for the Group.

#### Deferred tax assets/(liabilities)

	Opening		Charged to other		Closing
	Balance	Charged to	comprehensive	Change to	Balance
	1 July 2009	Surplus	income	Tax rate	30 June 2010
	\$000	\$000	\$000	\$000	\$000

#### Parent

##### Deferred tax liabilities

Investment property	(71)	(52)	-	8	(115)
Property, Plant & Equipment	(1)	(56)	(25)	6	(76)

	(72)	(108)	(25)	14	(191)
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##### Deferred tax assets

Trade and other payables	-	-	-	-	-
Employee benefits and other accruals	-	-	-	-	-

	-	-	-	-	-
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<b>Net deferred tax balance</b>	<b>(72)</b>	<b>(108)</b>	<b>(25)</b>	<b>14</b>	<b>(191)</b>
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	Opening		Charged to		Closing
	Balance	Charged to	other comp-	Change to	Balance
	1 July 2008	Surplus	rehensive	Tax rate	30 June 2009
		income			
	\$000	\$000	\$000	\$000	\$000

#### Parent

##### Deferred tax liabilities

Investment property	(78)	7	-	-	(71)
Property, Plant & Equipment	(9)	8	-	-	(1)

	(87)	15	-	-	(72)
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##### Deferred tax assets

Trade and other payables	-	-	-	-	-
Employee benefits and other accruals	-	-	-	-	-

	-	-	-	-	-
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<b>Net deferred tax balance</b>	<b>(87)</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>(72)</b>
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	Opening		Charged to other		Closing
	Balance	Charged to	comprehensive	Change to	Balance
	1 July 2009	Surplus	income	Tax rate	30 June 2010
	\$000	\$000	\$000	\$000	\$000

<b>Group</b>					
Deferred tax liabilities					
Property, Plant & Equipment	(4,563)	(1,207)	(25)	2	(5,793)
Trade and other receivables	(317)	111	-	-	(206)

	<b>(4,880)</b>	<b>(1,096)</b>	<b>(25)</b>	<b>2</b>	<b>(5,999)</b>
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<b>Deferred tax assets</b>					
Trade and other payables	133	217	-	-	350
Interest rate swap	139	(46)	-	-	93
Employee benefits and other accruals	969	(422)	-	(11)	536
Benefit of tax losses (future income tax benefits)	4,315	1,118	-	(57)	5,376

	<b>5,556</b>	<b>867</b>	<b>-</b>	<b>(68)</b>	<b>6,355</b>
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<b>Net deferred tax balance</b>	<b>676</b>	<b>(229)</b>	<b>(25)</b>	<b>(66)</b>	<b>356</b>
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<b>Attributable to:</b>					
Continuing operations					1923
Discontinued operation					(1,567)

<b>Net deferred tax balance</b>					<b>356</b>
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	Opening		Charged to other		Closing
	Balance	Charged to	comprehensive	Change to	Balance
	1 July 2008	Surplus	income	Tax rate	30 June 2009
	\$000	\$000	\$000	\$000	\$000

<b>Group</b>					
Deferred tax liabilities					
Property, Plant & Equipment	(1,885)	(2,670)	(8)	-	(4,563)
Trade and other receivables	(81)	(236)	-	-	(317)

	<b>(1,966)</b>	<b>(2,906)</b>	<b>(8)</b>	<b>-</b>	<b>(4,880)</b>
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<b>Deferred tax assets</b>					
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

	<b>2,425</b>	<b>3,131</b>	<b>-</b>	<b>-</b>	<b>5,556</b>
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<b>Net deferred tax balance</b>	<b>459</b>	<b>225</b>	<b>(8)</b>	<b>-</b>	<b>676</b>
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<b>Attributable to:</b>					
Continuing operations					849
Discontinued operation					(173)

<b>Net deferred tax balance</b>					<b>676</b>
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#### Imputation credit account balances

	Council	Council	Group	Group
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000

<b>Selwyn Investment Holdings Limited</b>	<b>-</b>	<b>-</b>	<b>9,454</b>	<b>8,872</b>
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**Note 10. Cash and cash equivalents**

	Council	Council	Group	Group
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Cash at bank	2,380	5,075	5,250	7,532
Short term deposits (maturity 3 months or less)	5	3,005	761	3,009
<b>Total cash and cash equivalents</b>	<b>2,385</b>	<b>8,080</b>	<b>6,011</b>	<b>10,541</b>

**Note 11. Debtors and other receivables**

	Council	Council	Group	Group
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Rates receivables	1,190	1,284	1,190	1,284
Other receivables	965	1,245	6,554	12,570
Related party receivables (note 35)	327	323	53	54
Community loans	175	200	175	200
Dividend receivable	4,036	2,266	36	63
Sundry debtors & prepayments	3,257	2,704	4,176	4,114
	<b>9,950</b>	<b>8,022</b>	<b>12,184</b>	<b>18,285</b>
less Provision for impairment	(75)	(124)	(245)	(205)
<b>Total debtors and other receivables</b>	<b>9,875</b>	<b>7,898</b>	<b>11,939</b>	<b>18,080</b>
less Non-current community loans	(175)	(200)	(175)	(200)
<b>Current portion</b>	<b>9,700</b>	<b>7,698</b>	<b>11,764</b>	<b>17,880</b>

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 \$201,000 (2009: \$226,000).

The carrying value of trade and other receivables (excluding community loans) approximates to 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. These powers allow the Council to commence legal proceedings 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.

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.

The status of receivables as at June 2010 and June 2009 are detailed below

	Council			Council		
	Gross	Impairment	Net	Gross	Impairment	Net
	2010	2010	2010	2009	2009	2009
	\$000	\$000	\$000	\$000	\$000	\$000
Not past due	640	-	640	851	-	851
Past due 1-30 days	135	-	135	112	-	112
Past due 31-60 days	17	-	17	15	-	15
Past due >61 days	1,363	(75)	1,288	1,551	(124)	1,427
<b>Total</b>	<b>2,155</b>	<b>(75)</b>	<b>2,080</b>	<b>2,529</b>	<b>(124)</b>	<b>2,405</b>

	Group			Group		
	Gross	Impairment	Net	Gross	Impairment	Net
	2010	2010	2010	2009	2009	2009
	\$000	\$000	\$000	\$000	\$000	\$000
Not past due	3,994	-	3,994	11,502	(8)	11,494
Past due 1-30 days	1,146	-	1,146	361	-	361
Past due 31-60 days	628	-	628	85	-	85
Past due >61 days	1,976	(245)	1,731	1,906	(197)	1,709
<b>Total</b>	<b>7,744</b>	<b>(245)</b>	<b>7,499</b>	<b>13,854</b>	<b>(205)</b>	<b>13,649</b>

As of 30 June 2010 and 2009, 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 based on a review of specific debtors at balance date.

	Council	Council	Group	Group
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Opening balance 1 July	(124)	(27)	(205)	(116)
Additional provisions	-	(108)	(123)	(286)
Receivable written off	49	11	83	197
<b>Closing balance 30 June</b>	<b>(75)</b>	<b>(124)</b>	<b>(245)</b>	<b>(205)</b>

**Note 12. Derivative financial instruments**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Current asset portion</b>				
Interest rate swaps - cashflow hedges	-	-	-	-
<b>Total current asset portion</b>	-	-	-	-
<b>Non-current asset portion</b>				
Interest rate swaps - cashflow hedges	-	-	-	-
<b>Total non-current asset portion</b>	-	-	-	-
<b>Total derivative financial instrument assets</b>	-	-	-	-
<b>Current liability portion</b>				
Interest rate swaps - cashflow hedges	70	-	382	465
<b>Total current liability portion</b>	<b>70</b>	<b>-</b>	<b>382</b>	<b>465</b>
<b>Non-current liability portion</b>				
Interest rate swaps - cashflow hedges	369	-	369	-
<b>Total non-current liability portion</b>	<b>369</b>	<b>-</b>	<b>369</b>	<b>-</b>
<b>Total derivative financial instrument liability</b>	<b>439</b>	<b>-</b>	<b>751</b>	<b>465</b>

**Interest rate swaps**

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

The notional principal amounts of the Council's interest rate swap contracts is \$15 million (2009: nil) and for the group \$1,125,000 (2009: \$1,625,000). As at 30 June, the Council's fixed interest rates of cash flow hedge interest rate swaps varied from 5.395% to 5.98% (2009: nil).

**Note 13. Inventory and work in progress**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Gravel Stocks	-	-	676	939
Other Direct Materials	-	-	305	519
Stores	-	-	39	253
Finished Goods	-	-	396	1,161
Work in Progress	-	-	267	518
	-	-	<b>1,683</b>	<b>3,390</b>

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 \$234,040 (2009: \$148,470).

**Note 14. Livestock (discontinued operation)**

	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
	<b>Head</b>	<b>\$000</b>	<b>Head</b>	<b>\$000</b>
<b>Sheep</b>				
Opening stock on hand 1 July	10,468	1,140	11,431	695
Plus purchases and natural increases	17,897	901	20,917	1,722
Less sales and deaths	(25,899)	(1,439)	(19,349)	(1,550)
Transfer to assets held for sale	-	-	(2,531)	(281)
Other movements	-	(410)	-	554
<b>Closing balance 30 June</b>	<b>2,466</b>	<b>192</b>	<b>10,468</b>	<b>1,140</b>
<b>Cattle</b>				
Opening stock on hand 1 July	1,138	731	1,305	844
Plus purchases and natural increases	746	321	731	736
Less sales and deaths	(1,021)	(577)	(697)	(716)
Transfer to assets held for sale	-	-	(201)	(114)
Other movements	-	198	-	(19)
<b>Closing balance 30 June</b>	<b>863</b>	<b>673</b>	<b>1,138</b>	<b>731</b>
<b>Total livestock</b>		<b>865</b>		<b>1,871</b>

**Note 15. Other financial assets**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Current portion</b>				
<i>Loans and receivables</i>				
Short-term deposits (maturity 4-12 mths)	-	-	-	-
Finance lease receivable	80	-	80	-
	<b>80</b>	<b>-</b>	<b>80</b>	<b>-</b>
<i>Fair value through profit &amp; loss</i>				
Interest rate swap	-	-	-	-
Unlisted shares - shareholding	-	-	-	29
	<b>-</b>	<b>-</b>	<b>-</b>	<b>29</b>
<i>Held to maturity</i>				
Government bonds	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total current portion</b>	<b>80</b>	<b>-</b>	<b>80</b>	<b>29</b>
<b>Non-current portion</b>				
<i>Fair value through profit &amp; loss</i>				
Embedded derivatives - Principal	765	659	765	659
Embedded derivatives - Interest	-	-	-	-
	<b>765</b>	<b>659</b>	<b>765</b>	<b>659</b>
<i>Loans and receivables</i>				
Finance lease receivable	1,348	-	1,348	-
Central Plains Water Limited	2,167	1,611	2,167	1,611
less Provision for impairment	(2,167)	(1,611)	(2,167)	(1,611)
	<b>1,348</b>	<b>-</b>	<b>1,348</b>	<b>-</b>
<i>Fair value through other comprehensive income reserve</i>				
Selwyn Investment Holdings Limited	109,800	111,000	-	-
Transwaste (Canterbury) Limited	1,500	1,500	1,500	1,500
Orion Group Limited	-	-	65,270	65,270
Unlisted shares - shareholding	-	-	-	-
	<b>111,300</b>	<b>112,500</b>	<b>66,770</b>	<b>66,770</b>
<i>Held to maturity</i>				
Government bonds	1,968	1,962	1,968	1,962
	<b>1,968</b>	<b>1,962</b>	<b>1,968</b>	<b>1,962</b>
<b>Total non current portion</b>	<b>115,381</b>	<b>115,121</b>	<b>70,851</b>	<b>69,391</b>

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 2010 (2009: \$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.

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

Interest on the loans has accrued from 25 October 2004, 28 February 2005 and 8 October 2009 for the respective loan balances at an annual rate being the then current interpolated 12 month Local Government Stock rates plus a margin of 50 basis points. Interest is calculated daily 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 its loans into shares the loans shall be repaid in cash over an agreed period of time.

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

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

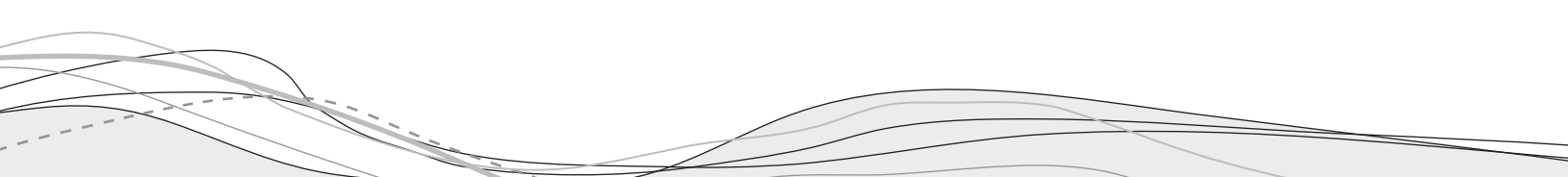
***Provision for loan write-down.***

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

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

**c) Transwaste Canterbury Limited (TCL)**

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



**Note 16. Property held for sale**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Opening balance 1 July	2,442	4,567	6,274	5,542
Transfers from development property (note 21)	4,540	7,138	4,540	7,342
Transfers to investment property	-	(7,570)	-	(7,570)
Transfers from livestock	-	-	-	396
Transfers from property, plant and equipment	-	-	36,393	3,232
Less estimated costs to sell	-	-	(231)	-
Transfers from forestry	-	-	22,199	-
Disposals	(16)	(1,693)	(3,848)	(2,668)
<b>Total non-current assets held for sale 30 June</b>	<b>6,966</b>	<b>2,442</b>	<b>65,327</b>	<b>6,274</b>
<i>Assets held for sale consists of:</i>				
Izone Southern Business Hub	6,966	2,442	6,966	2,442
<b>Total Izone Southern Business Hub</b>	<b>6,966</b>	<b>2,442</b>	<b>6,966</b>	<b>2,442</b>
Discontinued operation				
Forestry	-	-	22,199	-
Property, plant and equipment	-	-	12,961	3,436
Livestock	-	-	-	396
Farm land	-	-	23,201	-
<b>Total discontinued operation</b>	<b>-</b>	<b>-</b>	<b>58,361</b>	<b>3,832</b>
	<b>6,966</b>	<b>2,442</b>	<b>65,327</b>	<b>6,274</b>

**Note 17. 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.

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Assets	530	312	530	312
Liabilities	521	303	521	303
Net assets	9	9	9	9
Revenue	47	58	47	58
Surplus/(deficit)	-	-	-	-
Council's interest	50%	50%	50%	50%

The Trust has no contingent liabilities at 30 June 2010 (2009 \$nil).

**Note 18. Investment property**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Opening balance 1 July	9,250	565	8,700	-
Additions	9,483	7,570	9,483	7,570
Transfer from development property	682	-	682	-
Disposals	-	-	-	-
Fair value gains/(losses) on valuation*	1,292	1,115	1,312	1,130
<b>Closing balance 30 June</b>	<b>20,707</b>	<b>9,250</b>	<b>20,177</b>	<b>8,700</b>

\* Refer to note 4

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Rental Income	812	44	768	-
Expenses from investment property generating income	16	1	15	-
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. S Newbury, B Com (VPM), SPINZ, ANZIV, AREINZ and R Chapman, B Com (VPM), SPINZ, ANZIV, AREINZ, MIPMV, both of whom are Registered Valuers from Ford Baker Valuations Ltd, Christchurch, performed the valuations.

**Note 19. Forestry assets**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Opening balance 1 July	209	118	19,389	10,298
Increases due to purchases	-	-	-	-
Gains attributable to physical changes	22	22	3,403	3,212
Gains/(losses) from changes in fair value less point of sale costs	158	69	1,849	3,609
Gains attributable to yield changes	-	-	782	2,010
Revaluation	-	-	-	1,150
Decreases due to sales	(31)	-	(31)	-
Decreases due to harvest	-	-	(3,914)	(890)
Revision of harvesting costs	-	-	1,079	-
<b>Valuation at 30 June</b>	<b>358</b>	<b>209</b>	<b>22,557</b>	<b>-</b>
Less transfer to assets held for sale	-	-	(22,199)	-
<b>Closing balance 30 June</b>	<b>358</b>	<b>209</b>	<b>358</b>	<b>19,389</b>



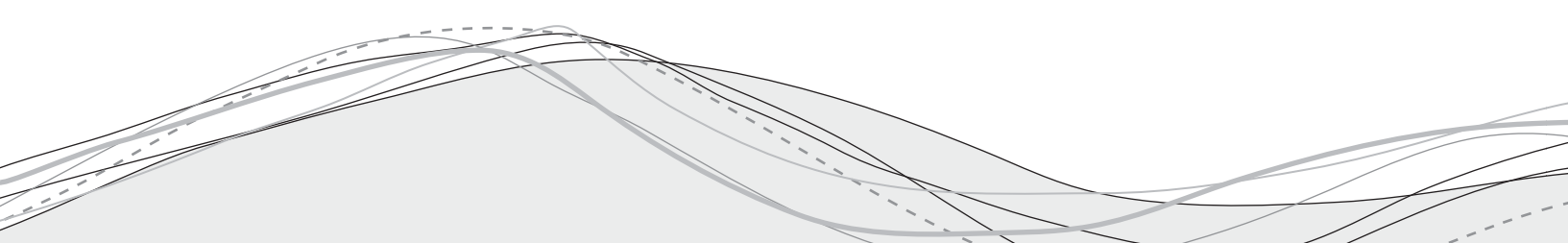
Independent registered valuers PF Olsen Ltd have valued forestry assets at 30 June 2010. The same valuation methodology was used as at 30 June 2009.

Financial Risk Management Strategies

Selwyn District Council is exposed to financial risks arising from changes in timber prices. Selwyn District Council does not expect timber prices to decline significantly in the foreseeable future and 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 20. Property, plant and equipment

	Council	Council	Group	Group
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Operational assets (note 20 a & b)	135,554	130,091	151,785	198,952
Infrastructural assets (note 20 c)	563,183	560,794	563,183	560,794
Total property, plant and equipment	698,737	690,885	714,968	759,746



**(a) Operational Assets - Parent**

	Land	Farm land	Buildings	Heritage Assets	Plant and Machinery	Library Books	Work in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Gross carrying amount:</b>								
Balance at 1 July 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	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2009</b>	<b>83,525</b>	<b>4,087</b>	<b>35,817</b>	<b>357</b>	<b>10,500</b>	<b>1,860</b>	<b>2,561</b>	<b>138,707</b>
Additions	3,011	-	807	-	1,101	155	2,972	8,046
Disposals	-	-	(141)	-	(77)	-	-	(218)
Impairment	-	-	-	-	-	-	(110)	(110)
Net revaluation increase/(decrease)	-	8	-	-	-	-	-	8
Transfers	298	-	897	-	105	-	(1,575)	(275)
Transfers to development property	-	-	-	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2010</b>	<b>86,834</b>	<b>4,095</b>	<b>37,380</b>	<b>357</b>	<b>11,629</b>	<b>2,015</b>	<b>3,848</b>	<b>146,158</b>
<b>Accumulated depreciation:</b>								
Balance at 1 July 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)
<b>Balance at 30 June 2009</b>	<b>-</b>	<b>-</b>	<b>(1,508)</b>	<b>(39)</b>	<b>(5,690)</b>	<b>(1,379)</b>	<b>-</b>	<b>(8,616)</b>
Disposals	-	-	62	-	61	-	-	123
Net adjustments on asset revaluation	-	-	-	-	-	-	-	-
Depreciation expense	-	-	(977)	(14)	(953)	(167)	-	(2,111)
<b>Balance at 30 June 2010</b>	<b>-</b>	<b>-</b>	<b>(2,423)</b>	<b>(53)</b>	<b>(6,582)</b>	<b>(1,546)</b>	<b>-</b>	<b>(10,604)</b>
<b>Net carrying amount at 30 June 2009</b>	<b>83,525</b>	<b>4,087</b>	<b>34,309</b>	<b>318</b>	<b>4,810</b>	<b>481</b>	<b>2,561</b>	<b>130,091</b>
<b>Net carrying amount at 30 June 2010</b>	<b>86,834</b>	<b>4,095</b>	<b>34,957</b>	<b>304</b>	<b>5,047</b>	<b>469</b>	<b>3,848</b>	<b>135,554</b>

## (b) Operational Assets - Group

	Land	Farm land	Buildings	Heritage Assets	Plant and Machinery	Library Books	Work in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Gross carrying amount:</b>								
Balance at 1 July 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	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2009</b>	<b>91,346</b>	<b>38,767</b>	<b>44,189</b>	<b>357</b>	<b>45,947</b>	<b>1,860</b>	<b>2,836</b>	<b>225,302</b>
Additions	3,011	-	1,243	-	3,235	155	3,034	10,678
Disposals	(638)	(3,083)	(965)	-	(4,315)	-	-	(9,001)
Impairment	-	-	-	-	(220)	-	(110)	(330)
Net revaluation increase/(decrease)	(223)	(9,168)	(76)	-	-	-	-	(9,467)
Transfers	(168)	779	921	-	105	-	(1,912)	(275)
Transfers to development property	-	-	-	-	-	-	-	-
Transfers to assets held for sale	(6,343)	(23,200)	(5,852)	-	(998)	-	-	(36,393)
<b>Balance at 30 June 2010</b>	<b>86,985</b>	<b>4,095</b>	<b>39,460</b>	<b>357</b>	<b>43,754</b>	<b>2,015</b>	<b>3,848</b>	<b>180,514</b>
<b>Accumulated depreciation:</b>								
Balance at 1 July 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)
<b>Balance at 30 June 2009</b>	<b>-</b>	<b>-</b>	<b>(2,456)</b>	<b>(39)</b>	<b>(22,476)</b>	<b>(1,379)</b>	<b>-</b>	<b>(26,350)</b>
Disposals	-	-	197	-	3,687	-	-	3,884
Net adjustments on asset revaluation	-	-	26	-	-	-	-	26
Depreciation expense	-	-	(1,398)	(14)	(4,710)	(167)	-	(6,289)
<b>Balance at 30 June 2010</b>	<b>-</b>	<b>-</b>	<b>(3,631)</b>	<b>(53)</b>	<b>(23,499)</b>	<b>(1,546)</b>	<b>-</b>	<b>(28,729)</b>
<b>Net carrying amount at 30 June 2009</b>	<b>91,346</b>	<b>38,767</b>	<b>41,733</b>	<b>318</b>	<b>23,471</b>	<b>481</b>	<b>2,836</b>	<b>198,952</b>
<b>Net carrying amount at 30 June 2010</b>	<b>86,985</b>	<b>4,095</b>	<b>35,829</b>	<b>304</b>	<b>20,255</b>	<b>469</b>	<b>3,848</b>	<b>151,785</b>

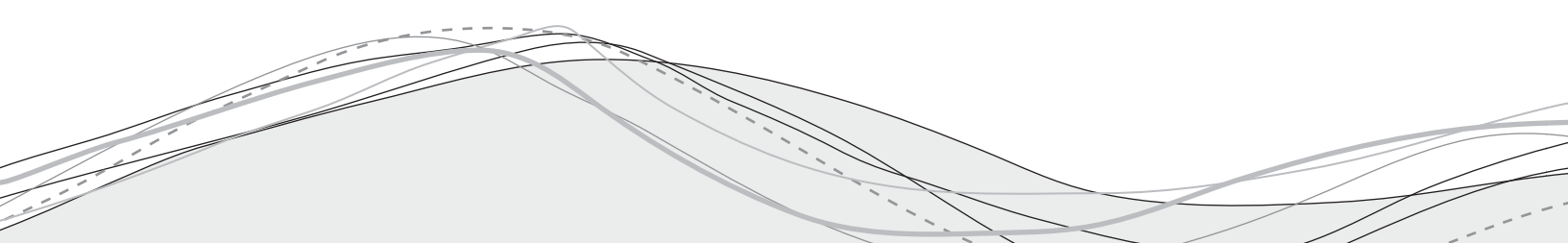
**(c) Infrastructural Assets - Council & Group**

	Road Network	Water Supplies	Storm Water	Sewerage Schemes	Land Drainage	Water Races	Refuse Disposal	Work in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Gross carrying amount:</b>									
Balance at 1 July 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)
<b>Balance at 30 June 2009</b>	<b>385,873</b>	<b>50,241</b>	<b>12,036</b>	<b>58,174</b>	<b>24,237</b>	<b>36,156</b>	<b>3,949</b>	<b>1,578</b>	<b>572,244</b>
Additions	8,310	1,755	222	2,378	-	51	107	926	13,749
Disposal	(10)	-	-	-	-	-	-	-	(10)
Net revaluation increase/(decrease)	-	-	-	-	-	-	-	-	-
Transfers	1,256	336	99	261	-	-	-	(1,677)	275
<b>Balance at 30 June 2010</b>	<b>395,429</b>	<b>52,332</b>	<b>12,357</b>	<b>60,813</b>	<b>24,237</b>	<b>36,207</b>	<b>4,056</b>	<b>827</b>	<b>586,258</b>
<b>Accumulated depreciation:</b>									
Balance at 1 July 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)
<b>Balance at 30 June 2009</b>	<b>(7,762)</b>	<b>(1,420)</b>	<b>(225)</b>	<b>(1,306)</b>	<b>(38)</b>	<b>(327)</b>	<b>(372)</b>	<b>-</b>	<b>(11,450)</b>
Net adjustments on asset revaluation	-	-	-	-	-	-	-	-	-
Net adjustments on impairment	-	-	-	-	-	-	-	-	-
Depreciation expense	(8,087)	(1,464)	(234)	(1,361)	(38)	(327)	(114)	-	(11,625)
<b>Balance at 30 June 2010</b>	<b>(15,849)</b>	<b>(2,884)</b>	<b>(459)</b>	<b>(2,667)</b>	<b>(76)</b>	<b>(654)</b>	<b>(486)</b>	<b>-</b>	<b>(23,075)</b>
<b>Net carrying amount at 30 June 2009</b>	<b>378,111</b>	<b>48,821</b>	<b>11,811</b>	<b>56,868</b>	<b>24,199</b>	<b>35,829</b>	<b>3,577</b>	<b>1,578</b>	<b>560,794</b>
<b>Net carrying amount at 30 June 2010</b>	<b>379,580</b>	<b>49,448</b>	<b>11,898</b>	<b>58,146</b>	<b>24,161</b>	<b>35,553</b>	<b>3,570</b>	<b>827</b>	<b>563,183</b>

**Note 21.    Development property**

Property is classified as development property where work is being completed by the Council to prepare the land for future sale. Once the property has been developed for sale and is being actively marketed it is reclassified as ‘property for sale’ (refer note 16).

	Council	Council	Group	Group
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Opening balance 1 July	8,685	3,545	8,685	3,545
Transfers from property, plant and equipment	-	532	-	532
Additions	4,354	11,746	4,354	11,746
Transfers to assets held for sale (note 16)	(4,540)	(7,138)	(4,540)	(7,138)
Transfers to investment property (note 18)	(682)	-	(682)	-
Disposals	(417)	-	(417)	-
<b>Total development property 30 June</b>	<b>7,400</b>	<b>8,685</b>	<b>7,400</b>	<b>8,685</b>
Development property consists of:				
Izone Southern Business Hub	7,400	8,685	7,400	8,685
Other industrial land	-	-	-	-
Residential land	-	-	-	-
	<b>7,400</b>	<b>8,685</b>	<b>7,400</b>	<b>8,685</b>



**Note 22. Intangible assets**

	<b>Council</b>	<b>Group</b>			
	<b>Computer</b>	<b>Computer</b>	<b>Group</b>	<b>Group</b>	<b>Group</b>
	<b>Software</b>	<b>Software</b>	<b>Mining</b>	<b>Goodwill</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>

Opening Cost at 1 July 2009	520	885	508	2,999	4,392
Accumulated amortisation/impairment	(296)	(600)	(27)	(2,999)	(3,626)
<b>Opening balance at 1 July 2009</b>	<b>224</b>	<b>285</b>	<b>481</b>	<b>-</b>	<b>766</b>

Additions	75	140	-	-	140
Amortisation charge	(128)	(185)	(15)	-	(200)
Impairment	-	-	-	-	-
Disposals	-	-	-	-	-
Discontinued operation	-	(11)	-	-	(11)

<b>Closing balance at 30 June 2010</b>	<b>171</b>	<b>229</b>	<b>466</b>	<b>-</b>	<b>695</b>
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Closing cost at 30 June 2010	595	1,014	508	2,999	4,521
Accumulated amortisation/impairment	(424)	(785)	(42)	(2,999)	(3,826)

<b>Closing balance at 30 June 2010</b>	<b>171</b>	<b>229</b>	<b>466</b>	<b>-</b>	<b>695</b>
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	<b>Council</b>	<b>Group</b>			
	<b>Computer</b>	<b>Computer</b>	<b>Group</b>	<b>Group</b>	<b>Group</b>
	<b>Software</b>	<b>Software</b>	<b>Mining</b>	<b>Goodwill</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>

Opening Cost at 1 July 2008	495	833	500	2,999	4,332
Accumulated amortisation/impairment	(169)	(417)	(12)	(603)	(1,032)
<b>Opening balance at 1 July 2008</b>	<b>326</b>	<b>416</b>	<b>488</b>	<b>2,396</b>	<b>3,300</b>

Additions	25	52	8	-	60
Amortisation Change	(127)	(183)	(15)	(2,396)	(2,594)
Impairment	-	-	-	-	-
Disposals	-	-	-	-	-

<b>Closing balance at 30 June 2009</b>	<b>224</b>	<b>285</b>	<b>481</b>	<b>-</b>	<b>766</b>
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Closing cost	520	885	508	2,999	4,392
Accumulated amortisation/impairment	(296)	(600)	(27)	(2,999)	(3,626)

<b>Closing balance at 30 June 2009</b>	<b>224</b>	<b>285</b>	<b>481</b>	<b>-</b>	<b>766</b>
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During the 2009 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.

**Note 23. Creditors and other payables**

	Council	Council	Group	Group
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Creditors	3,649	4,767	7,502	13,051
Deposits, retentions and accrued expenses	3,164	3,549	3,336	3,763
Amounts due to related parties	1,410	1,167	-	-
Rates in advance	155	133	155	133
Dividends payable	-	-	-	-
<b>Total trade and other payables</b>	<b>8,378</b>	<b>9,616</b>	<b>10,993</b>	<b>16,947</b>

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

**Note 24. Employee benefit liabilities**

	Council	Council	Group	Group
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Accrued wages and salaries	116	77	555	695
Annual leave	669	627	1,914	2,303
Provision for long service leave	105	114	188	233
Provision for retirement gratuities	83	80	142	166
Provision for sick leave	12	12	66	115
Provision for restructuring costs	-	-	-	-
<b>Total employee benefit liabilities</b>	<b>985</b>	<b>910</b>	<b>2,865</b>	<b>3,512</b>
Comprising:				
Current	880	796	2,645	3,242
Non-current	105	114	221	270
<b>Total employee benefit liabilities</b>	<b>985</b>	<b>910</b>	<b>2,866</b>	<b>3,512</b>

**Note 25. Other provisions**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Current provisions are represented by:</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>

Maintenance Provision	-	-	489	124
Bankside Depot	-	-	138	1,169
Discontinued operation	-	-	(138)	-
Weathertightness	50	-	50	-

<b>Total current provisions</b>	<b>50</b>	<b>-</b>	<b>539</b>	<b>1,293</b>
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Non-current provisions are represented by:				
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Landfill provision	362	334	362	334
	-	-	-	-

<b>Total non-current provisions</b>	<b>362</b>	<b>334</b>	<b>362</b>	<b>334</b>
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<b>Council and group</b>	<b>Weather-</b>	<b>Weather-</b>	<b>Landfill</b>	<b>Landfill</b>	<b>Maintenance</b>	<b>Maintenance</b>	<b>Bankside</b>	<b>Bankside</b>
	<b>tightness</b>	<b>tightness</b>			<b>Costs</b>	<b>Costs</b>	<b>Depot</b>	<b>Depot</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>

Opening balance 1 July	-	-	334	322	124	136	1,169	2,217
Additional provisions made during the year	50	-	28	12	518	250	68	621
Amounts used during the year	-	-	-	-	(153)	(262)	(1,099)	(1,669)

<b>Closing balance 30 June</b>	<b>50</b>	<b>-</b>	<b>362</b>	<b>334</b>	<b>489</b>	<b>124</b>	<b>138</b>	<b>1,169</b>
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## Council

The Council is aware of seven potential claims in relation to the weathertightness of homes in the area. It has made a provision for the claims where it is able to make a reliable estimate of the potential cost to the Council. Where it is unable to make a reliable assessment, no provision has been made (see note 34, contingent liabilities and contingent assets, for more information on this issue).

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 2010 (2009: nil).

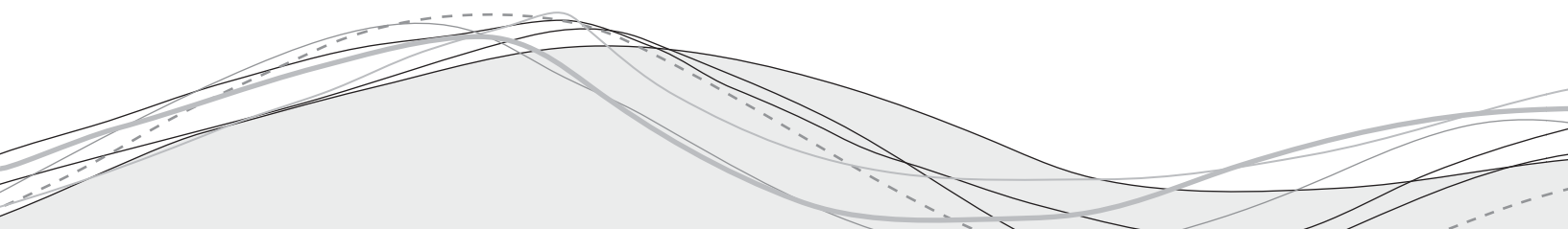
## Group

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 2010 is \$208,540 (2009: \$48,335).

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 cleanup in late 2008 and has spent \$2.75 million up to 30 June 2010.

SPBL has detailed costings on completing the cleanup and the work is close to completion. Some funding has been received from the 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 \$68,125 in this period's accounts (2009: \$620,569). The actual cost of the remedial work could be more or less than the amount provided for.



**Note 26. Borrowings**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Current				
Bank overdraft	-	-	4,079	4,674
Secured loans	-	-	4,621	1,940
Finance lease liabilities	-	-	268	104
<b>Total current borrowings</b>	<b>-</b>	<b>-</b>	<b>8,968</b>	<b>6,718</b>
Non-current				
Secured loans	25,000	-	25,625	4,911
Finance lease liabilities	-	-	250	186
<b>Total non-current borrowings</b>	<b>25,000</b>	<b>-</b>	<b>25,875</b>	<b>5,097</b>

**Council**

The Council's secured borrowings of \$25 million (2009: nil) includes floating rate borrowings of \$14 million and fixed borrowings of \$11m. For the floating rate borrowings, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk. The interest rates for fixed rate borrowings range from 6.74% to 6.92%.

The borrowings are secured against the rates of the Council.

The total amount of the borrowings approximates its fair value.

**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 (2009: \$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 (2009: \$3.6m). Interest is charged at the Prime Base Rate prevailing at the date of drawdown plus a margin of 0.65%.

**Term Loans**

A term loan of \$775,000 was raised on 24 September 2006 with an expiry date of 24 September 2009 and the loan has been repaid in full.

**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 (refer note 20).

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

**Security**

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

## KB Irrigation Limited

KB Irrigation Limited has an Interchangeable banking facility with the ANZ National Bank Limited which 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 (2009:\$1,100,000). The interest rate during the period was based on the Banks Business Bank Indicator Rate for the overdraft and the applicable bill priced interest rate plus margin of 1.2% for the flexible credit facility. This facility has a general security agreement over all the assets and undertakings of KB Irrigation Ltd.

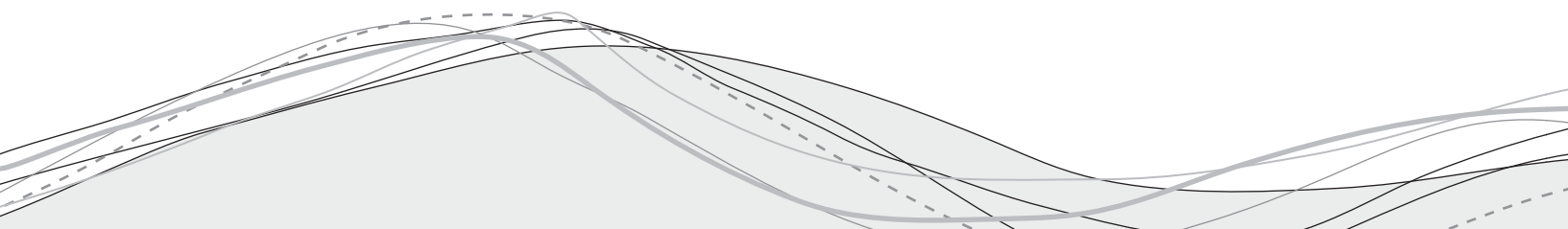
## Ferguson Brothers Limited

Ferguson Brothers Limited has an Interchangeable banking facility with the ANZ National Bank Limited which includes an overdraft facility and a flexible credit facility. The facility has a maximum limit of \$2,700,000 apportioned between the overdraft and flexible credit facilities and has a termination date of 31 December 2010. Interest is charged at the Business Bank Indicator Rate. The interest on the bank overdraft during the period was 10.15% (2009: 10.15% - 12.65%). The interest rate on the flexible credit facility is charged at the bank reference rate plus a margin of 1.2%. The bank has a general security agreement over all the assets. This facility has a general security agreement over all the assets and undertakings of Ferguson Brothers Limited. In addition, Selwyn Investment Holdings Ltd has provided a guarantee limited to \$1,125,000 plus interest, costs and other amounts.

Re-negotiation of finance facilities: The total value of finance provided by Selwyn Investment Holdings Limited and ANZ National Bank Limited at 30 June was \$8,905,958. The bank facilities have been extended to 31 December 2010. A condition of further extension is the implementation by the company of a scheme of recapitalisation, which is currently being negotiated among existing shareholders. The directors of Selwyn Investment Holdings Limited expect a recapitalisation to be negotiated, and that adequate finance will continue to be available to Ferguson Brothers Limited.

Accordingly, the Ferguson Brothers Limited financial statements have been prepared on a going concern basis.

Ferguson Brothers has entered into finance leases for various items of plant and equipment. The net carrying amount of the leases items is included under property, plant and equipment note (note 20).



**Analysis of Finance Lease**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>

***Present value of minimum future lease payments***

No later than 1 year	-	-	268	104
Later than 1 year but not later than 5 years	-	-	250	186
Later than 5 years	-	-	-	-

	<b>-</b>	<b>-</b>	<b>518</b>	<b>290</b>
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***Made up of:***

Current borrowings	-	-	268	104
Non-current borrowings	-	-	250	186

	<b>-</b>	<b>-</b>	<b>518</b>	<b>290</b>
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***Minimum future lease payments***

No later than 1 year	-	-	307	128
Later than 1 year but not later than 5 years	-	-	268	204
Later than 5 years	-	-	-	-

<b><i>Minimum Lease Payments</i></b>	<b>-</b>	<b>-</b>	<b>575</b>	<b>332</b>
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Less future finance charges	-	-	(57)	(42)
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	<b>-</b>	<b>-</b>	<b>518</b>	<b>290</b>
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**Note 27. General funds**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Opening balance 1 July	546,685	541,775	590,341	581,248
Transfers to:				
Special funds	(5,330)	(8,538)	(5,330)	(8,538)
Transfers from:				
Revaluation reserve on disposal of property, plant and equipment	85	259	374	278
Special funds	19,537	10,595	19,537	10,595
Fair value through other comprehensive income reserve	-	-	-	-
Surplus for the year attributable to parent	(5,155)	2,594	(4,679)	6,758
<b>Closing balance 30 June</b>	<b>555,822</b>	<b>546,685</b>	<b>600,243</b>	<b>590,341</b>

**Note 28. Fair value through other comprehensive income reserve**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Opening balance 1 July	52,020	47,797	24,892	24,877
Valuation gains/(losses) to other comprehensive income	-	4,223	-	15
Transfers to surplus or deficit on disposal	-	-	-	-
<b>Closing balance 30 June</b>	<b>52,020</b>	<b>52,020</b>	<b>24,892</b>	<b>24,892</b>
The balance in this account relates to:				
Selwyn Investment Holdings Limited	51,000	51,000	-	-
Transwaste Limited	1,020	1,020	1,020	1,020
Orion Group Limited	-	-	23,872	23,872
	<b>52,020</b>	<b>52,020</b>	<b>24,892</b>	<b>24,892</b>

**Note 29. Special funds**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Opening balance 1 July	45,274	47,331	45,274	47,331
Transfers to general funds	(19,537)	(10,595)	(19,537)	(10,595)
Transfers from general funds	5,330	8,538	5,330	8,538
<b>Closing balance 30 June</b>	<b>31,067</b>	<b>45,274</b>	<b>31,067</b>	<b>45,274</b>

**Note 30. Asset revaluation reserves**

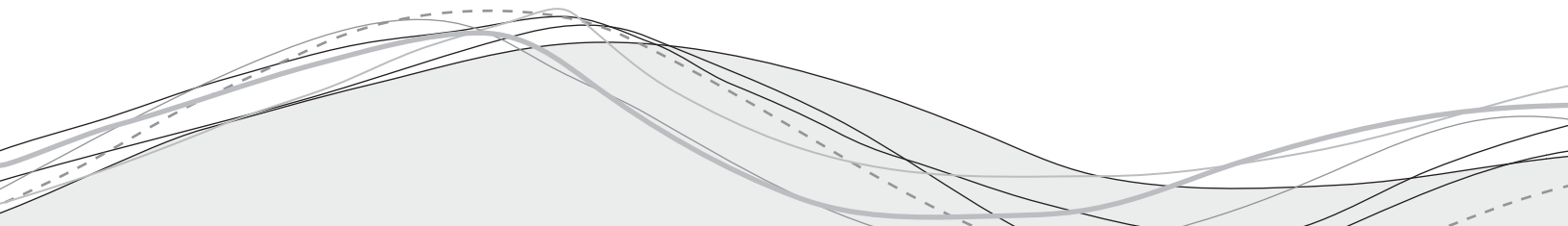
	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Opening balance 1 July	187,887	188,606	185,663	190,143
Current year movements	8	(460)	(5,733)	(4,197)
Less tax effect on buildings	(25)	-	(25)	(5)
Transfer to general reserves	(85)	(259)	(374)	(278)
<b>Closing balance 30 June</b>	<b>187,785</b>	<b>187,887</b>	<b>179,531</b>	<b>185,663</b>

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

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Land and buildings	64,180	64,290	58,317	61,100
Farm land	2,584	2,576	193	3,542
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
	<b>187,785</b>	<b>187,887</b>	<b>179,531</b>	<b>185,663</b>

**Note 31.    Minority interest**

	Council	Council	Group	Group
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Opening balance 1 July	-	-	31,275	30,696
Share in surplus	-	-	88	1,488
Contributions from minority interest	-	-	-	-
Share in dividend	-	-	-	-
Share in revaluation movement	-	-	(2,961)	(909)
<b>Closing balance 30 June</b>	<b>-</b>	<b>-</b>	<b>28,402</b>	<b>31,275</b>



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

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Surplus after taxation</b>	(5,155)	2,594	(7,088)	935
Add/(deduct) non-cash items				
Vested assets revenue	(2,424)	(3,212)	(2,424)	(3,212)
(Gains)/losses on fair value of investment property	(1,292)	(1,115)	(1,312)	(1,130)
(Gains)/losses on fair value of forestry assets	(180)	(91)	(180)	(91)
Fair value increase of embedded derivative	(106)	(55)	(106)	(55)
Fair value decrease on community loans	-	-	-	-
Community loan notional interest	-	-	-	-
Depreciation and amortisation	13,864	13,153	17,482	16,246
Impairments	1,320	-	241	2,404
Provision for loan write down	494	-	494	-
Non-current employee benefits	(9)	17	(46)	(4)
Non-current provisions	28	12	(638)	12
Movement in provision for doubtful debts	(49)	97	40	89
Land & buildings revaluation (increment)/decrement	-	-	-	-
Net other (gain)/loss	(6)	(4)	(381)	(309)
Interest rate swap	438	-	285	525
Movement in deferred taxation	94	(15)	(1,102)	(217)
Discontinued operation	-	-	-	922
	<b>7,017</b>	<b>11,381</b>	<b>5,265</b>	<b>16,115</b>
<b>Movement in working capital items</b>				
Debtors and other receivables	(1,954)	2,404	4,431	(1,701)
Income tax receivable	(35)	12	202	(305)
Inventory & work in progress	-	-	1,490	1,655
Creditors and other payables	(1,161)	(210)	(3,349)	432
Employee benefit liabilities	84	126	(492)	(196)
Livestock	-	-	-	(728)
	<b>3,951</b>	<b>13,713</b>	<b>7,547</b>	<b>15,272</b>
<b>Items classified as investing activities</b>				
Net gain on sale of property, plant and equipment	(181)	(7,856)	(181)	(7,856)
<b>Net cash flow - operating activities</b>	<b>3,770</b>	<b>5,857</b>	<b>7,366</b>	<b>7,416</b>



### Note 33. Commitments and operating leases

#### Commitments

The total funds the Council is committed to spending in the future on maintenance and capital projects is \$33,277,000 (2009 \$22,827,000). Detailed below are the activities in which commitments from 1 July 2010 occur.

Commitments represent contracts entered into but where 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.

Maintenance and operating	Within One Year	One to Two Years	Two to Five Years	Total
	\$000	\$000	\$000	\$000
Road maintenance	4,685	9,370	-	14,055
Road marking	227	-	-	227
Piped water/sewerage*	998	-	-	998
Waterraces*	494	-	-	494
Reserves*	754	-	-	754
Rating valuations	170	14	-	184
Refuse	686	686	1,372	2,744
Refuse - Resource Recovery Park*	169	-	-	169
RH Developments	475	475	475	1,425
Water and waste water testing	70	-	-	70
<b>Total operating commitments</b>	<b>8,728</b>	<b>10,545</b>	<b>1,847</b>	<b>21,120</b>

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

<b>Capital</b>	<b>Within One Year</b>	<b>One to Two Years</b>	<b>Two to Five Years</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
PGGW Building - plant lease	662	-	-	662
Lincoln Community Centre				
- Construction	4,950	-	-	4,950
Darfield Library upgrade				
- Architect (Ian Krause)	92	-	-	92
Rolleston Recreational Precinct (Foster Holdings)	5,256	-	-	5,256
Barron Holdings	46	-	-	46
Byron Street extension	669	-	-	669
William Street extension	454	-	-	454
Petticoat Lane and King Street	28	-	-	28
	<b>12,157</b>	<b>-</b>	<b>-</b>	<b>12,157</b>

The Council's subsidiaries have capital commitments as at 30 June 2010 for the purchase of property, plant and equipment of nil (2009: \$88,900).

## Operating leases

### *Operating leases as lessee*

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

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Not later than one year	51	-	1,012	1,228
Later than one year and not later than five years	190	-	1,234	1,654
Later than five years	-	-	-	24
<b>Total non-cancellable operating leases</b>	<b>241</b>	<b>-</b>	<b>2,246</b>	<b>2,906</b>

## Operating leases as lessor

The Council leases four properties under operating leases. Two of these properties have a non-cancellable term of 3 years with the leases commencing on 1 July 2010. One property has a non-cancellable term of 15 years, commencing on 20 July 2009 and the final property has a non-cancellable term of 12 years and is due to commence on 1 October 2010. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Not later than one year	1,701	906	1,619	788
Later than one year and not later than five years	7,576	3,152	7,576	3,152
Later than five years	14,907	7,880	14,907	7,880
<b>Total non-cancellable operating leases</b>	<b>24,185</b>	<b>11,938</b>	<b>24,103</b>	<b>11,820</b>

No contingent rent has been recognised during the period.

## Note 34. Contingent liabilities and contingent assets

### a) General

- i) 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.
- ii) The Council is aware of seven potential claims in relation to the weathertightness of homes in the area. It has made a provision for the claims where it is able to make a reliable estimate of the potential cost to the Council (see note 25). The outcome of the other claims is uncertain and the Council is not able to estimate reliably its potential liability. It has not made any provision in respect of the claims. The Council is also exposed to future claims in relation to this issue but is not able to estimate reliably the number or value of the claims. The Council does not have insurance cover for any of the claims for which it has not made a provision. The Council is funding the cost of weathertightness claims through general rates at a budget of \$50,000 per year.
- iii) The Council has no contingent assets at 30 June 2010 (2009: Nil).

### b) Landfills located within Selwyn district

The Council does not operate any landfills in the district. The Council has recognised the costs of closing and rehabilitating the Killinchy and Hawkins landfills 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 2010 (2009: nil).

KB Irrigation Limited has no contingent liabilities as at 30 June 2010 (2009: nil).

Selwyn Plantation Board Limited has no contingent liabilities as at 30 June 2010 (2009: 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 2009 the Scheme has an estimated past service surplus of \$15.3 million (5.7% 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 continues at 1.0 times contributor's contributions. The 1 times is inclusive of specified superannuation contribution withholding tax. The equivalent information as at 31 March 2010 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. \$1,341,111 (2009: \$1,743,799) was committed to as at 30 June 2010.

## Note 35. Related party transactions

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

### a) *Selwyn Plantation Board Ltd*

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

The Council received money for:

	2010	2009
	\$000	\$000
• Rates	73	66
• Water connections	3	-
• Other	3	20

There were no balances outstanding at 30 June 2010 (2009: Nil).

The Council paid for:

	2010	2009
	\$000	\$000
• Water	-	-
• Fire fighting	-	63

There were no balances outstanding at 30 June 2010 (2009: \$71,307).

### b) *SICON Limited*

The Council entered into normal commercial transactions with SICON Limited:

The Council:

	2010	2009
	\$000	\$000
• Received payment for rates, royalties and leases	230	287
• Paid for contract services	10,666	10,911
• At balance date Council owed	1,410	1,167
• At balance date Council was owed	42	20

### c) *Selwyn Investment Holdings Limited (SIHL)*

The Council received revenue from SIHL for:

	2010	2009
	\$000	\$000
• Dividends	4,000	4,203

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

	2010	2009
	\$000	\$000
Accounts paid on SIHL's behalf	237	249
Dividend payable	4,000	2,203

**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 \$41,733 for the reporting period (2009: \$45,573). The Council is owed \$64,529 at balance date (2009: \$40,393).

**e) Elected members and key management**

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

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 Jacks Service Centre from which the Council purchased goods and services totalling \$4,145 (2009: \$13,428).
- Councillor Lindsay Philips is director of Landplan Ltd from which the Council purchased goods and services totalling \$1,948.50 (2009: nil).
- Councillor Malcolm Lyall is director of Allways Electrical from which the Council purchased goods and services totalling \$1,873.12 (2009: nil).
- Councillor Malcolm Lyall's wife is a committee member for Prebbleton Enviro Village which received a grant from the Council for \$250 (2009: nil).
- Councillor Bob Mugford is director of Mugford Joinery Services from which the council purchased goods and services totalling \$1,599.42 (2009: nil).
- Councillor John Morten's wife is part owner of Foothill Flowers from whom the Council purchased goods and services totalling \$600 (2009: nil).
- Councillor Annette Foster is part owner of Foster Holdings Ltd from whom the Council has agreed to purchase 33 ha of land at a cost of \$6,507,500. There was an outstanding balance of \$5,256,000 at 30 June 2010. Foster Holdings Ltd also leased 7.7 ha of land from the Council, paying \$2,250 plus rates in the year to 30 June 2010.

**f) Key management personnel compensation**

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

	<b>Council &amp; Group</b>	<b>Council &amp; Group</b>
	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
Salaries and other short term benefits	\$1,335	\$1,181
Termination benefits	nil	nil

## Note 36. Remuneration

### a) Elected members

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

	2010	2009
	\$	\$
Council		
Mayor Kelvin Coe	85,191	78,776
Councillor John Morten	38,054	33,075
Councillor Nigel Barnett	32,640	28,191
Councillor Gary Doyle	32,130	27,919
Councillor Annette Foster	32,130	27,919
Councillor Debra Hasson	33,936	30,435
Councillor Malcolm Lyall	32,130	27,919
Councillor Jack Percy	33,456	29,406
Councillor Lindsay Philps	34,510	29,976
Councillor Sarah Walters	32,130	27,919
Councillor Bob Mugford	28,416	-
Councillor Paul Stewart	-	23,429

<b>Malvern Community Board</b>		
Ian Warren (Chairperson)	12,018	10,443
Allan Thorne	8,093	7,035
Bob Mugford	935	7,035
Annie Smith	8,093	7,035
Mary Ireland	8,093	7,035
Bill Frost	6,407	-

<b>Selwyn Central Community Board</b>		
Bruce Russell (Chairperson)	10,450	9,084
Mark Alexander	8,569	7,448
Jeff Bland	8,569	7,448
Joyce Davey	8,569	7,448

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

	Company	2010	2009
		\$	\$
Councillor John Morten	Selwyn Investment Holdings Limited	24,000	24,000
Councillor John Morten	Selwyn Plantation Board	-	14,250

**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 \$238,129 (2009: \$230,043). 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 was one severance payment made during the year of \$45,118 (2009: two payments of \$5,000 and \$14,000).

**Note 37. Construction contracts (Group)**

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
For contracts in progress as at 30 June:				
Contract costs incurred	-	-	891	1,605
Recognised profits/(losses)	-	-	10	146
Progress billings	-	-	901	1,643
Gross amounts due from customers	-	-	323	769
Gross amounts due to customers	-	-	-	-
Advances received	-	-	-	-
Retentions included in progress billings	-	-	20	158



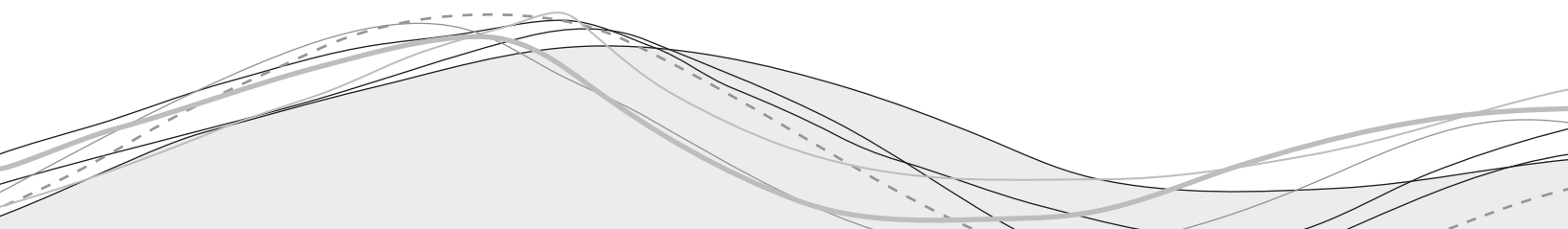
**Note 38. Events after balance date**

On 4 September 2010 a major earthquake struck Canterbury. The earthquake was centred in Selwyn and caused damage to private property and Council assets. The Council has carried out an initial assessment of the damage to its assets and has estimated that the cost to remedy the damage may be in the region of \$10 to \$15 million. This is a preliminary assessment and it will be some time before the full extent of the damage and final cost is known. A substantial proportion of the repair costs will be recovered through the Council's insurance policies and support from the Government.

SICON Limited lost the Waimakariri Parks and Reserves Contract, with effect from 1 September 2010. This will result in a loss of revenue of \$1,650,000 and a reduction in profit of \$125,000.

Selwyn Plantation Board Limited is in the process of selling all its assets and is actively negotiating the sale and settlement of several properties and its forest asset. The Government Forestry Allocation Plan has now been finalised and SPBL is now in the process of claiming its allocation of pre 1990 Carbon Credits. This initial allocation will be in the form of NZU's which should be transferred to the company's accounts by the 31 December 2012.

KB Irrigation Limited amalgamated with SICON Limited with effect from 1 July 2010 and no longer exists. The companies were amalgamated under Part 13 of the Companies Act 1993. KBI's on-going commitments, assets and liabilities have been transferred into SICON's accounts as at 1 July 2010.



## Note 39. Financial instruments

### 39 A Financial instrument categories

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

	Council	Council	Group	Group
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
<b>Financial assets</b>				
<i>Fair value through surplus or deficit</i>				
Embedded derivatives	765	659	765	659
Interest rate swaps	-	-	-	-
Unlisted shares	-	-	33	29
<b>Total fair value through surplus or deficit</b>	<b>765</b>	<b>659</b>	<b>798</b>	<b>688</b>
<i>Loans and receivables</i>				
Cash and cash equivalents	2,385	8,080	8,788	10,541
Debtors and other loans and receivables	11,303	7,898	16,512	18,080
Term deposits	-	-	7,331	-
<b>Total loans and receivables</b>	<b>13,688</b>	<b>15,978</b>	<b>32,631</b>	<b>28,621</b>
<i>Fair value through other comprehensive income</i>				
Selwyn Investment Holdings Limited	109,800	111,000	-	-
Transwaste (Canterbury) Limited	1,500	1,500	1,500	1,500
Orion Group Limited	-	-	65,270	65,270
Unlisted shares	-	-	-	-
<b>Total fair value through other comprehensive income</b>	<b>111,300</b>	<b>112,500</b>	<b>66,770</b>	<b>66,770</b>
<i>Held to maturity</i>				
Government bonds	1,968	1,962	1,968	1,962
<b>Financial liabilities</b>				
<i>Financial liabilities through surplus or deficit</i>				
Interest rate swaps	439	-	751	465
<b>Total fair value through surplus or deficit</b>	<b>439</b>	<b>-</b>	<b>751</b>	<b>465</b>
<i>Financial liabilities at amortised cost</i>				
Creditors and other payables	8,378	9,616	14,549	16,947
Borrowings				
- bank overdraft	-	-	4,079	4,674
- secured loans	25,000	-	30,246	6,851
- finance lease liabilities	-	-	518	290
<b>Total financial liabilities at amortised cost</b>	<b>33,378</b>	<b>9,616</b>	<b>49,392</b>	<b>28,762</b>

### 39 B Fair value hierarchy disclosures

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

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

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

	<b>Total</b>	<b>Quoted market Price</b>	<b>Observable inputs</b>	<b>Significant non-observable inputs</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Council 2010</b>				
<b>Financial assets</b>				
Embedded derivatives	765	-	765	-
Interest rate swaps	-	-	-	-
Selwyn Investment Holdings Limited	109,800	-	-	109,800
Transwaste (Canterbury) Limited	1,500	-	-	1,500
<b>Financial liabilities</b>				
Interest rate swaps	439	-	439	-
<b>Group 2010</b>				
<b>Financial assets</b>				
Embedded derivatives	765	-	765	-
Interest rate swaps	-	-	-	-
Transwaste (Canterbury) Limited	1,500	-	-	1,500
Orion Group Limited	65,270	-	-	65,270
Unlisted shares	33	-	-	33
<b>Financial liabilities</b>				
Interest rate swaps	751	-	751	-

	<b>Total</b>	<b>Quoted market price</b>	<b>Observable inputs</b>	<b>Significant non-observable inputs</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>

**Council 2009****Financial assets**

Embedded derivatives	659	-	659	-
Selwyn Investment Holdings Limited	111,000	-	-	111,000
Transwaste (Canterbury) Limited	1,500	-	-	1,500

**Financial liabilities**

Interest rate swaps	-	-	-	-
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**Group 2009****Financial assets**

Embedded derivatives	659	-	659	-
Transwaste (Canterbury) Limited	1,500	-	-	1,500
Orion Group Limited	65,270	-	-	65,270
Unlisted shares	29	-	-	29

**Financial liabilities**

Interest rate swaps	465	-	465	-
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There were no transfers between the different levels of the fair value hierarchy.

**Valuation techniques with significant non-observable inputs**

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

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Balance at 1 July	112,500	108,277	66,799	66,784
Gains/(losses) recognised in surplus/deficit	(1,200)	-	-	-
Gains/(losses) in other comprehensive income	-	4,223	-	15
<b>Balance at 30 June</b>	<b>111,300</b>	<b>112,500</b>	<b>66,799</b>	<b>66,799</b>

39 C Financial instruments risk

The Selwyn District Council has a series of policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council has established Council approved Liability Management and Investment policies.

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate 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. Selwyn District Council is not exposed to interest rate risk.

Fair value interest rate risk

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

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

Cash flow interest rate risk

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

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

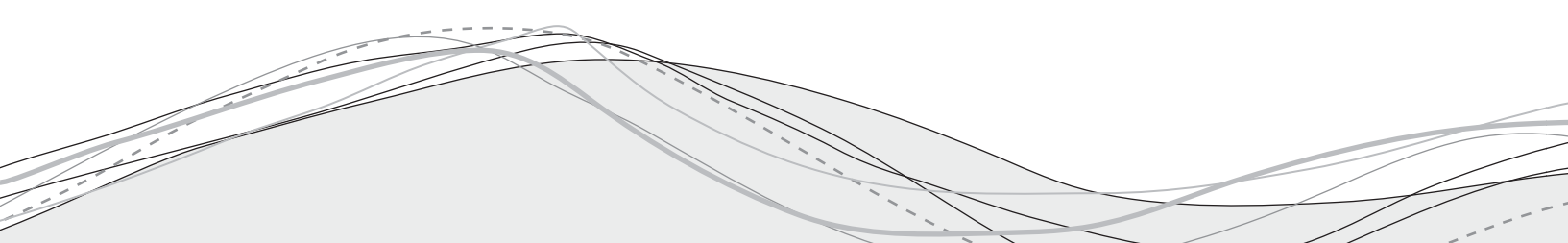
Credit risk

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

Maximum exposure to credit risk

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

	Council	Council	Group	Group
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Cash and cash equivalents	2,385	8,080	8,788	10,541
Debtors and other receivables	11,303	7,898	16,512	18,080
Term deposits	-	-	7,331	-
Government bonds	1,968	1,962	1,968	1,962
Derivatives	765	659	765	659
Total credit risk	16,421	18,599	35,364	31,271



## 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 instrument including those that are overdue or impaired.

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

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Counterparties with credit ratings</b>				
<i>Cash at bank and term deposits</i>				
AA	2,385	8,080	16,119	10,541
<b>Total cash at bank and term deposits</b>	<b>2,385</b>	<b>8,080</b>	<b>16,119</b>	<b>10,541</b>
<i>Government Bonds</i>				
AAA	1,968	1,962	1,968	1,962
<i>Derivative financial instruments</i>				
AAA	765	659	765	659
<b>Total counterparties with credit ratings</b>	<b>2,733</b>	<b>2,621</b>	<b>2,733</b>	<b>2,621</b>
<b>Counterparties without credit ratings</b>				
<i>Community and related party loans</i>				
Existing counterparty with no defaults in the past	175	200	175	200
Existing counterparty with defaults in the past	-	-	-	-
<b>Total loans to related parties</b>	<b>175</b>	<b>200</b>	<b>175</b>	<b>200</b>
<i>Debtors and other receivables</i>				
Existing counterparty with no defaults in the past	-	-	-	-
Existing counterparty with defaults in the past	-	-	-	-
<b>Total debtors and other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## Liquidity risk

Liquidity risk is the extent to which 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.

As at 30 June 2010, the Council has a multi-option credit facility of \$20 million (2009: nil) against which it had drawn \$8 million.

SICON Limited has a total committed cash advance facility of \$3,600,000 (2009: \$3,600,000).

KB Irrigation Limited has a total loan facility of \$2,000,000 from Selwyn Investment Holdings Limited. Of this \$1,900,000 (2009: \$1,900,000) has been borrowed at balance date. KB Irrigation also has a flexible credit facility of \$1,100,000.

Ferguson Brothers Limited has a total loan facility of \$2,500,000 from Selwyn Investment Holdings Limited. Of this \$2,421,448 (2009: \$1,944,887) has been borrowed at balance date. Ferguson Brothers Limited also has a flexible credit facility of \$2,700,000.

### 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 including interest.

	<b>Liability</b>	<b>Contractual</b>			
	<b>Carrying</b>	<b>Cash</b>	<b>Less than</b>		<b>More than</b>
	<b>Amount</b>	<b>Flows</b>	<b>1 year</b>	<b>1-5 years</b>	<b>5 years</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>

#### Council 2010

Creditors and other payables	8,378	8,378	8,378	-	-
Secured loans	25,000	29,278	1,298	27,980	-
Net settled derivatives (interest rate swap)	439	1,328	175	702	451

#### Group 2010

Creditors and other payables	14,549	14,549	14,549	-	-
Bank overdraft	4,079	4,079	4,079	-	-
Secured loans	30,246	34,590	5,937	28,652	-
Finance leases	518	575	307	212	56
Net settled derivatives (interest rate swap)	751	1,640	487	702	451

#### Council 2009

Creditors and other payables	9,616	9,616	9,616	-	-
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#### Group 2009

Creditors and other payables	16,947	16,947	16,947	-	-
Bank overdraft	4,674	4,674	4,674	-	-
Secured loans	6,851	6,982	1,959	4,323	700
Finance leases	290	332	128	130	56
Net settled derivatives (interest rate swap)	465	465	465	-	-

### Contractual maturity analysis of financial assets

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

	Asset	Contractual	Less than	1-5 years	More than
	Carrying	Cash	1 year		5 years
	Amount	Flows			
	\$000	\$000	\$000	\$000	\$000

#### Council 2010

Cash and cash equivalents	2,385	2,385	2,385	-	-
Debtors and other loans and receivables	11,303	11,378	11,203	175	-
Government bonds	1,968	2,507	90	360	2,057
Term deposits	-	-	-	-	-
Embedded derivatives	765	957	34	136	787

#### Group 2010

Cash and cash equivalents	8,788	8,788	8,788	-	-
Debtors and other loans and receivables	16,512	16,757	16,557	200	-
Government bonds	1,968	2,507	90	360	2,057
Term deposits	7,331	-	-	-	-
Interest rate swaps	-	-	-	-	-
Embedded derivatives	765	957	34	136	787

#### Council 2009

Cash and cash equivalents	8,080	8,080	8,080	-	-
Debtors and other loans and receivables	7,898	8,022	7,847	175	-
Government bonds	1,962	2,597	90	360	2,147
Term deposits	-	-	-	-	-
Embedded derivatives	659	768	30	120	618

#### Group 2009

Cash and cash equivalents	10,541	10,541	10,541	-	-
Debtors and other loans and receivables	18,080	18,285	18,085	200	-
Government bonds	1,962	2,597	90	360	2,147
Term deposits	-	-	-	-	-
Interest rate swap	-	-	-	-	-
Embedded derivatives	659	768	30	120	618

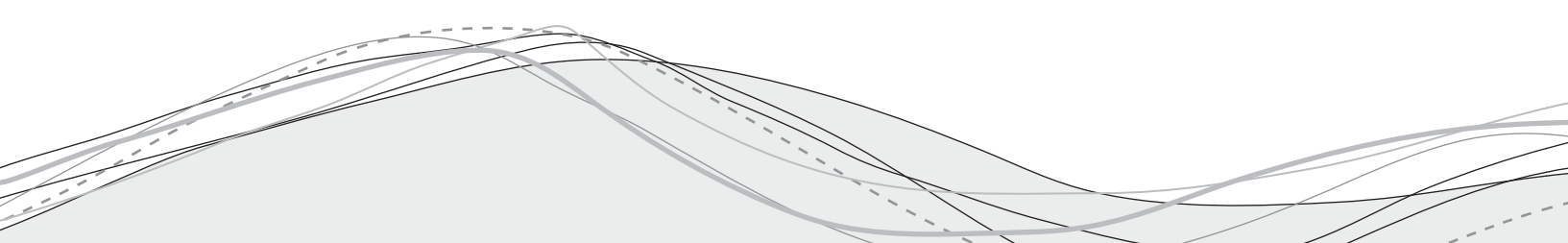


Sensitivity analysis for Interest rate risk

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

Council

	2010				2009			
	\$000				\$000			
		-100bps		+100bps		-100bps		+100bps
	Surplus	Other	Surplus	Other	Surplus	Other	Surplus	Other
		equity		equity		equity		equity
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Cash and cash equivalents	(24)	-	24	-	(47)	-	47	-
Interest rate swaps	-	-	-	-	-	-	-	-
<b>Financial liabilities</b>								
Interest rate swaps	(958)	-	883	-	-	-	-	-
Secured loans	140	-	(140)	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-	-
<b>Total sensitivity</b>	<b>(842)</b>	<b>-</b>	<b>767</b>	<b>-</b>	<b>(47)</b>	<b>-</b>	<b>47</b>	<b>-</b>
<b>Other price risk</b>								
<b>Financial assets</b>								
Embedded derivatives	(27)	-	27	-	(26)	-	26	-
Unlisted shares	-	-	-	-	-	-	-	-
<b>Total sensitivity</b>	<b>(27)</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>(26)</b>	<b>-</b>	<b>26</b>	<b>-</b>



**Group**

	2010				2009			
	\$000				\$000			
		-100bps		+100bps		-100bps		+100bps
	Surplus	Other	Surplus	Other	Surplus	Other	Surplus	Other
		equity		equity		equity		equity

<b>Interest rate risk</b>								
<b>Financial assets</b>								
Cash and cash equivalents	(59)	-	59	-	(85)	-	85	-
Interest rate swap	-	-	-	-	-	-	-	-
Embedded derivatives	-	-	-	-	(26)	-	26	-

<b>Financial liabilities</b>								
Interest rate swap	(958)	-	883	-	-	-	-	-
Secured loans	192	-	(192)	-	(69)	-	69	-
Bank overdraft	(41)	-	41	-	(47)	-	47	-

<b>Total sensitivity</b>	<b>(866)</b>	<b>-</b>	<b>791</b>	<b>-</b>	<b>(227)</b>	<b>-</b>	<b>227</b>	<b>-</b>
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<b>Other price risk</b>								
<b>Financial assets</b>								
Government bonds	(27)	-	27	-	-	20	-	(20)
Unlisted shares	-	-	-	-	-	-	-	-

*Explanation of interest rate risk sensitivity*

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis point movement (bps). For example, an increase of 100bps is equivalent to an increase in interest rates of 1%.

The sensitivity for interest rate swaps has been calculated using a derivative valuation model based on a parallel shift in interest rates of +/- 100 bps.

*Explanation of other price risk sensitivity*

The sensitivity for the Government Bond has been calculated based on a 1% movement in the Consumer Price Index. This is because the Bond includes an embedded derivative that means the principal increases (or decreases) in line with movements in the Consumer Price Index.

## **Note 40. Capital management**

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

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

The objective of managing these items is to achieve intergenerational equity which is a principle promoted by the Act and applied by the Council. Intergenerational equity requires today's 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
- trust and bequest reserves.

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

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

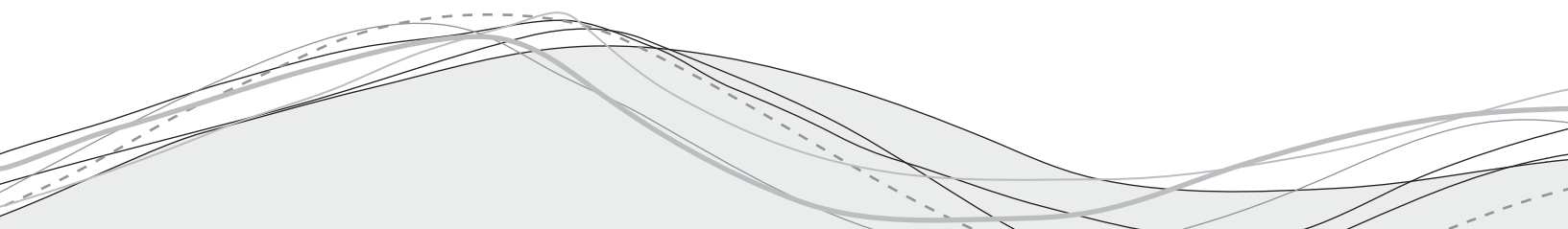
Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

## **Note 41. Discontinued operation**

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

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

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



	Council	Council	Group	Group
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
<b>Profits attributable to discontinued operations</b>				
Operating revenue	-	-	16,037	11,929
Interest received	-	-	335	563
Other gains/(losses)	-	-	4,102	9,007
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>20,474</b>	<b>21,499</b>
Operating expenses	-	-	15,856	12,902
Depreciation, amortisation, and impairment	-	-	632	782
Impairment of assets	-	-	90	314
Finance costs	-	-	5	25
<b>Total expenditure</b>	<b>-</b>	<b>-</b>	<b>16,583</b>	<b>14,023</b>
<b>Surplus/(deficit) before tax</b>	<b>-</b>	<b>-</b>	<b>3,891</b>	<b>7,476</b>
Taxation expense	-	-	1,394	165
<b>Surplus/(deficit) after tax</b>	<b>-</b>	<b>-</b>	<b>2,497</b>	<b>7,311</b>
<b>Other comprehensive income</b>				
Property, plant and equipment revaluation gains	-	-	(8,682)	(4,619)
Deferred tax on revaluation gains	-	-	-	(8)
	<b>-</b>	<b>-</b>	<b>(8,682)</b>	<b>(4,627)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(6,185)</b>	<b>2,684</b>

	2010	2009	2010	2009
	\$000	\$000	\$000	\$000

**Cash flows from discontinued operation**

Opening cash balance	-	-	(957)	-
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Net cashflows from operating activities	-	-	2,343	-
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Net cashflows from investing activities	-	-	1,391	-
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Net cashflows from financing activities	-	-	-	-
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<b>Closing cash balance</b>	-	-	<b>2,777</b>	-
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	Council	Council	Group	Group
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000

**Reconciliation of surplus to net cash flow from operation activities - note 32**

Surplus after tax	-	-	-	7,311
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Depreciation, amortisation and impairment	-	-	-	1,096
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Forest revaluation (increment)/decrement	-	-	-	(9,000)
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Revaluation (increment)/decrement	-	-	-	1,515
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Fair value adjustment	-	-	-	-
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Movement in working capital items	-	-	-	-
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Increase in deferred tax	-	-	-	-
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Net other (gain)/loss	-	-	-	-
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<b>Net cash flows from operating activities</b>	-	-	-	<b>922</b>
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	Council	Council	Group	Group
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000

**Impact of discontinued operation on the financial position of the group**

Other current assets relating to discontinued operation				
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Cash and cash equivalents	-	-	2,777	-
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Trade and other receivables	-	-	3,145	-
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Inventory and work in progress	-	-	150	-
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Intangible assets	-	-	11	-
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Other financial assets	-	-	7,364	-
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	-	-	<b>13,447</b>	-
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Other current liabilities relating to discontinued operation				
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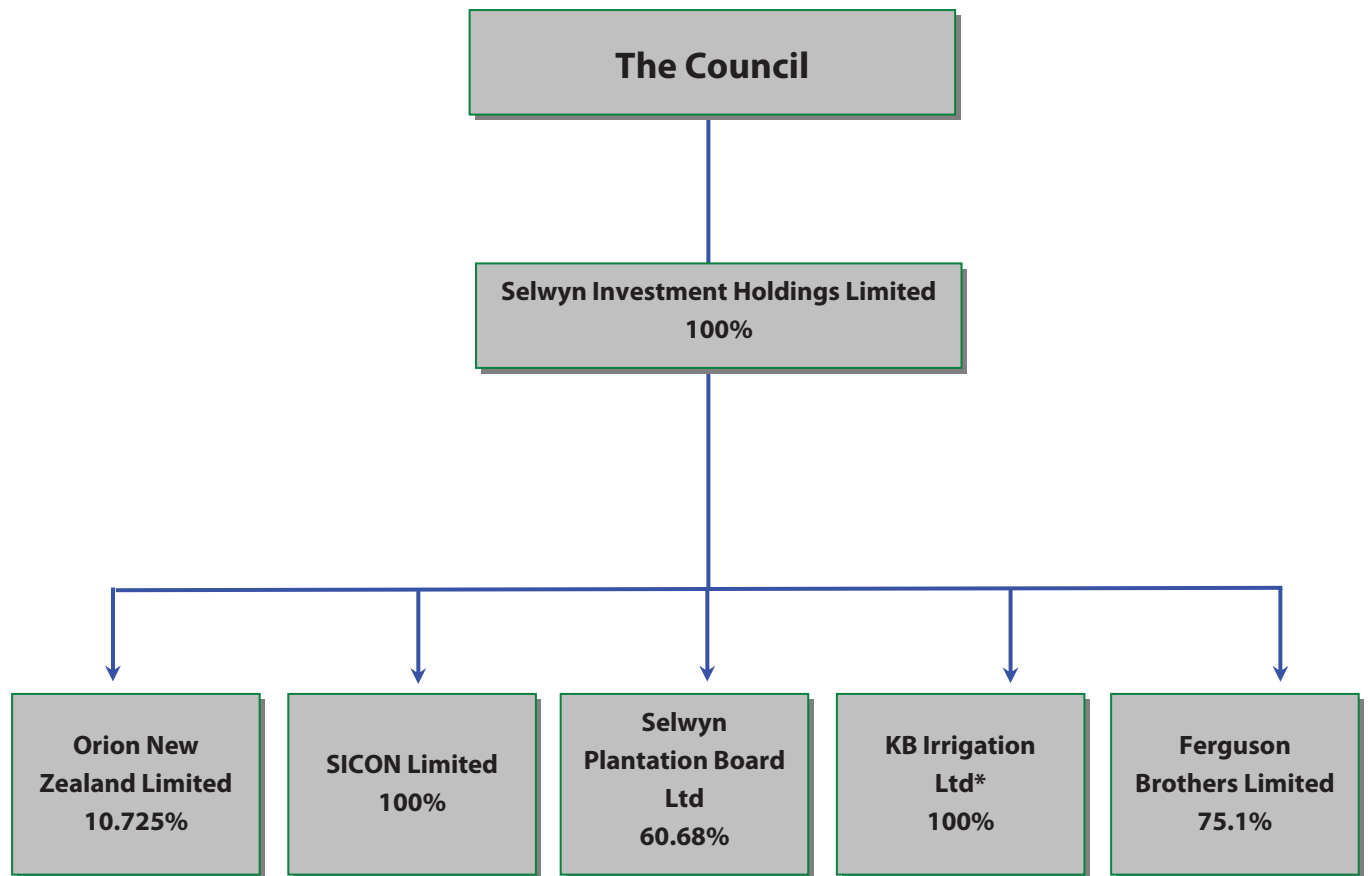
Trade and other payables	-	-	2,614	-
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Employee benefit liabilities	-	-	253	-
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Provisions	-	-	139	-
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	-	-	<b>3,006</b>	-
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## FINANCIAL INTERESTS



\* KB Irrigation Limited was amalgamated with SICON Limited on 1 July 2010

### 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 IVESTMENT HOLDINGS LIMITED

## Relationship to the Council

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

## Nature and scope of the company

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

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

## Objective

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

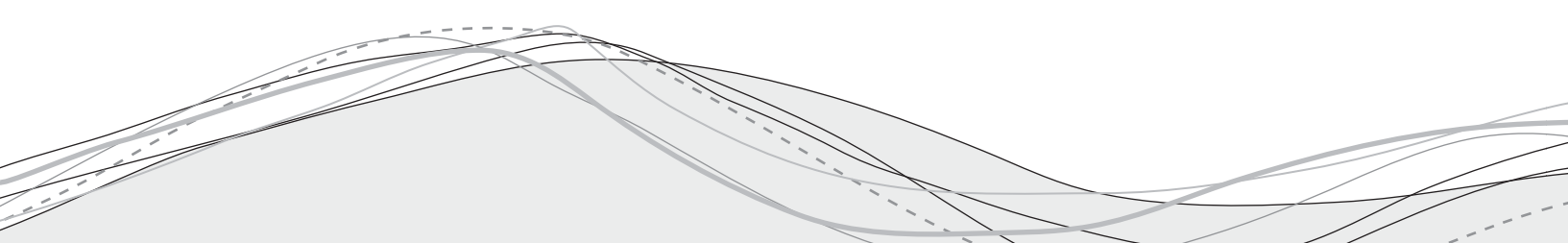
## Statement of service performance for the year ended 30 June 2010

The company's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2010 is set out below.

Indicators	Target	Achievement
Surplus before tax and impairments	\$4,496,365	\$3,724,121
Surplus after tax	\$4,616,949	\$2,545,076
Proposed dividend	\$4,000,000	\$4,000,000
Debt/total assets	1.0%	0.9%
Return on total assets	3.8%	2.1%
Return to shareholders' funds	4.0%	2.2%

## Surplus or deficit for the year ended 30 June 2010

	Actual	Actual
	2010	2009
	\$000	\$000
Revenue	4,267	5,500
Expenditure	1,742	3,657
Surplus before taxation	2,524	1,844
Surplus after taxation	2,545	1,996
Ordinary dividend	4,000	4,203



# SICON LIMITED

## Relationship to the Council

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

## Nature and scope of the company

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

## Objective

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

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

## Statement of service performance for the year ended 30 June 2010

Indicators	Target	Achievement
<b>Indicator 1</b>		
<i>Return on total assets</i>		
Return before interest & tax to total assets at start of period	9.4%	0.47%
<b>Indicator 2</b>		
<i>Return on shareholders' funds</i>		
Return after tax to opening shareholders' funds	10.1%	-0.10%
<b>Indicator 3</b>		
<i>Performance ratio</i>		
Shareholders' consolidated funds to total assets (excluding deferred tax)	40.0%	71.25%
<b>Indicator 4</b>		
<i>Quality services</i>		
ISO 9001: 2000 quality standard certification	Maintain	Maintained
<b>Indicator 5</b>		
<i>Health and safety</i>		
ACC WSMP certification to tertiary level	Maintain	Maintained
NZS 4801 Safety Management Systems Certification	Maintain	Maintained
<b>Indicator 6</b>		
<i>Environment</i>		
NZS 14001 environmental standard certification	Maintain	Maintained



Surplus or deficit for the year ended 30 June 2010

	Actual	Actual
	2010	2009
	\$000	\$000
Revenue	30,650	41,797
Expenditure	30,639	40,709
Surplus / (deficit) before taxation	11	1,088
Surplus / (deficit) after taxation	(9)	769
Ordinary dividend	nil	384

SELWYN PLANTATION BOARD LTD

Relationship to the Council

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

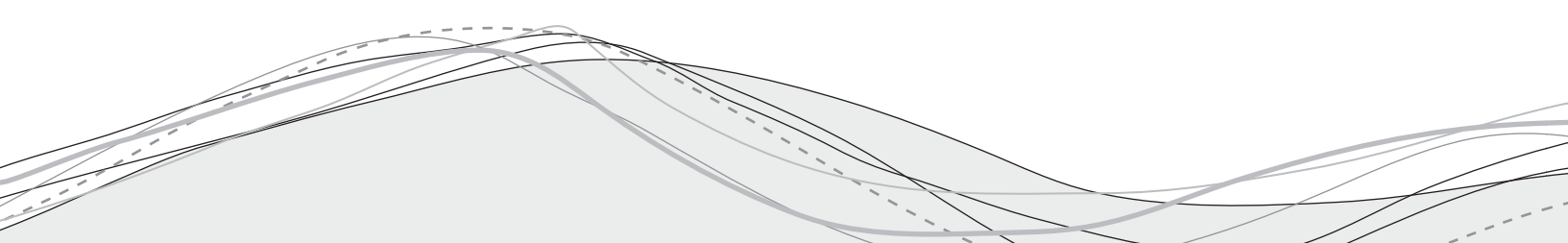
Nature and scope of the company

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

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

The Company's mission is to operate a financially successful forestry, farming and land utilisation business on the plains and foothills of Canterbury in an environmentally and socially sustainable manner and to promote the provision of shelter on the Canterbury Plains. The primary objective of the Company is to operate a profitable, sustainable and innovative business consistent with shareholder expectations that will increase the net worth of shareholder value by prudently managing assets for long term capital growth.



## Statement of service performance for the period ended 30 June 2010

Indicators	Target	Achievement
<b>Indicator 1</b>		
<i>Silviculture</i>		
Replanting of forest	160 hectares	140 hectares
Pruning and thinning	200 hectares	393 hectares
New planting	Nil	Nil
<b>Indicator 2</b>		
<i>Production</i>		
Tonnes of wood per annum (includes third party harvest volumes)	150,000	176,231 tonnes
<b>Indicator 3</b>		
<i>Financial</i>		
Ratio of equity to total assets	95%	93%
Return before interest and tax to total assets	1.5%	-1.6%
Return after tax to equity	1.1%	-3.6%

### Ecological management plan

**Goal** – to protect and manage representative examples of natural ecosystems that occur in our lands (termed Ecological Management Areas or EMAs).

- To have an evidence portfolio of positive changes to EMAs through EMA management plan implementation in consultation with the contracted forest manager.

**Achievement** – Formalised operational environmental monitoring of operations including effects on EMA's has been implemented. Rationalisation of the forest estate in order to meet a strategic decision to exit all grazing has ensured that EMA's under the forest managers' jurisdiction should be subject to improved levels of protection.

In addition, permanent photo points have been reassessed and complied, removal of wilding radiata pine tree invasions of some wetlands has been undertaken, and liaison with scientists over mudfish surveys completed within and around specific forests.

### Community relations plan

**Goal** – ongoing analyses of the types of relationships the Company has with various stakeholders and provide appropriate resources for managing these on a day to day basis and in times of change where social assessment is needed, including the management of disputes, thus having a good open relationship with our local community and key stakeholders.

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

**Achievement** – In the past year the forest manager PF Olsen Ltd has maintained public information access to aggregated monitoring results for its FSC Group Scheme forests of which SPBL forests are a part. Amendments to the management plan and a commentary on management consequences of the sale of a portion of the estate have been similarly published.

Close liaison with neighbours over direct operational issues ranging from grazing issues, dust and noise to reducing road icing in winter has been maintained to good effect. Iwi have been consulted over archaeological issues and assisted in a training programme for staff and contractors. Liaison has been maintained with researchers over mudfish, vertebrate toxin alternatives and stream classification systems.

The company has consulted extensively with its shareholders during the year regarding the Strategic Plan.

The SPBL website is actively maintained throughout the year, and verbal/written response to neighbour and stakeholder queries are prompt.

Farming

**Goal** – to operate all SPBL farms using recognised best management practice in an endeavour to achieve acceptable financial returns in line with national performance standards under comparable conditions.

- To monitor international and domestic financial and market trends to ensure the Company’s farms meet acceptable production and financial returns, measure all farm inputs against pre-set budgets to achieve pre-determined performance levels whilst maintaining animal health and welfare, irrigation efficiencies, crop and pasture productivity, personnel and environmental standards across all areas of the farm operations.

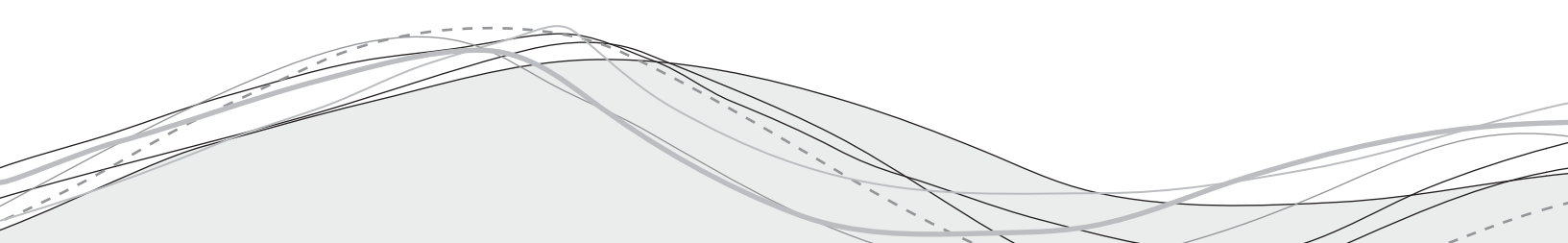
**Achievement** – Farm advisor and livestock agents engaged, with established working relationships in place, to consult on farm budgets, performance levels, market conditions and sales markets, and to ensure best practice is met against regional and national industry standards.

In 2009/10 the Directors (in consultation with professional advisors) carried out a thorough review of the farming operations and made a recommendation to Shareholders to exit the farming business. The Te Oka farm property was sold in August 2009, the Flagpole property was sold in March 2010 and several of the Plains farming properties were sold in June 2010.

Surplus or deficit for the year ended 30 June 2010

	Actual	Actual
	2010	2009
	\$000	\$000
Revenue	20,474	21,499
Expenditure	21,672	15,545
Surplus / (deficit) before taxation	(1,199)	5,953
Surplus / (deficit) after taxation	(2,593)	5,789
Ordinary dividend	nil	nil

The Company’s expenditure for the period ended 30 June 2010 included a revaluation decrement of \$5,532,403 (2009: a revaluation increment of \$2,233,312) and a provision for the remediation of the Bankside Depot of \$68,125 (2009: \$620,569).



# KB IRRIGATION LIMITED

## Relationship to the Council

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

## Nature and scope of the company

KB Irrigation Limited's business is 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
Debt/total assets	83.0%	107%
Return on total assets	4.0%	-42%
Return on shareholders' funds	25.0%	-313%

## Surplus or deficit for the year ended 30 June 2010

	Actual	Actual
	2010	2009
	\$000	\$000
Revenue	4,800	10,371
Expenditure	6,465	11,396
Surplus / (deficit) before taxation	(1,665)	(1,025)
Surplus / (deficit) after taxation	(1,167)	(837)
Ordinary dividend	nil	nil

# FERGUSON BROTHERS LIMITED

## Relationship to the Council

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

### Nature and scope of the company

Ferguson Brothers Limited’s business is the provision of quality contracting services. Consistent with its objective, the Company will pursue activities designed to ensure the efficient and prudent utilisation of its capital assets and human resources.

### Objective

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

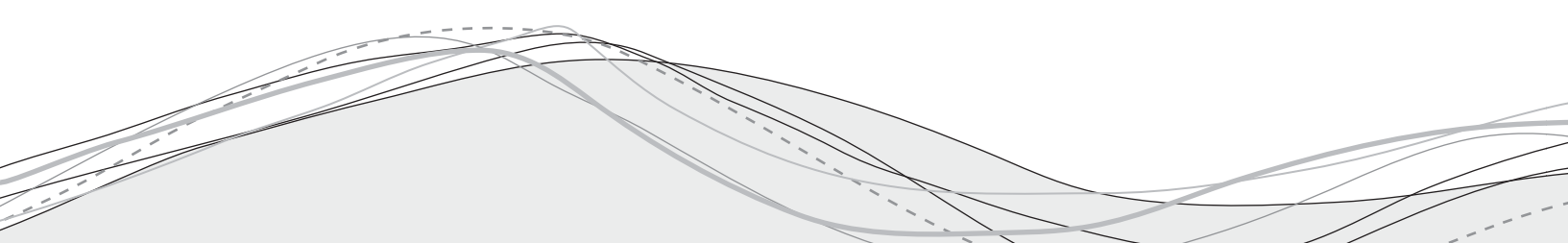
- Commitment to quality;
- Commitment to its shareholders;
- Commitment to its people;
- Commitment to health and safety;
- Commitment to the environment;
- Commitment to future growth.

## Statement of service performance for the year ended 30 June 2010

Indicators	Target	Achievement
Debt/total assets	50.0%	71.4%
Return on total assets	2.3%	-12.8%
Return on shareholders’ funds	6.3%	-53.7%

## Surplus or deficit for the year ended 30 June 2010

	Actual	Actual
	2010	2009
	\$000	\$000
Revenue	15,785	20,550
Expenditure	18,083	22,500
Surplus / (deficit) before taxation	(2,298)	(1,950)
Surplus / (deficit) after taxation	(1,657)	(1,774)
Ordinary dividend	nil	nil



# ORION NEW ZEALAND LIMITED

## Relationship to the Council

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

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

## Nature and scope of the company

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

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

## Overall goal

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

## Statement of service performance for the year ended 31 March 2010

### 1. Environmental targets

- Incorporate the cost of carbon into our network investment decisions.

***Achieved***

- Continue to undertake and encourage demand side management.

***Achieved***

- Reduce and where practicable eliminate the installation of new network cables containing lead.

***Achieved***

- Undertake a safety and efficiency driving course for all Orion and Connetics employees who regularly drive operational vehicles.

***On target***

- Consider the potential to replace operational vehicles in the Orion and Connetics fleet with more fuel efficient models. Then work with other contractors servicing the Orion network to encourage them to run their vehicle fleets as efficiently as possible.

***On target***

- Assess the feasibility and desirability of becoming carbon neutral.

***Achieved***

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

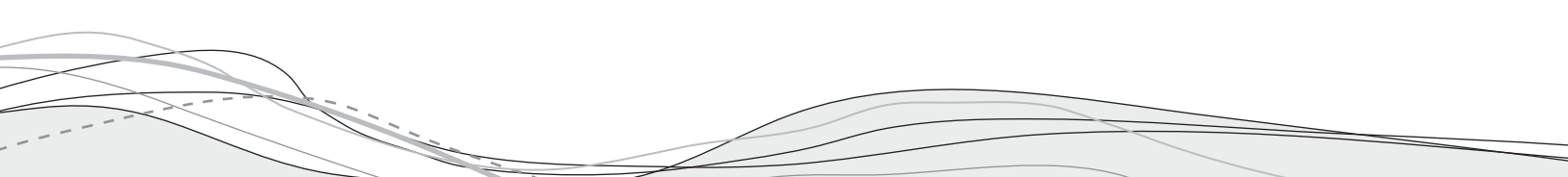
***Achieved***

- 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.

***On target***



## 2. Financial and electricity network reliability

	Actual	Target	Disclosed
	2010	2010	Average 2009
Profit after tax (\$m)	45.7	42.7	
Net profit to average shareholders' equity (%)	6.5	6.1	
Debt (%)	6	7	
Equity (%)	94	93	
Equity/total assets (%)	73	73	
Dividends (\$m)	37	37	
<b>Electricity network reliability</b>			
<i>All interruptions:</i>			
The following targets include interruptions sourced from the Orion network, Transpower network and the generation companies.			
<b>Duration of supply interruptions:</b>			
<i>SAIDI – minutes per year</i>			
• Urban	21	20	
• Rural	412	432	
• Overall	70	68	198
Number of supply interruptions			
<i>SAIFI – times per year</i>			
• Urban	0.2	0.5	
• Rural	3.06	4.0	
• Overall	0.7	0.9	2.1
<b>Orion network interruptions only:</b>			
The following targets include interruptions sourced from the Orion network only.			
Duration of supply interruptions			
<i>SAIDI – minutes per year</i>			
• Urban	21	19	
• Rural	342	412	
• Overall	61	64	183
Number of supply interruptions			
<i>SAIFI – times per year</i>			
• Urban	0.2	0.4	
• Rural	2.9	3.6	
• Overall	0.6	0.8	2.0

The disclosed average 2009 figures are stated only where comparable data is available.

**Surplus or deficit for the year ended 31 March 2010**

	<b>Actual</b>	<b>Actual</b>
	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
Revenue	222,864	231,859
Expenditure	156,521	161,434
Surplus before taxation	68,343	70,425
Surplus after taxation	46,795	49,860
Ordinary dividend	37,000	44,000



# CENTRAL PLAINS WATER TRUST

## Relationship to 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.

## Nature and scope of activities

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

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

## Objectives

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 2010

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

### *Indicator 2*

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

### *Achievement 2*

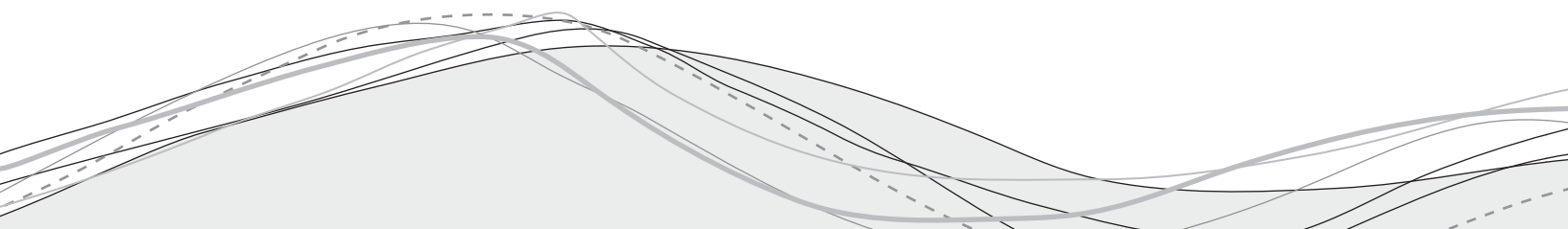
- Priority has been directed towards consent hearings and the presentation of evidence. During the hearings attention was given to the ways in which it would be possible to align scheme parameters with amenity values of both rivers and with the recreation expectations of the community. This is ongoing as part of the appeal process. Discussions are being held by the company with recreational interests with a view to reaching agreement so as to avoid the need for a full Environment Court appeal hearing.

### *Indicator 3*

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

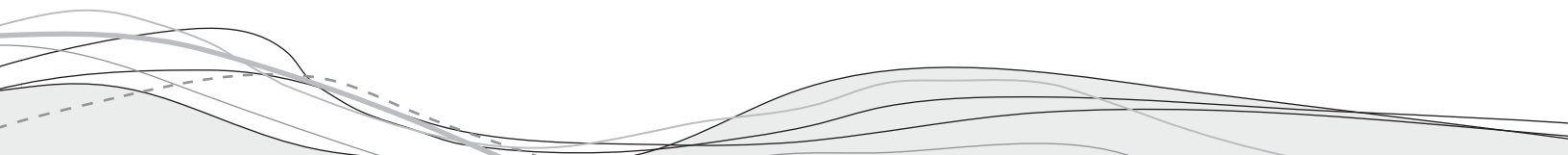
### *Achievement 3*

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



Surplus or deficit for the year ended 30 June 2010

	Actual	Actual
	2010	2009
	\$000	\$000
Revenue	47	58
Expenditure	47	58
Surplus	nil	nil



# TRAMWAY RESERVE TRUST

## Relationship to the Council

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

## Nature and scope of activities

Tramway Reserve at the end of Tramway Reserve Road will be subject to restoration and enhancement to be led by the Tramway Reserve Trust. The restoration project was agreed as mitigation for the past and 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 for the year ended 30 June 2010

### Indicator

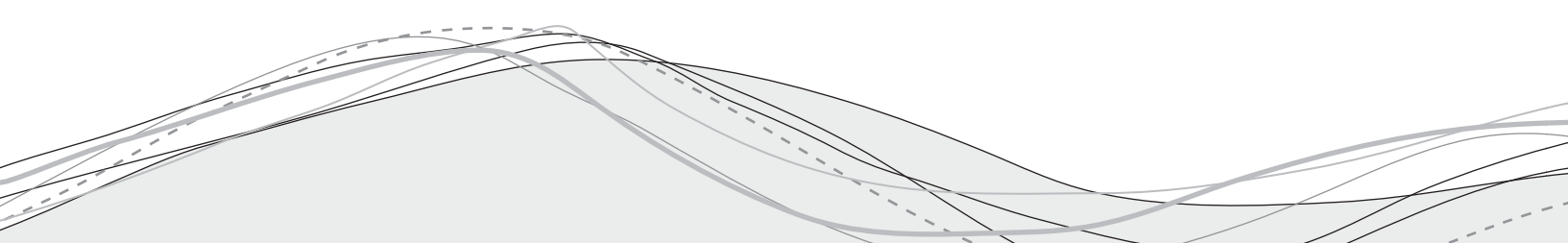
- The Trust will continue work towards returning the Tramway Reserve waterway to its natural state and facilitating public access.

### 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.

## Surplus or deficit for the year ended 30 June 2010

	Actual	Actual
	2010	2009
	\$000	\$000
Revenue	3	2
Expenditure	3	2
Surplus	-	-



# ORION SELWYN DISTRICT CENTENARY EDUCATIONAL TRUST

## Relationship to the Council

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

## Nature and scope of activities

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

## Statement of service performance for the year ended 30 June 2010

### Indicator

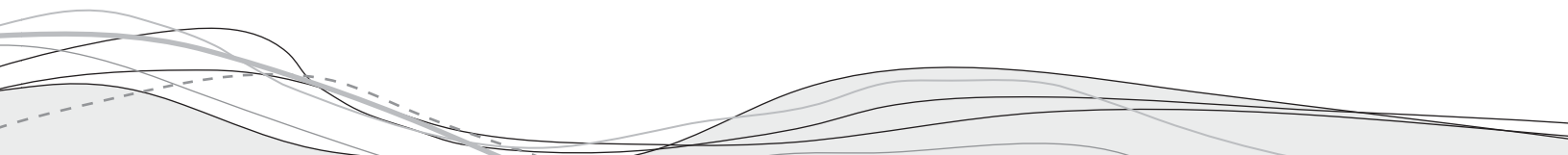
- The Trust expects to receive enough investment income each year to be able to pay out scholarships to recipients from the three current High Schools in the area.

### Achievement

- In the year ended 30 June 2010, the Trust earned \$5,198 in interest revenue, and paid out scholarships totalling \$3,000 to students from the three designated schools.

## Surplus or deficit for year ended 30 June 2010

	Actual	Actual
	2010	2009
	\$000	\$000
Revenue	30	5
Expenditure	3	3
Surplus	27	2



# SELWYN DISTRICT CHARITABLE TRUST

## Relationship to the Council

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

## Nature and scope of activities

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

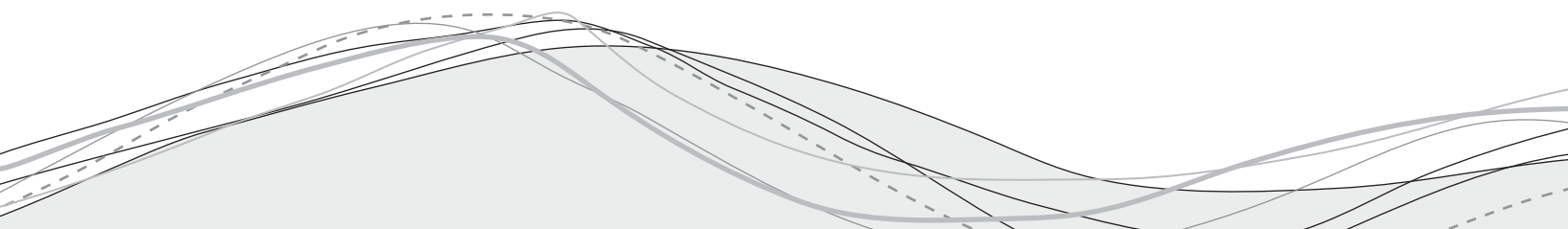
## Statement of service performance for the year ended 30 June 2010

### *Indicators*

- The Trust aims to distribute all the funds it receives in the year of receipt.
- The Trust aims to achieve investment returns in line with those achieved by the Council.

### *Achievement*

- The Trust has not been active during the financial year and has not had any receipts, made any distributions or achieved and financial returns.



## Audit Report

### To the readers of Selwyn District Council and group's financial statements and service provision information for the year ended 30 June 2010

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 on her behalf. The audit covers the financial statements, the service provision information and the District Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are included in the annual report of the District Council and group for the year ended 30 June 2010.

### Unqualified opinion

In our opinion:

- The financial statements of the District Council and group on pages 65 to 142:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2010; and
    - the results of their operations and cash flows for the year ended on that date.
- The service provision information of the District Council on pages 4 to 60:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service provision for the year ended 30 June 2010, including:
    - the levels of service provision as measured against the intended levels of service provision adopted in the long-term council community plan; and
    - the reasons for any significant variances between the actual service provision and the expected service provision.
- The District Council and group have complied with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report, and that are included in the District Council and group's financial statements and service provision information.

The audit was completed on 27 October 2010, 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, the service provision 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, the service provision information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

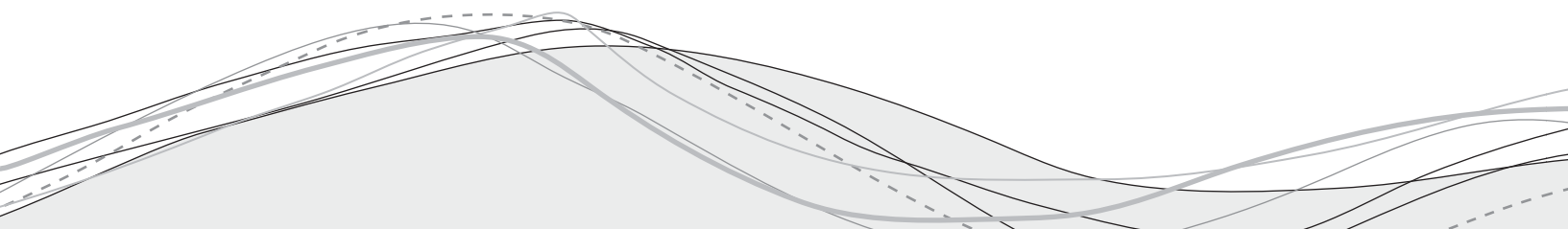
The audit involved performing procedures to test the information presented in the financial statements, the service provision information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether the significant management and system 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 financial and service provision data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied;
- determining the appropriateness of the reported service provision information within the Council's framework for reporting performance; and
- determining whether all required disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements, the service provision 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 and service provision information 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 2010. They must also fairly reflect the results of their operations and cash flows for the year ended on that date. The service provision information must fairly reflect the District Council's levels of service provision for the year ended 30 June 2010.

The Council is also responsible for meeting the other requirements of Schedule 10 of the Local Government Act 2002 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, the service provision 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 New Zealand Institute of Chartered Accountants.

Other than the audit and in carrying out the audit of 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, service provision information and the other requirements**

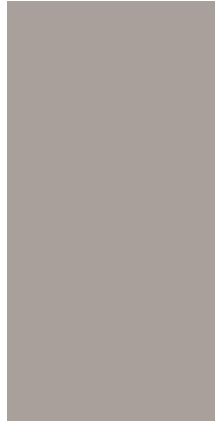
This audit report relates to the financial statements, service provision information and the other requirements of Selwyn District Council for the year ended 30 June 2010 included on Selwyn District Council's website. The Council is responsible for the maintenance and integrity of Selwyn District Council's website. We have not been engaged to report on the integrity of Selwyn District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, service provision information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, service provision 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, service provision 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, service provision information and the other requirements as well as the related audit report dated 27 October 2010 to confirm the information included in the audited financial statements, service provision information and the other requirements presented on this website.

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



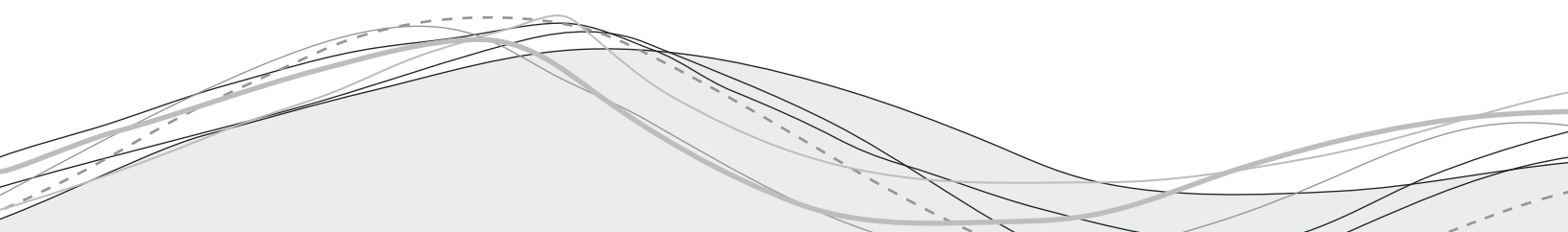




## COUNCIL INFORMATION

MAYOR AND COUNCILLORS PRIOR TO OCTOBER 2010

Mayor	Deputy Mayor (Malvern Ward Councillor)
Kelvin Coe	John Morten
Selwyn Central Ward	Springs Ward
Gary Doyle	Debra Hasson
Annette Foster	Malcolm Lyall
Sarah Walters	Lindsay Philps
Malvern Ward	Ellesmere Ward
Bob Mugford	Jack Percy
	Nigel Barnett



## MAYOR AND COUNCILLORS AFTER OCTOBER 2010

Mayor		Deputy Mayor (Malvern Ward Councillor)	
Kelvin Coe	Irwell	Sarah Walters	143 Midhurst Road
	513 The Lake Road		RD 1
	RD 3		CHRISTCHURCH 7671
	LEESTON 7683		(H) (03) 318 1227
	(H) (03) 329 1768		(F) (03) 318 1229
	(F) (03) 329 1786		(C) 027 270 1215
	(C) 027 267 7732		sarah.walters@selwyn.govt.nz
	kelvin.coe@selwyn.govt.nz		

Selwyn Central Ward		Springs Ward	
Mark Alexander	478 Two Chain Road	Debra Hasson	152 Chamberlains Road
	RD 7		RD 4
	CHRISTCHURCH 7677		CHRISTCHURCH 7674
	(H) (03) 347 6393		(H) (03) 329 5445
	(F) (03) 347 6392		(C) 027 435 5055
	(C) 027 526 6388		debra.hasson@selwyn.govt.nz
	mark.alexander@selwyn.govt.nz		

Jeff Bland	Weedons Road	Malcolm Lyall	520 Springs Road
	RD 8		PREBBLETON 7604
	CHRISTCHURCH 7678		(H) (03) 349 7990
	(H) (03) 347 4070		(C) 027 433 9964
	(C) 027 399 9206		malcolm.lyall@selwyn.govt.nz
	jeff.bland@selwyn.govt.nz		

Peter Hill	1316 Tramway Road	Lindsay Philps	14 Lyttelton Street
	RD 2		LINCOLN 7608
	LEESTON 7682		(B) (03) 325 7670
	(H) 325 4450		(H) (030) 325 2130
	(C) 027 364 5834		(C) 027 295 3868
	peter.hill@selwyn.govt.nz		lindsay.philps@selwyn.govt.nz

Malvern Ward		Ellesmere Ward	
Sam Broughton	39 Cross Street	Pat McEvedy	80 St John Street
	COALGATE 7673		SOUTHBRIDGE 7602
	(H) (03) 318 2755		(H) (03) 324 2572
	(C) 027 520 5207		(C) 027 430 3818
	sam.broughton@selwyn.govt.nz		pat.mcevedy@selwyn.govt.nz

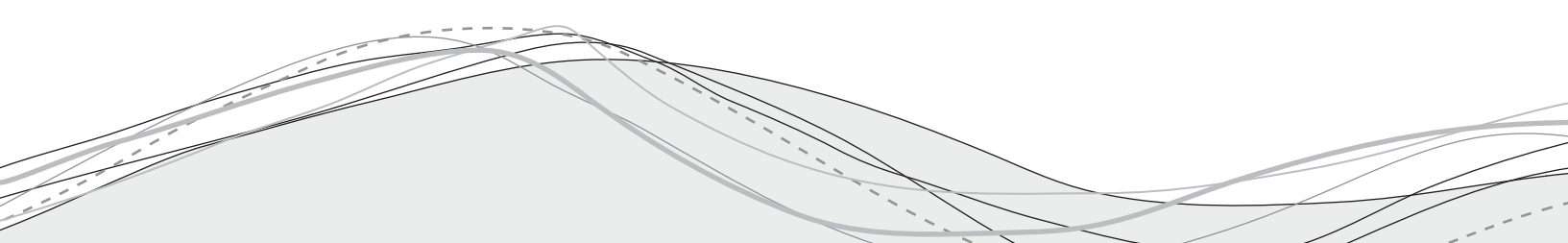
John Morten	224 Waireka Road	Nigel Barnett	176 Dunsandel/Hororata Rd
	RD 1		RD 2
	DARFIELD 7571		LEESTON 7682
	(H) (03) 317 9001		(H) (03) 325 4205
	(F) (03) 317 9002		(C) 027 484 4888
	(C) 027 200 2578		nigel.barnett@selwyn.govt.nz
	john.morten@selwyn.govt.nz		

COMMUNITY BOARD MEMBERS PRIOR TO OCTOBER 2010

Malvern Community Board	Selwyn Central Community Board
Ian Warren	Bruce Russell
Allan Thorne	Mark Alexander
Mary Ireland	Jeff Bland
Annie Smith	Joyce Davey
Bill Frost	

COMMUNITY BOARD MEMBERS AFTER OCTOBER 2010

Malvern Community Board		Selwyn Central Community Board	
Mary Ireland	3D Perrin Place DARFIELD 7510 (H) (03) 318 8649 (F) (03) 318 8648 mary.ireland@selwyn.govt.nz	Joyce Davey	6 Juliet Place ROLLESTON 7614 (H) (03) 347 8217 joyce.davey@selwyn.govt.nz
Allan Thorne	'Arbourlea' 2143 Bealey Road RD 2 DARFIELD 7572 (H) (03) 318 0798 (F) (03) 318 0797 allan.thorne@selwyn.govt.nz	Sandy Williams	3 Verona Court ROLLESTON 7614 (H) (03) 377 2908 (C) 021 663 692 sandy.williams@selwyn.govt.nz
Bill Frost	55 Station Road RD 1 COALGATE 7673 (H) (03) 318 2604 (F) (03) 318 2601 bill.frost@selwyn.govt.nz	Liz Russell	7 Oak Tree Lane ROLLESTON 7614 (H) (03) 347 7262 (C) 027 240 7964 liz.russell@selwyn.govt.nz
Jenny Gallagher	43 Tramway Road RD 1 DARFIELD 7571 (H) (03) 318 1784 (C)027 497 0120 jenny.gallagher@selwyn.govt.nz	Alan French	23 Delamare Way ROLLESTON 7614 (H) (03) 347 2338 (C) 027 664 4305 alan.french@selwyn.govt.nz
Ray Pearson	3068 Coaltrack Road COALGATE 7673 (H) (03) 318 2821 ray.pearson@selwyn.govt.nz		



## Where to go for more information

This Annual Report 2009/2010 is also available at [www.selwyn.govt.nz](http://www.selwyn.govt.nz) or you can get a copy at any Selwyn District library or service centre (see list below).

## Customer services

For general enquiries, assistance and information, telephone (03) 347 2800. Or (03) 318 8338

## Website:

[www.selwyn.govt.nz](http://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

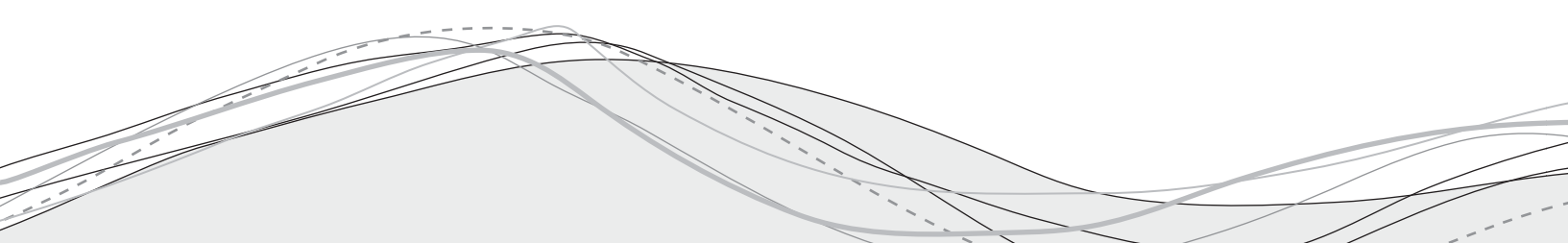
**Solicitors**

Buddle Findlay  
PO Box 322  
CHRISTCHURCH 8140

**Sister Districts**

Akitakata City  
City Offices  
Yoshida 791  
Yoshida Cho  
Hiroshima 731-0592  
JAPAN

Shandan County Government  
North Road No. 3  
Qingquan Town  
Shandan County  
Gansu Province  
CHINA 734100



# COUNCIL CONTROLLED TRADING ORGANISATIONS

## Council Companies

(Appointments as at 30 June 2010)

### 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.sihl.co.nz](http://www.sihl.co.nz)

#### *Board*

WJ Bell (Chairperson)  
J Morten  
SA Leck  
MJ Taggart  
JA Veitch

#### *Chief Executive Officer*

A Bartlema

#### *Company Secretary*

J Wilson

#### *Company Accountant*

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](mailto:sicon@sicon.co.nz)  
Website [www.sicon.co.nz](http://www.sicon.co.nz)

#### *Board*

GH Clemens (Chairperson)  
KJ Beams  
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](http://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](http://www.kbirrigation.co.nz)

### *Board*

GH Clemens (Chairperson)  
B Beagley

*General Manager*  
R West

## 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  
MWS Ferguson

*General Manager*  
W Merriman



## OTHER COUNCIL ORGANISATIONS

(Appointments as at 30 June 2010)

### Central Plains Water Trust

(50% owned by Selwyn District Council)

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

#### *Trustees*

DJ O'Rourke (Chairperson)  
DJ Catherwood  
RW Davison  
DAR Haslam  
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  
Website [www.izone.org.nz](http://www.izone.org.nz)

#### *Committee Members*

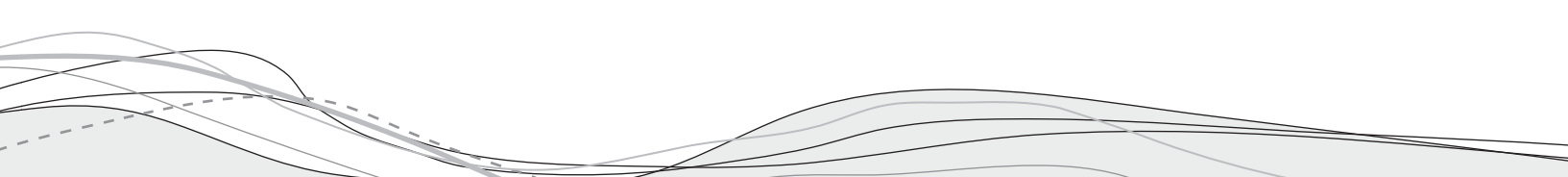
JL Christensen (Chairperson)  
WJ Bell  
R Schulz  
R McEwan  
Councillor Foster

#### *Chief Executive*

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

#### *Council Manager Responsible*

DD Marshall – Manager Corporate Services Selwyn District Council



# STATEMENT OF VALUES

## 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*

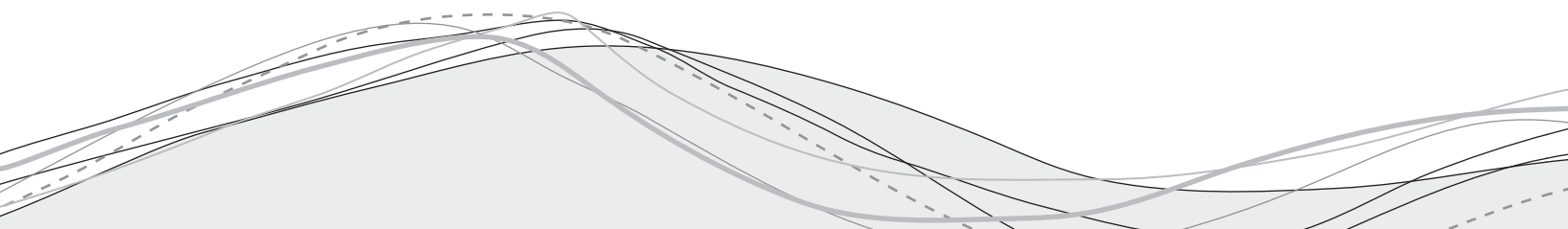
As a good employer, the Council will continue to attract, retain and develop skilled staff.

## Statement on quality of service

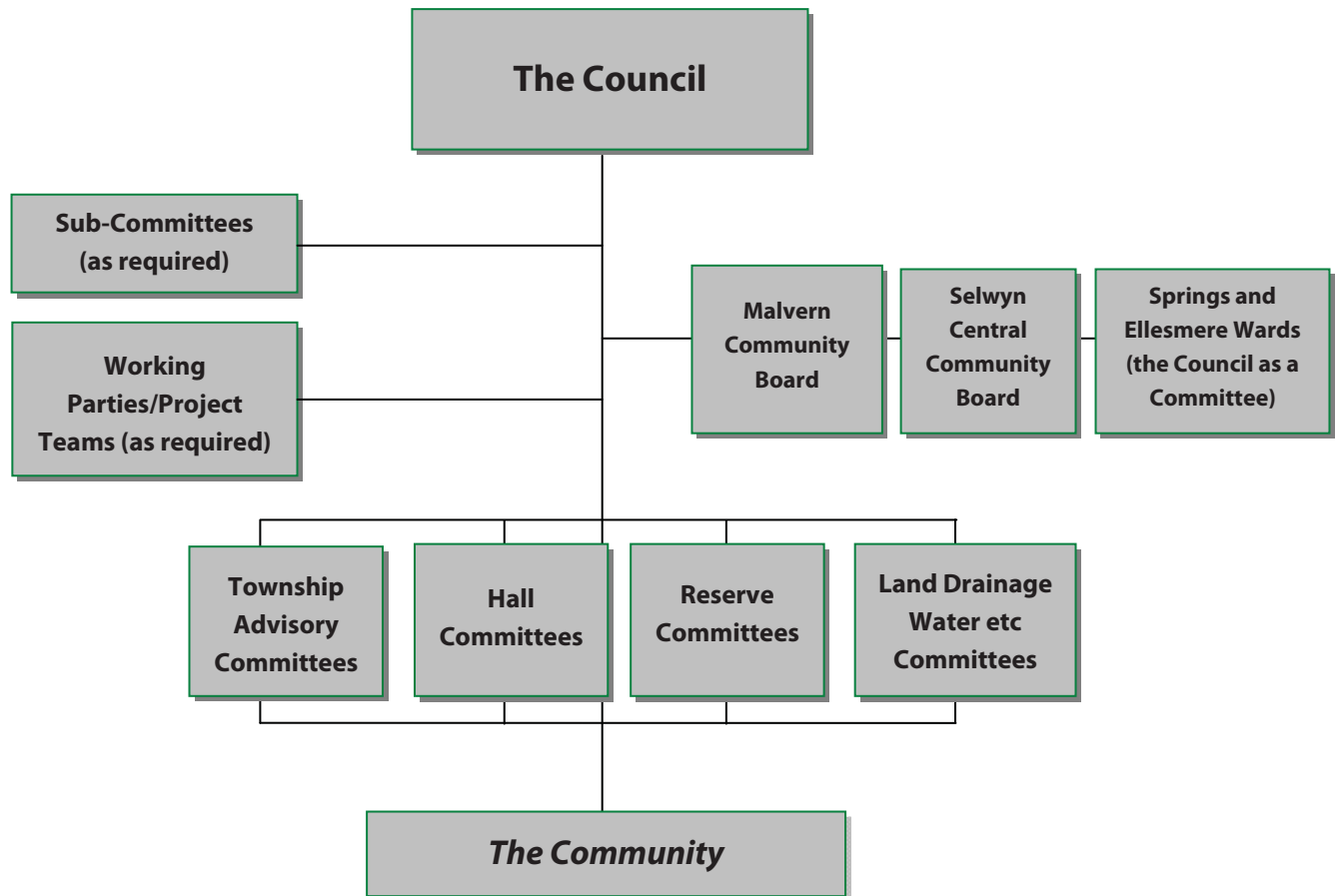
The emphasis on quality and service shall be, at all times, the focus of the Council activities. The Council will maintain and strive to improve the quality of services that are provided.

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.



## GOVERNANCE STRUCTURE





# LOOKING AFTER OUR PEOPLE

## Equal employment opportunities

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

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

### ***Policy statement***

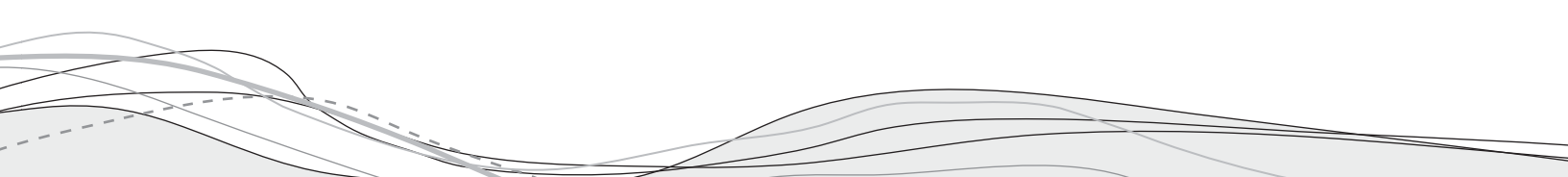
The Selwyn District Council will ensure that equal opportunities are promoted and provided within the organisation by:

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

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

### ***Performance statements***

The Council undertook its activities in 2009/10 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.

