

Selwyn District Council Annual Report 2015/16



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From the Mayor and Chief Executive

Dear Selwyn ratepayers and residents,

We are pleased to be reporting on a year of positive growth and community activity for our district and for the Council. It is striking that the sustained increase in our population, and in commercial and residential development, shows little sign of slowing down – as the value of non-residential building consents increased markedly, while the number of new dwelling consents also increased from last year.

The continuing high levels of growth have contributed to a positive financial result for the Council. Our expenditure for the year was slightly under budget, while revenue was ahead of budget, arising from increased dividends, rating and interest income, as well as growth related factors such as development contributions and vested assets.

In the economic sector the first stage of the Central Plains Water scheme has opened, with good progress made on planning for the second stage. The Council's Izone business park now hosts more than 60 thriving businesses and new land was released this year in Stage 7. The Port of Tauranga has opened its Metroport facility which, along with the nearby Port of Lyttelton's Midland Port, cements Rolleston's growing reputation as an inland freight handling hub.

New subdivisions continue to emerge in townships across the district, and this year also saw the opening of a new primary school in Rolleston West. We were delighted that the Minister for Building and Housing approved 113 hectares of land in Rolleston for residential development under the Special Housing Accord scheme, aimed at improving land availability and affordability.

The Council is continuing to respond to growth by providing essential infrastructure and services, along with facilities and amenities that support thriving communities and quality of life. We have completed a number of water supply upgrades to add capacity in high growth areas and the first stage of a major stormwater upgrade in Leeston is also under way.

Our cycleway network is expanding, with work commencing on a new route between Coalgate and Glentunnel. Foster Park is rapidly becoming a major asset for the district as a hub for sports organisations and competitions, while land has also been purchased for future reserves in Rolleston and Prebbleton.

We continue to plan for the longer-term growth and well-being of our communities. This year we have progressed the Malvern and Ellesmere Area Plans, which will feed into the District Plan review process, guiding future land use decisions. We also completed consultation on the Land Use Recovery Plan, which identifies focal points for commercial, community and service activity in Lincoln and Rolleston. The Lincoln Town Centre Plan sets out proposals for a vibrant town centre, and implementation will be considered through upcoming annual and 10-year plans.

Recognising the increasing diversity of our communities, we adopted a Newcomers and Migrants Strategy, which will see Council working with central government and community agencies to help support new arrivals. Communities have also enjoyed our events programme which included a lively summer calendar, Meet your Street events in local neighbourhoods, arts events and cultural celebrations.

It is rewarding that Selwyn residents enjoy the district as a place to live, work and play. In our 2016 residents' survey, 94 percent of residents told us they thought Selwyn was a great place to live. Satisfaction with the Council's performance also increased, from 60 percent last year to 65 percent, while the survey also identified areas for improvement.

Our thanks go to Council staff, Councillors, members of community committees and local residents, whose support over the past year has helped us achieve so much on behalf of our communities.



Sam Broughton
Mayor



David Ward
Chief Executive

About the Annual Report

The purpose of the Annual Report is to compare the actual activities and performance of the Council against those set out in the Long-Term Plan and Annual Plan. The Annual Report also enhances the Council's accountability to the community for the decisions made during the year by the Council.

The financial statements and performance information presented in this report are reporting against the first year of the Selwyn District Council Long term Plan 2015-2025, which was adopted on 24 June 2015.

Māori involvement in decision making

As part of its strategic objectives, the Council recognises an obligation to take into account the principles of the provisions of the Local Government Act 2002 to recognise and provide for the special relationship between and with Māori, their culture, traditions, land and tāonga.

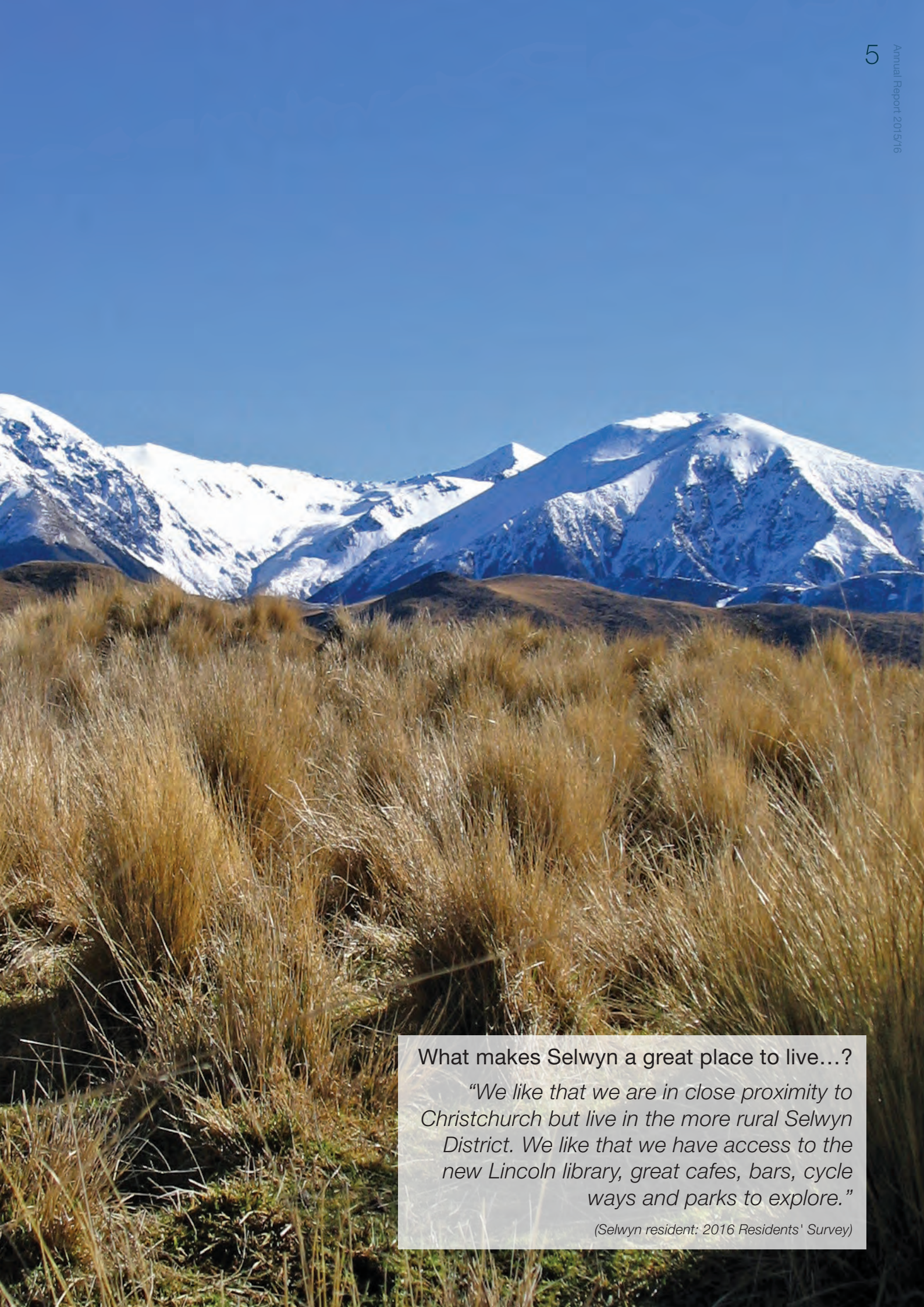
The Council is renegotiating a service and funding agreement with Mahaanui Karataiao Limited to assist the Council in meeting its obligations under Section 81 of the Local Government Act 2002.

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

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

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





What makes Selwyn a great place to live...?

"We like that we are in close proximity to Christchurch but live in the more rural Selwyn District. We like that we have access to the new Lincoln library, great cafes, bars, cycle ways and parks to explore."

(Selwyn resident: 2016 Residents' Survey)

2015/16 - The year in review

\$87 million
TOTAL EXPENDITURE
(COMPARED WITH BUDGET OF \$88 MILLION)

\$22 million
**RECEIVED IN DEVELOPMENT
CONTRIBUTIONS REVENUE**

\$20 million
REDUCTION IN BORROWINGS
(REFLECTS STRONG OPERATING CASH FLOW)

\$42 million
RATES REVENUE LEVIED

\$1.4 billion
TOTAL COUNCIL ASSETS

\$39 million
CAPITAL WORKS COMPLETED



Financial performance

Selwyn District Council continued to experience high levels of growth during the 2015/16 financial year. The financial results for the year are a reflection of a number of extraordinary circumstances. These include the rapid and sustained population growth in the District and higher dividend revenue received from our investments.

Expenditure for the year was \$86.9 million compared with the budget of \$88.3 million. The main variances compared with budget were:

- Finance costs were \$3.3 million, \$1.6 million below budget of \$4.9 million, due to a reduced borrowing requirement largely as a result of higher Council revenue than originally budgeted.

Revenue for the year was \$148.9 million compared with the budget of \$116.3 million. The main variances compared with budget were:

- Dividend revenue was \$10.1 million, \$4.7 million above budget of \$5.4 million, due to higher dividend revenue received from our investments in Orion New Zealand Limited and Sicon Limited.
- Interest revenue was \$3.3 million, \$0.7 million above budget of \$2.6 million, due to higher levels of cash investments held during the year.
- Rates revenue was \$42.4 million, \$0.7 million above budget of \$41.7 million, due to higher levels of population growth in the district compared with those projected in the budget.

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

- Development contributions revenue was \$22 million, \$8.3 million above budget of \$13.8 million as the level of population growth in the district continues to be more rapid than expected. Development contributions are retained in a separate account to fund new infrastructure and are not available to reduce the level of rates.
- Vested asset revenue was \$34.8 million, \$11.7 million higher than budget of \$23.1 million, due to the higher than expected level of subdivision activity. Vested assets are predominantly infrastructure, such as roads and water services, established by developers then transferred to the Council for ongoing ownership and management. This is a non-cash item and is not available to reduce rates.
- A technical accounting adjustment of \$5million to realise the portion of prior year valuation increases in the Council's investment in Orion New Zealand Limited, attributable to the shares bought back by Orion during the year. The \$5million revenue is offset by \$5million expense through other comprehensive revenue and expense. Therefore, there is no impact on Council's overall equity.

Service performance



278,000
ADMISSIONS TO THE
SELWYN AQUATIC CENTRE

0 PROPERTIES AFFECTED BY
UNPLANNED WATER SUPPLY
INTERRUPTIONS OVER 25 HOURS



76km KILOMETRES OF
SEALED LOCAL
ROAD NETWORK RESURFACED



35%
OF RESIDENTS
USED THE
PINES RESOURCE RECOVERY PARK



2,687 BUILDING CONSENTS
ISSUED WITH AVERAGE
PROCESSING TIME OF **11 DAYS**

65%
OF RESIDENTS



RATED COUNCIL'S OVERALL PERFORMANCE
AS GOOD OR VERY GOOD






Our services

Over the past year, your Council has been busy working to provide services to you which continue to help make Selwyn a great place to live. Some of the things we do every day include:

- Maintaining over 2,600 kilometres of roads.
- Providing rubbish and recycling services to more than 18,000 households. Over 90% of residents rated these services as good or very good.
- Providing and maintaining 299 reserves and playgrounds, and 37 recreation reserves. 83% of people living in Selwyn visited a park last year.
- Providing and running the Selwyn Aquatic Centre and eight community pools. The Aquatic Centre had 278,000 admissions equating to 5.16 swims per capita during the year, an increase from the centre's first two years of operation.
- Providing and maintaining 24 community centres and halls. 69% of residents rated this service as good or very good.
- Running libraries in Darfield, Lincoln, Leeston, Rolleston and a mobile library and assisting a volunteer library. 82% of residents rated libraries services as good or very good.
- Issuing building and resource consents. 98% of resource consents were issued on time and the average time it took to process a building consent in the past year was 11 working days compared to the statutory timeframe of 20 working days.

A close-up photograph of a field of yellow daffodils. The flowers are in various stages of bloom, with some showing bright yellow petals and orange centers. A single white daffodil is visible in the middle ground, standing out from the yellow ones. The background is a soft-focus green, suggesting grass and other foliage.

What makes Selwyn a great place to live ...?

"Facilities are there, everything you need is here. Kids have got great facilities. Roads are in good condition, parks and reserves are well maintained. Footpaths are currently being upgraded, could add more cycle lanes."

(Selwyn resident: 2016 Residents' Survey)



Highlights 2015/16

District growth continues

Selwyn district continues to be a great place to live, work and play, and remains one of the fastest-growing areas in New Zealand, with a population now estimated at around 54,000.

The district's commercial sector is growing rapidly. Data compiled by economic analysts Infometrics for the year to 30 June 2016 showed that the value of non-residential building consents in Selwyn grew by 40 percent. Consents valued at \$152 million were lodged for the year, up from \$109 million the previous year.

The figures reflect a number of factors including the building of new schools in Rolleston, consents for new shops to be developed in Rolleston, West Melton and Darfield and the continuing development of new businesses at Izone. Selwyn retail trade was also up by 6.4 percent for the year, well ahead of national retail activity figures of 2.8 percent.

Overall, Selwyn's gross domestic product (GDP) grew by 3.8 percent during the year, significantly above the Canterbury average of 0.9 percent, and above the New Zealand figure of 2.7 percent. Selwyn's unemployment rate of 2 percent was the fifth-lowest among New Zealand territorial authorities. Canterbury's unemployment rate was 3.2 percent and New Zealand's 5.2 percent.

The district continues to figure strongly in Canterbury's rebuild and economic growth. The total number of building consents issued in Selwyn for the year to June 2016 was 2,687 (2015: 2,790). Our building consent team continued to perform well under pressure, the average building consent processing timeframe being 11 days, well under the 20 day statutory period. The building team was also recognised by being the first council in New Zealand to be reaccredited as a Building Consent Authority three times, with no requirement for changes to existing practices or systems.

The development of Izone Southern Business Hub is helping to provide Selwyn residents with greater employment opportunities in our district. During 2015/16, Stage 6 of the development reached close to full occupancy, and a further 17 lots were released in the 41.5 hectare Stage 7, which includes Port of Tauranga's new 15ha freight hub. Izone now houses more than 60 businesses.

Planning for growth

A number of significant planning initiatives were progressed during the year, helping the district to plan for future growth and change. In Malvern and Ellesmere, consultation took place on local area plans to guide the future development of these areas. These plans will help to inform decisions on land use which will be developed as part of the District Plan Review.

A new Lincoln Town Centre Plan was adopted in May 2016. It provides a guide to ensure that as Lincoln grows, the town's heart remains a vibrant, prosperous space for community and business activity. Proposals include active street frontages, attractive landscaping and public spaces, the introduction of cycle lanes and walking connections, along with parking and traffic management measures. Funding and detailed plans will be considered as part of future Annual Plan and Long-Term Plan processes.

In Rolleston, preparations for the development of a new Rolleston town centre – as proposed in the Rolleston Town Centre Masterplan – have moved forward with consultation on a land exchange proposal. The exchange would see the reserve status on around half the reserve being transferred to land at Foster Park. This would make land available for the development of a new library, town square and retail area on part of the Rolleston Reserve site, with the remaining half of Rolleston Reserve developed into a high quality urban park. This proposal is now being reviewed by the Minister of Conservation. Work is also under way on roading projects which form part of the town centre development.

Consultation was completed on proposed changes under the Land Use Recovery Plan (LURP), which identifies locations for residential and business activities within greater Christchurch. Lincoln and Rolleston town centres are identified as Key Activity Centres for commercial, community and service activity. These provisions will enable more shops and businesses to locate in Rolleston and Lincoln, while other changes provide for more industrial land in Rolleston.

We have begun a major project to review our Selwyn District Plan, and will be consulting widely with the community to update the planning framework for our district. Our existing District Plan was relaunched this year in an interactive online E-Plan format, making it easier for residents to check the District Plan rules affecting their properties.

Residents enjoy life in Selwyn

New and existing residents are enjoying life in Selwyn. Our 2016 residents' survey found that 94% of residents believe Selwyn is a great place to live. Overall satisfaction with Council performance also increased this year, with 65% of residents rating Council's overall performance as good or very good, an increase of 5% from the previous year.

Council facilities and parks prove popular

The Selwyn Aquatic Centre continues to be popular with residents. During the year the facility had 278,000 admissions, equating to 5.16 swims per capita, an increase from the centre's first two years of operation. In our 2016 residents' survey 83% of people reported they visited a park, while over 60% of residents had visited a library or community centre or hall. Satisfaction with most facilities and parks is high, with more than 80% of people satisfied with reserves, playgrounds and libraries.

The Council has continued to invest in community facilities, with projects completed this year including an extension to the Leeston skate bowl and the opening of the Greenpark Community Centre, which replaces the earthquake damaged War Memorial Hall. Earthquake repairs to around 1,100 headstones in the district's 19 public cemeteries were completed this year.

Development of Foster Park

Development continued at Selwyn's largest new sport and recreation park, Foster Park in Rolleston. Several sports fields have been completed and the park hosted its first winter sport season with more than 600 footballers of all ages taking part in weekend matches. A new LED lighting system installed this year, is providing high-quality, cost-efficient lighting for evening sports practices and competitions. Shared walking and cycling paths throughout the park are now open for use by the public. The park is designed to be used for a range of activities including sports training and competition, community events and concerts as well as recreational use.

Supporting our communities

December 2015 saw the launch of Selwyn's first Newcomers and Migrants Strategy, in response to the district's rapidly growing and increasingly diverse population. The strategy is a joint initiative involving central government, the Council and community organisations and sets out a range of actions to help support newcomers and migrants. The district experienced a net increase of 433 new international migrants arriving in the year to June 2016, up from 219 for the previous year.

The Council and Selwyn Youth Council hosted 74 events for local residents and young people enabling communities to connect, have fun and celebrate living in Selwyn. New initiatives piloted included events such as Meet Your Street summer gatherings, Matariki celebrations, Diwali, Have a Go Day and Music on the Green.

A new sport and recreation directory was published for the first time, listing local Selwyn sports clubs, fitness and dance classes, biking and walking groups, ski fields and local sport and recreation facilities. A similar directory for Arts organisations and groups was also launched.

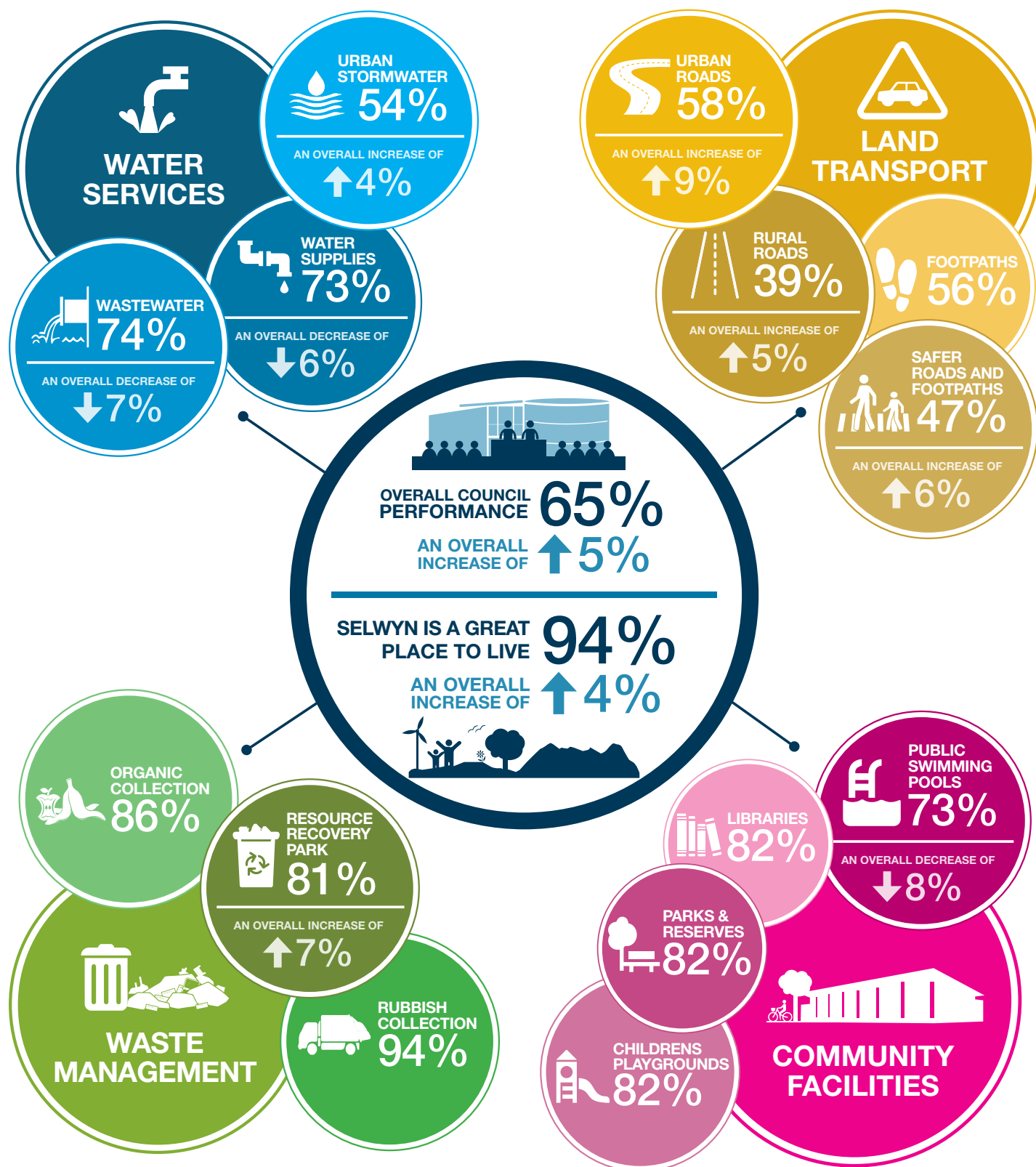
Essential infrastructure

The Council's 5 waters activity covering land drainage, stormwater, wastewater, water supply and water races performed well over the past twelve months, achieving 98% of its 49 service targets. The Council provides drinking water to over 75% of Selwyn's residents and wastewater services to around 58% of our population. 99.9% of water samples taken from the Council's reticulated water supply complied with drinking water standards.

The first stage of a major stormwater upgrade was commenced in Leeston. This involves widening and deepening the drains and increasing the size of culverts to allow water from Leeston Creek to be diverted around the township.

Major transportation projects completed this year included the start of work to construct a new cycleway between Coalgate and Glentunnel. A new roundabout was completed in Rolleston, and other roading upgrades in the township are under way. Drainage improvements were completed on 140 kilometres of rural roads, and 530 metres of new footpaths have been established.

In December, the Council and the Building and Housing Minister signed a Special Housing Accord for Selwyn, aimed at improving residential land availability and affordability. It covers 113 hectares of land in south east Rolleston could accommodate around 1,300 to 1,500 new homes.



2016

SELWYN DISTRICT COUNCIL

RESIDENTS SURVEY

RESIDENTS' SATISFACTION WITH COUNCIL SERVICES

WATER SERVICES

Land drainage network (↑8%) **44%**Water races (↑8%) **50%**

WASTE MANAGEMENT

Recycling **92%**

LAND TRANSPORT

Cycleways **54%**Road safety awareness **53%**Access to public transport **51%**

COMMUNITY FACILITIES

Public halls & community centres **69%**Cemetery maintenance **62%**Public toilets **60%**

Residents' survey

Hearing from our community

Each year the Council conducts a survey of residents to ask their views on how the Council is performing.

Some of the data from this survey is used in performance targets which measure the level of service provided by the Council. The survey is also used by council departments to help develop, plan and improve the services they provide to the community, and provides a useful way for residents to give feedback on how well Council is performing.

Key results

In this year's survey, 65% of residents rated the council's overall performance as good or very good, up from 60% in 2015.

In questions about living in Selwyn, 94% of people said Selwyn was a great place to live, up from 90% in the last survey.

Overall, 21 of the 26 Council services surveyed received ratings of 50% or higher, with seven rated above 75%. Five services recorded ratings below 50%. More than half the 26 services surveyed maintained their satisfaction rating or recorded an increase from last year.

The survey also showed that community facilities like libraries, community centres and parks are well used by Selwyn residents, with 83% of residents visiting a park within the past year, 63% visiting a library and 64% using a public hall or recreation centre.

Rubbish and recycling collection were the Council's top performing services and were rated as very good or good by 94% and 92% of residents respectively.

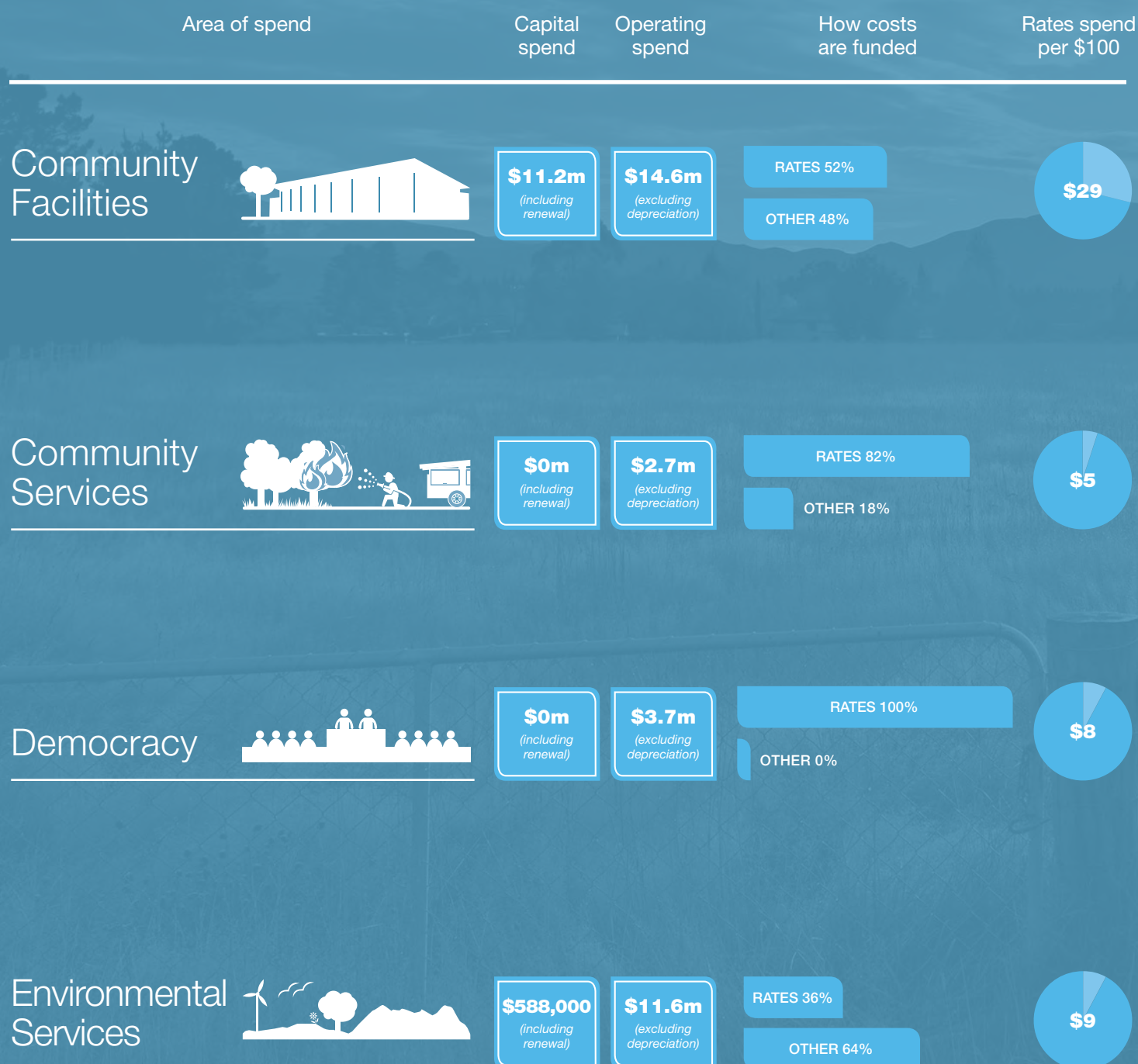
How the survey works

The survey involved an independent survey of 380 residents in June 2016. The results are expressed as a rating out of 100. The survey typically has a margin of error of +/-5%.

This year, a mixed-method approach was utilised for the data collection process. In previous years computer-aided telephone interviewing (CATI) has been solely used to collect data; however, this year CATI and online interviewing were conducted. Online interviewing was added this year as it allowed for greater reach of residents as landline access declines. This interviewing was specifically targeted towards younger residents, and was used to help make the final sample more representative of the district as a whole.

The survey asked respondents whether the Council is doing a very good job, a good job, a poor job, or a very poor job. The answers for very good job and good job were combined to create an overall score out of 100. No responses were excluded from the survey analysis. The 2015 survey results were weighted by converting to a 100 point scale, where a maximum score (all responses being a very good job) equals 100, and a minimum score (all responses being a very poor job) equals zero. Due to this change in methodology, survey results between 2015 and 2016 may not be directly comparable.

How your rates were spent 2015/16



Area of spend	Capital spend	Operating spend	How costs are funded	Rates spend per \$100
Five Waters Service 	\$8.5m <i>(including renewal)</i>	\$15m <i>(excluding depreciation)</i>	RATES 47% OTHER 53%	\$26 
Izone 	\$8.4m <i>(including renewal)</i>	\$1.9m <i>(excluding depreciation)</i>	RATES 0% OTHER 100%	\$0 
Solid Waste Management 	\$32,000 <i>(including renewal)</i>	\$6.6m <i>(excluding depreciation)</i>	RATES 66% OTHER 34%	\$11 
Transportation 	\$9.4m <i>(including renewal)</i>	\$9m <i>(excluding depreciation)</i>	RATES 42% OTHER 58%	\$12 

Significant activities



Introduction

The Council provides a wide range of services for and on behalf of the residents of the Selwyn District. For planning and reporting purposes, these services are grouped together as significant activities. The Council's plans for each significant activity for the 2015/16 financial year were set out in the Selwyn District Council Long Term Plan 2015-2025 (LTP).

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

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

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

Community facilities

This year the Council provided...

536

HECTARES OF RECREATION RESERVES

299

RESERVES AND PLAYGROUNDS

24

COMMUNITY CENTRES AND HALLS

19

CEMETERIES



Key results...



82%

OF RESIDENTS

ARE SATISFIED WITH
LIBRARIES, PLAYGROUNDS,
PARKS AND RESERVES



83%

OF RESIDENTS

USED A PARK OR RESERVE



64%

OF RESIDENTS

USED A COMMUNITY
CENTRE OR HALL

278,000



VISITORS TO
SELWYN
AQUATIC
CENTRE

331,000

ITEMS ISSUED AT SELWYN LIBRARIES

Community facilities

Services covered

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

Recreation reserves	40 main recreation reserves with a total area of over 536ha	Township reserves and streetscapes	299 reserves and playgrounds covering over 81ha
Cemeteries	19 cemeteries (two closed)	Rental housing	24 houses
Public toilets	22 facilities	Gravel reserves	200 sites in total with 12 operational
Community centres and halls	24 facilities	Forestry	57 sites with a total area of 88.2 ha
Swimming pools	1 District Aquatic Centre 5 community pools 3 with halls/reserves	Property and buildings	District Headquarters 27 strategic properties
Libraries	At Rolleston, Lincoln, Leeston, Darfield plus 2 volunteer libraries and a mobile library	Total asset value	\$244 million

Why is the Council involved?

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

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

Working in collaboration with others

We continue to work in partnership with other organisations to improve our services and our efficiency. In 2013 we joined the Kotui consortium – a group of libraries who use the same IT system. This enabled us to purchase and loan e-books to our library users, provide an improved search function and reduce the amount of time staff spend on data entry. We continue to work with other Canterbury Councils on a shared procurement and service agreement for GIS electronic mapping services.

Activity goal

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

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

Council contribution to community outcomes

This activity contributes the following outcomes:

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

Negative effects on the wellbeing of the community

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

Internal borrowings

Internal borrowings are disclosed in Note 19: Borrowings.

Statement of service performance

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

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

Swimming pools

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

The centre employs around 30 full time equivalent staff which include swim coaches, lifeguards, aqua-fitness instructors and administration roles. The number of swims per capita was 5.16 which is well in excess of the target of 4.5.

Reserves and open spaces

Open space in the townships, along streams, together with the larger parks in the rural areas, provides relief from the intrusion of everyday noise and distractions, enabling people to relax and enjoy the natural surroundings. Open space is important in forming landscapes which preserve the District's character and have cultural and environmental value. Recreation reserves enable residents to enjoy organised sport and informal recreation with all their accompanying benefits of health and social contact. 82% of residents surveyed have used or visited a public park or reserve in the past 12 months and residents' satisfaction rating remains high with 82% rating parks and reserves good or very good.

Community centres and halls

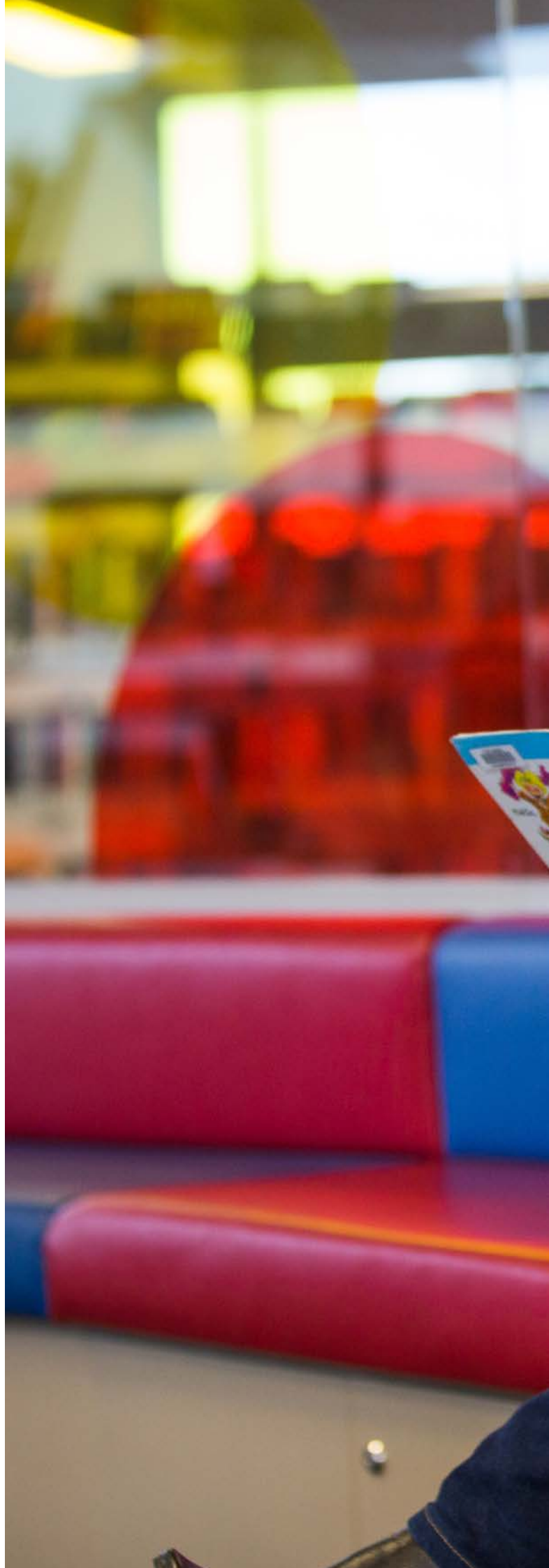
Community centres and halls provide places where local communities can meet and enjoy a wide range of activities. Residents continue to be satisfied with the Council's provision of community centres and halls as local venues for recreational and social uses, resident satisfaction rating remains high with 69% rating community centres and halls good or very good. The number of buildings in average condition or below has remained consistent at 10.3% and within our target of <25% of buildings being in average condition or below.

Cemeteries

The Council achieved its service target of less than 10 complaints in relation to cemeteries, with 9 complaints received during the year. Residents' satisfaction rating remains high with 62% rating cemeteries as good or very good, just below our target of 65%.

Libraries

The Council's library network has continued to act as a central hub of the community providing information and a wide range of recreational, cultural and learning opportunities for all ages. The percentage of registered library users is 55% of the total population. This is an increase of 2% on the previous financial year, and below our target of 60%. During the year there were 11 issues per patron (2015: 13) which was below the target of 16 issues or higher.





What makes Selwyn a great place to live ...?

"Selwyn is a great place to bring up children, lots of space to explore, playgrounds to use, adventures to have, but also close to amenities, like Darfield Library and Selwyn Aquatic Centre."

(Selwyn resident: 2016 Residents' Survey)

Service targets for community facilities

Objective	Performance measure	Service target	Achievement
RECREATION RESERVES			
Residents have opportunities to enjoy healthy, active lifestyles including provision of recreational open space and community facilities.	The proportion of residents rating the performance of parks & reserves in the Resident Survey as good or very good.	≥80%	Achieved 82% (2015: Achieved 87%)
	Hectares per 1000 population is above the average for similar sized district authorities (Minimum 3 ha/1000).	≥4.5 ha	Achieved 4.5 ha (2015: Achieved 4.88 ha)
	Percentage of residents who have used or visited a public park or reserve in the past 12 months.	≥70%	Achieved 82% (2015: Achieved 78%)
TOWNSHIPS RESERVES AND STREETSCAPES			
Township reserves and streetscapes enhance the landscape character of the District and unique identity of township environments and provide places for recreational activities and social contact.	Percentage of townships where all residents are serviced by a reserve within 500 metres.	≥70%	Achieved 80% (2015: Achieved 72% target was within 400 metres)
	The proportion of residents rating the performance of playgrounds in the Resident Survey as good or very good.	≥55%	Achieved 82% (2015: Achieved 87%)
COMMUNITY CENTRES AND HALLS			
Community centres and halls provide local venues for social, cultural, recreational and educational uses.	The proportion of residents rating the performance of community centre/halls in the Resident Survey as good or very good.	≥65%	Achieved 69% (2015: Achieved 80%)
	Number of buildings in average condition or below.	≤25%	Achieved 10.3% (2015: Achieved 10.7%)
SWIMMING POOLS			
Public swimming pools contribute to Selwyn District being an attractive place to live and provide opportunities for residents to enjoy healthy, active lifestyles and to learn life skills such as swimming.	Number of local, sub-district and District public pools.	6 local 2 sub-district 1 district	Achieved (2015: Achieved)
	Number of swims per capita of District population per year recorded at Selwyn Aquatic Centre, Darfield/Southbridge pools.	≥4.5	Achieved 5.16 (2015: Achieved)
PUBLIC TOILETS			
Provision of public toilets helps to promote a healthy living environment for District residents and has economic benefits in supporting local businesses and visitor destinations.	The proportion of residents rating the performance of public toilets in the Resident Survey as good or very good.	≥50%	Achieved 60% (2015: Achieved 76%)
	Number of “failures” per annum identified by independent audit.	Nil	Not measured Audit procedures are currently being refined and will be measured during the 2016/17 financial year. (2015: Not measured)

Objective	Performance measure	Service target	Achievement
CEMETERIES			
A network of cemeteries is provided to meet the District's burial and remembrance needs.	The proportion of residents rating the performance of cemeteries in the Residents Survey as good or very good.	≥65%	Not achieved 62% (2015: Achieved 83%)
	Number of complaints received per annum related to cemetery service.	≤10	Achieved (9 complaints were received during the year.) (2015: Achieved 5 complaints)
LIBRARIES			
Selwyn Libraries creating a vibrant, connected and knowledgeable community	Registered library users as a percentage of total population.	≥60%	Not achieved 54.5% (2015: Not achieved 53%)
	Issues per patron per annum.	≥16	Not achieved 11 issues per patron. (2015: Not achieved 13)
	The proportion of residents rating the performance of libraries in the Resident Survey as good or very good.	≥78%	Achieved 82% (2015: Achieved 88%)
	Visits to libraries.	5% increase on 317,324	Not achieved 12% decrease on physical visits to libraries, however there was a 42% increase in virtual library catalogue and Selwyn District Council libraries website visitors. (2015: Not measured)
	Number of internet accesses.	5% increase on 27,600	Achieved 51% increase (2015: Not measured)
	Cost per issue.	≤\$4.80	Not achieved \$7.45 (2015: Not measured)

Community facilities funding impact statement

	2016	2016	2015	Movement
	Actual	LTP	LTP	Actual vs
	\$'000	\$'000	\$'000	LTP 2016
SOURCES OF OPERATING FUNDING				
General rates	7,230	7,167	4,792	
Targeted rates	6,903	6,891	5,304	
Subsidies and grants for operating purposes	103	119	12	
Fees and charges	3,391	3,460	3,068	
Internal charges and overheads recovered	-	-	-	
Other operating funding	124	7	1	
Total operating funding (A)	17,751	17,644	13,176	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	11,035	11,678	7,867	Note 1
Finance costs	686	913	1,748	Note 2
Internal charges applied	2,823	2,839	2,204	
Other operating funding applications	80	140	114	
Total application of operating funding (B)	14,624	15,570	11,933	
Surplus / (deficit) of operating funding (A-B)	3,127	2,074	1,243	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	143	-	-	
Development and financial contributions	8,697	2,674	1,553	Note 3
Increase / (decrease) in debt	(1,027)	6,203	-	Note 4
Gross sales proceeds from sale of assets	808	8,513	738	Note 5
Total sources of capital funding (C)	8,621	17,390	2,292	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	8,534	11,343	1,039	Note 6
Capital expenditure to improve the level of service	1,566	9,633	1,592	Note 7
Capital expenditure to replace existing assets	1,059	1,950	506	
Increase / (decrease) in reserves	2,919	(743)	(189)	
Increase / (decrease) of investments	(2,330)	(2,719)	587	
Total applications of capital funding (D)	11,748	19,464	3,535	
Surplus / (deficit) of capital funding (C-D)	(3,127)	(2,074)	(1,243)	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 Payments to staff and suppliers is lower than the LTP largely due to land disposal costs being below budget due to the timing of property disposals.

Note 2 Finance costs are lower than the LTP due to lower borrowings than originally budgeted. The lower borrowing is due to the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.

Note 3 Development contributions revenue is higher than the LTP due to substantial growth in the District.

Note 4 Debt has decreased due to the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.

Note 5 Gross sales proceeds from the sale of assets is lower than budget due to the timing of the sale of property held for sale.

Note 6 Capital expenditure to meet additional demand is lower than the LTP largely due to the timing of the development of Foster Park.

Note 7 Capital expenditure to improve the level of service is lower than the LTP largely due to the timing of construction of the West Melton and Dunsandel Community Centres.



Community services

This year the Council...

Delivered 50

COMMUNITY EVENTS

Coordinated 24

YOUTH EVENTS

Provided 22

COMMUNITY TRAINING WORKSHOPS

Launched

NEWCOMERS & MIGRANTS STRATEGY





Key results...



94%

OF RESIDENTS

THINK SELWYN IS A GREAT
PLACE TO LIVE

10.7%
INCREASE



IN TOURISM GUEST NIGHTS



25%

INCREASE

IN BIZ-ONLINE LISTINGS

69%



OF RESIDENTS

FEEL A SENSE OF COMMUNITY

Community services

Overview

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

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

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

- Community development services, which help build the capacity of local communities to develop activities and services and build a sense of community and neighbourliness.
- Welcoming newcomers and migrants to the District.
- Recreation programmes, including physical activity programmes to meet the needs and interests of residents of all ages and life stages.
- Recreation and sport.
- Business promotion activities, including working with local businesses.
- A network of libraries across the District.
- Tourist promotion activities.
- Community research and social policy.
- Emergency preparedness services, including rural fire services and civil defence.

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

Why is the Council involved?

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

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

Activity goal

Our objectives are to:

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

Council contribution to community outcomes

This activity contributes the following outcomes:

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

Negative effects on the wellbeing of the community

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

Statement of service performance

December 2015 saw the launch of Selwyn's first Newcomers and Migrants Strategy in response to Selwyn's fast growing diverse population. In total the Community Development team delivered 74 initiatives across the district that provided opportunities for both new and existing residents, youth and families to come together. Such initiatives create a sense of community by enabling communities to connect, have fun and celebrate living in Selwyn. New initiatives were piloted such as Meet Your Street, Diwali, Have a Go Day and Music on the Green, as well as many others.

The Council facilitated 22 workshops that enabled residents and community groups to develop skills to build capacity within their own communities, and support for volunteers such as first aid training, how to establish a new group, applying for funding, and governance and how to run an event. In addition many groups have been given advice and assistance by Council staff. These activities and initiatives all contribute to the achievement of the community outcome, 'a healthy community'.

Biz-online is a business directory hosted on the Selwyn District Council website. The Selwyn Business Directory is available for companies and organisations in Selwyn to promote their business, and to help Selwyn residents find locally provided goods and services. Listing is free and is available for businesses which are located within the Selwyn District, or principally within the Selwyn District. During the year there has been a 25% increase in businesses listing on the Biz-Online directory, exceeding our target of 5%.

The Council continues to work promoting tourism to attract visitors to the Selwyn District. Guest nights in Selwyn increased by 10.7% last year. Tourism promotions focussed on both domestic (NZ) and international visitors to Selwyn. The Council attended three trade shows with international attendees for both the leisure and business travel markets as well as a further three domestic consumer shows to promote leisure tourism. Video content to showcase the district through online media was created with specific focuses on walking, winter and road trips. Joint ventures with Christchurch and Canterbury Tourism and other Canterbury district tourism organisations utilised Selwyn's video content in campaigns to the North Island to promote walking getaways and into Australia to promote skiing in Canterbury. Two new informative brochures were created; Sensational Selwyn Camping and Sensational Selwyn Walking and Biking Guide.

The Creative Communities Scheme administered by the Selwyn District Council on behalf of Creative New Zealand supports local arts and cultural activities. The fund is used to support projects or activities that encourage community involvement, support diverse arts and cultural traditions, or enable young people to actively participate in the arts. The Council administered \$35,588 of grants during the year. These grants have funded exhibitions, productions, concerts, festivals, workshops and presentations that offer opportunities for community involvement in the arts.

Service targets for community services

Objective	Performance measure	Service target	Achievement
Continue to provide community development services and advice to Selwyn residents.	Residents' sense of community with their local neighbourhood.	≥64%	Achieved 69% (2015: Achieved)
	Percentage of Selwyn residents a member of a sports and / or community group.	≥60%	Achieved 73% (2015: Achieved 75%)
	Percentage of Selwyn residents who are volunteers.	≥67%	Not achieved 50% (2015: Not measured)
	Number of community events delivered/facilitated.	22 events	Achieved 50 events held (2015: Not measured)
	Number of events targeted at youth.	40 youth events	Not achieved 24 events held (2015: Not measured)
	Community organisation training programmes held.	12 community workshops	Achieved 22 events held (2015: Not measured)
Continue to provide economic development and tourism opportunities.	Increase in number of businesses registering for Biz-Services or the Biz-Online on the Council's website.	5% increase	Achieved 59 new businesses registered for Biz-Online during the year. An increase of 25% on 2015. (2015: Achieved 26% increase)
	Host training for businesses on productive use of the internet and ultrafast broadband.	2 workshops provided.	Achieved (2015: Not measured)
Continue to provide research and policy.	Annual Residents Satisfaction Survey undertaken and results provided to Councillors and council departments Issue specific research undertaken when needed.	Survey undertaken.	Achieved Annual Residents Satisfaction Survey undertaken in June 2016 (2015: Achieved)

Community services funding impact statement

	2016	2016	2015	Movement
	Actual	LTP	LTP	Actual vs
	\$'000	\$'000	\$'000	LTP 2016
SOURCES OF OPERATING FUNDING				
General rates	2,542	2,520	2,281	
Targeted rates	-	-	-	
Subsidies and grants for operating purposes	61	104	165	
Fees and charges	388	55	38	
Internal charges and overheads recovered	-	-	-	
Other operating funding	104	-	-	
Total operating funding (A)	3,095	2,679	2,484	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	2,284	2,190	2,017	
Finance costs	-	-	-	
Internal charges applied	304	304	271	
Other operating funding applications	50	36	40	
Total application of operating funding (B)	2,638	2,530	2,328	
Surplus / (deficit) of operating funding (A-B)	457	149	155	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	-	-	-	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	-	493	197	Note 1
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	(816)	76	-	
Increase / (decrease) of investments	1,273	(420)	(42)	
Total applications of capital funding (D)	457	149	154	
Surplus / (deficit) of capital funding (C-D)	(457)	(149)	(155)	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1. Capital expenditure to meet additional demand is lower than the LTP due to projects being carried forward for completion in the 2016/17 financial year.

Democracy

This year the Council...

SUPPORTED 86

COMMUNITY COMMITTEES

**ADMINISTERED
\$198,466**

IN DISCRETIONARY GRANTS

RECEIVED 126

SUBMISSIONS ON THE 2016/17 ANNUAL PLAN

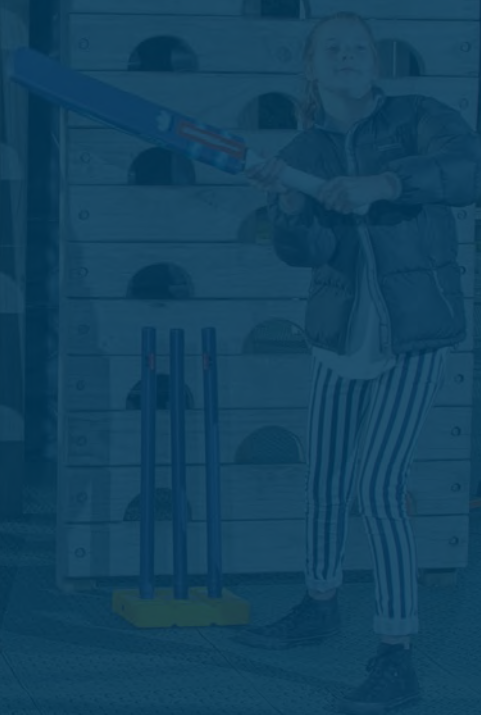


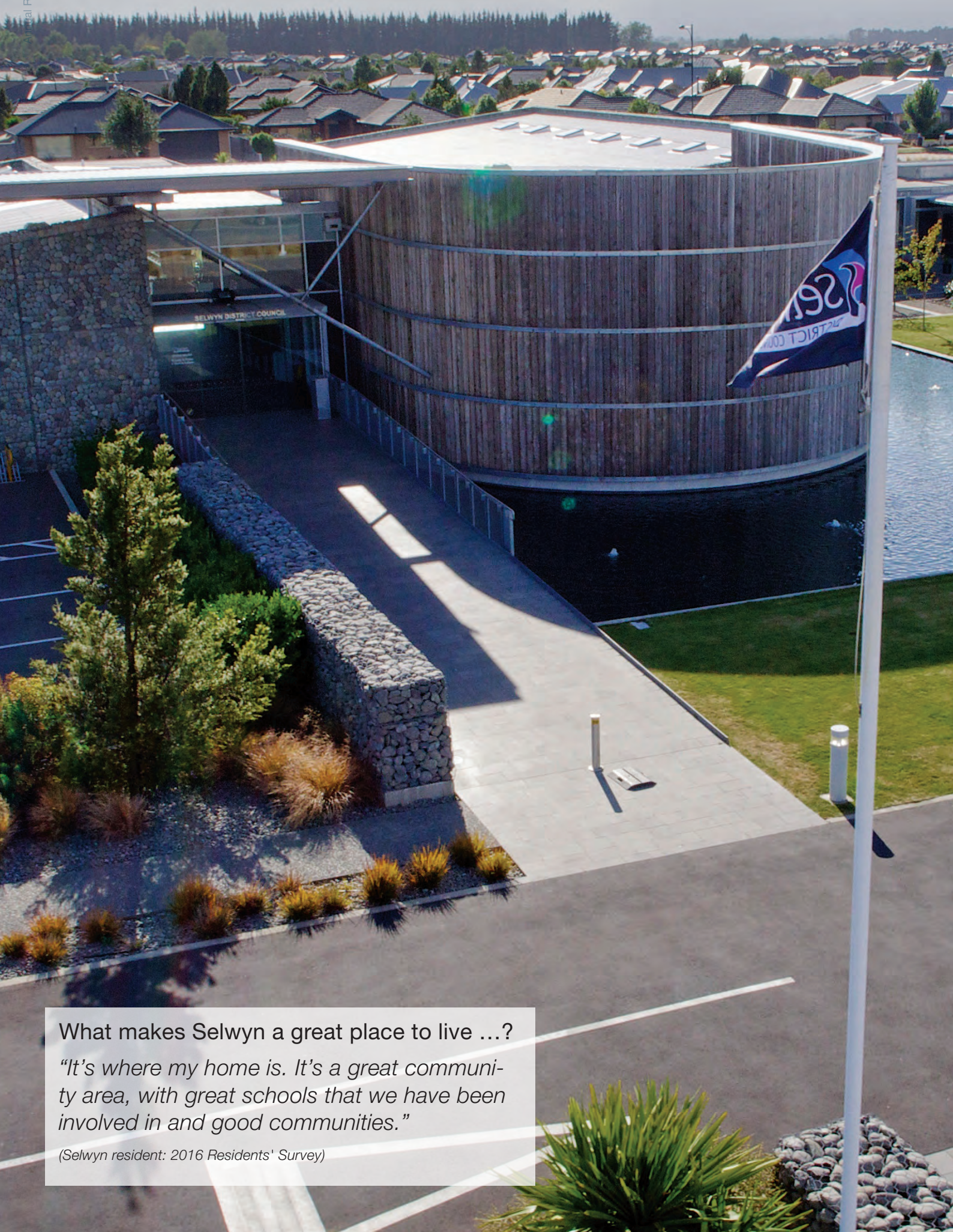


Key results...



65%
OF RESIDENTS
SATISFIED WITH COUNCIL'S
OVERALL PERFORMANCE





What makes Selwyn a great place to live ...?

"It's where my home is. It's a great community area, with great schools that we have been involved in and good communities."

(Selwyn resident: 2016 Residents' Survey)

Democracy

Overview

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

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

Why is the Council involved?

The Council, as a creation of statute and elected by its residents, needs to have a structure which allows the communities' requirements to be identified and provided for by those individuals who are elected to office.

To achieve this, the Council has a small number of sub-committees and currently no standing committees (other than the Izone Southern Business Hub) as it believes, by conducting its business twice a month it can achieve better and faster results for the community.

In addition, the Council has Community Boards in the Selwyn Central Ward and the Malvern Ward. One role of Community Boards is to provide the Council with 'grass roots' information on the activities in their Ward and the issues that need to be resolved by the Board and the Council.

In each township, the Council has either a Community Committee or a Township Committee, or in some instances, a Ratepayers' Association exists to provide the Council and the Community Boards, in the relevant areas, with specific requests for services or resolution of issues that affect that particular town and its surrounding area.

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

Working in collaboration with others

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

Activity goal

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

Council contribution to community outcomes

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

Negative effects on the wellbeing of the community

There are no negative effects from this activity.

The Council's discretionary grants

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

	2016 Actual	2015 Actual
Banks Peninsula trotting	2,257	1,373
Community special events	33,189	21,000
Discretionary fund - Wards	62,300	51,172
Discretionary fund - Councillors	9,181	9,909
Education bursaries	9,750	10,000
Life education	-	4,793
Lincoln Envirotown Trust	33,400	35,572
Mayoral fund	21,746	24,220
Summit Road protection authority	4,343	1,643
Waihora Ellesmere trust	22,300	23,750
Total grant funding	198,466	183,431

In addition to the above grants, the Council also makes a grant to the Canterbury Museum Trust as per the Canterbury Museum Trust Board Act 1993 totalling \$436,569 (2015: \$378,539).

Statement of service performance

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

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

We received 126 submissions on the Council's consultation document for the 2016/17 Annual Plan and we appreciate the time and thought that went into each of them. The submissions covered a range of matters, from district-wide rates for rural water schemes, funding of a new large-scale park, change to the Council's commercial property strategy and transportation projects including upgrading major routes connecting to the Christchurch Southern Motorway. We have responded to each submitter individually and thanks go to all those individuals, committees and organisations that made a submission or attended one of the consultation meetings. The 2016/17 Annual Plan was formally adopted on the 22 June 2016.

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

Service targets for democracy

Objective	Performance measure	Service target	Achievement
Prepare key accountability documents in accordance with good practice that allow for easy input from ratepayers and meet statutory requirements.	The annual report is prepared within statutory timeframes and with an unmodified audit opinion.	The 2014/15 annual report is prepared within statutory timeframes and with an unmodified audit opinion.	Achieved The 2014/15 annual report was adopted on 28 October 2015 with an unmodified audit opinion. (2015: Achieved)
	Then annual plan is prepared within statutory timeframes and with an unmodified audit opinion.	The 2016/17 annual plan is prepared within statutory timeframes.	Achieved The 2016/17 annual plan was adopted on the 22 June 2016. (2015: Achieved)
	The proportion of residents rating the overall performance of Council in the Resident Survey as good or very good.	≥60%	Achieved 65% (2015: Achieved)

Democracy funding impact statement

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

	2016	2016	2015	Movement
	Actual	LTP	LTP	Actual vs
	\$'000	\$'000	\$'000	LTP 2016
SOURCES OF OPERATING FUNDING				
General rates	2,860	2,835	2,686	
Targeted rates	823	816	617	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	5	-	-	
Internal charges and overheads recovered	-	-	-	
Other operating funding	-	5	-	
Total operating funding (A)	3,688	3,656	3,303	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	1,501	1,672	1,706	
Finance costs	-	-	-	
Internal charges applied	2,053	2,054	1,822	
Other operating funding applications	138	119	106	
Total application of operating funding (B)	3,692	3,845	3,634	
Surplus / (deficit) of operating funding (A-B)	(4)	(189)	(331)	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	-	-	-	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	-	-	-	
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	(1)	2	-	
Increase / (decrease) of investments	(3)	(191)	(331)	
Total applications of capital funding (D)	(4)	(189)	(331)	
Surplus / (deficit) of capital funding (C-D)	4	189	331	
Funding balance (A-B) + (C-D)	-	-	-	



Environmental services

This year the Council...

Processed 666

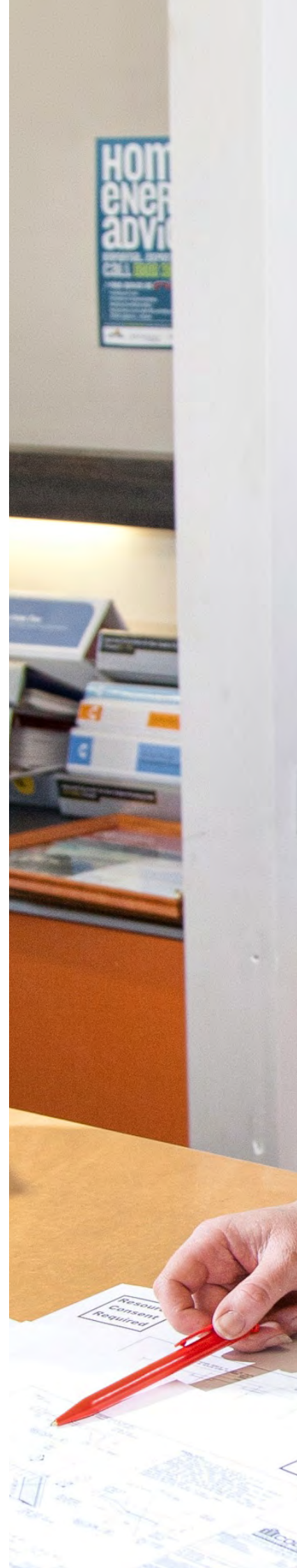
RESOURCE CONSENT APPLICATIONS

Issued 2,687

BUILDING CONSENTS

Registered 12,609

OF THE DISTRICTS DOGS





Key results...



98%
OF RESOURCE
CONSENTS ISSUED ON TIME



97%
OF BUILDING
CONSENTS ISSUED ON TIME



100%
OF KNOWN DOGS
ARE REGISTERED

92%



OF RESOURCE
CONSENT APPLICANTS
SATISFIED WITH PROCESS

52%



OF RESIDENTS
SATISFIED WITH PLANNING
FOR THE DISTRICT'S FUTURE
(31% NEUTRAL)

Environmental services

Overview

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

Building control

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

Building activity in Selwyn remains at a high level, partly reflecting the longer-term impacts of the Canterbury earthquakes of 2010-2011. Although direct repair and replacement of buildings has now diminished, demand continues to be driven by population growth including residents displaced from Christchurch, and new arrivals participating in the rebuild. Although Central Government is investigating changes to how the building control function is delivered (including a more centralised consenting process), the timing of any future changes is uncertain.

District Plan administration

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

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

Environmental health

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

Monitoring

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

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





What makes Selwyn a great place to live ...?

"I love living here, climate, nice people, the space, security, peace of mind, close to the city but with none of the negatives of the city."

(Selwyn resident: 2016 Residents' Survey)

Strategy and policy

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

One of the chief drivers for this strategic approach to managing growth is the Greater Christchurch Urban Development Strategy which covers the north eastern part of the District and includes the settlements of Lincoln, Prebbleton, Rolleston and West Melton. More recently the Council has been involved in the development of the Land Use Recovery Plan which provides clear direction where development should occur and what form it should take to support earthquake recovery. The Selwyn 2031: District Development Strategy which covers the balance of the District is a major initiative designed to investigate what opportunities existed and what the Council can do to create the desired future in the next 17 years.

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

Animal control

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

Activity goal

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

Council contribution to community outcomes

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

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

Negative effects of the activity

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

Statement of service performance

The Council met 23 out of 24 performance measures in the 2015/16 year for the environmental services activity.

Activity levels in the Council's consenting, registration and licensing services have increased noticeably in recent years. As the District's population grows, we've seen an increase in demand for every type of consent and licensing service – from building and resource consents to liquor licenses and dog registrations.

Animal control

Service performance in the animal control activity continues to be high with all known dogs registered by the end of June and 100% of urgent callouts were attended to within 2 hours and 100% of non-urgent callouts within 72 hours.

Building

Building and resource consent activity has shown another rise in demand over the past year. In the year to June 2016, a total of 2,687 building consents were issued. The number of resource consent applications processed also increased by 3% - up from 645 to 666. 98% of resource consent applications received in the past year were processed within the statutory timeframe. The Council processed 97% of building consents within statutory timeframes of 20 working days. The average time taken to process building consents was 11 working days (2015: 12 working days).

Environmental health and sale of liquor

All premises have been classified according to risk and all premises were inspected during the year.

Liquor licences were all issued within the timeframes set out in our performance targets. The Sale of Liquor Act provides for Police and the Ministry of Health (MOH) to file a report within 15 working days. If no report is returned after 20 working days then the District Licencing Agency (DLA) can assume no opposition and issue the licence. The timing of these reports influences the ability of the Council to issue liquor licences within our targeted timeframes.

Policy and strategy

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



Service targets for environmental services

Objective	Performance measure	Service target	Achievement
STRATEGY AND POLICY			
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.	Plan changes are completed and made operative within 2 years of notification.	100%	Achieved 100% (2015: Achieved)
	Private plan changes have a decision made on them within 2 years of notification.	100%	Achieved 100% (2015: Achieved)
	Applications for new designations or amendments to existing designations are processed within statutory timeframes	100%	Achieved 100% (2015: Achieved)
Engaging with local communities, developers and other interested parties to develop a strategic direction.	A suggested work programme is included on the Council agenda once a year (Annual Plan process). The Council decides which projects are advanced from the work programme per year. Update Council on the progress of projects at least once per month by including work programme on the Council agenda and updates at Planning Portfolio Holders meetings.	Achieved	Achieved (2015: Not achieved)
RESOURCE CONSENTS AND COMPLIANCE			
That activity within the Selwyn District is undertaken in line with community expectations as expressed through the District Plan making timely and quality decisions on Resource Consents.	Proportion of resource consents issued within Statutory time frames.	95%	Achieved 98% (2015: Not achieved)
To interact with Resource Consent Applicants in a manner which results in a high level of customer satisfaction.	Preparation of Environment Court Appeals Settled or found in Council's Favour.	70%	Achieved There were no Environment Court Appeals during the year. (2015: Achieved no appeals)
	Proportion of Resource Consent Applicants very satisfied or satisfied.	80%	Achieved 92% (2015: Achieved 85%)
BUILDING CONTROL			
All buildings within Selwyn District are constructed in accordance with legislative and community expectations by making timely and quality decisions on issues related to building consents and ensuing project construction.	Proportion of building consents issued within statutory time frames.	95%	Achieved 97% (2015: Not achieved 93%)
To interact with customers in a manner that results in a high level of customer satisfaction.	Proportion of Code Compliance Certificates issued within statutory time frames.	95%	Achieved 99% (2015: Not achieved 94%)
	Proportion of Building Consent Applicants satisfied or very satisfied.	90%	Not achieved 74% (2015: Achieved 91%)

ANIMAL CONTROL			
Registration of all known dogs.	Registration of all known dogs by 30 June each year.	100%	Achieved 100% (2015: Achieved 100%)
All complaints in regard to dog control are investigated in a timely manner.	Percentage of urgent callouts attended to within 2 hours.	99%	Achieved 100% (2015: Achieved 100%)
	Percentage of non-urgent callouts attended to within 72 hours.	100%	Achieved 100% (2015: Not achieved 98.5%)

ENVIRONMENTAL HEALTH			
All registered premises are operated in a manner that minimises any adverse effects on public health.	Verbal and written food complaints, enquiries and suspect and confirmed food poisoning incidents will be responded to promptly and within the same day including contacting the complainant or enquirer.	100%	Achieved 100% (2015: Not measured)
	Complaints received only in writing will be actioned within 3 working days depending on any human risk involved.	100%	Achieved 100% (2015: Not measured)
	All registered premises to be inspected and assessed at least once annually between the months of 1 July and 31 December.	100%	Achieved 100% (2015: Achieved)
All registered premises are operated in a manner that minimises any adverse effects on public health.	Verbal and written complaints, enquiries and nuisance complaints will be responded to promptly and within the same day including contacting the complainant or enquirer.	100%	Achieved 100% (2015: Not measured)
	Complaints received in writing will be actioned within 3 working days depending on any human risk involved.	100%	Achieved 100% (2015: Not measured)
	Complaints received in writing that have a potential to cause a risk to the consumer or become controversial will be actioned on the day of receipt including contacting the complainant or enquirer if available. If verbal contact cannot be made then a letter will be sent within 3 working days.	100%	Achieved 100% (2015: Not measured)
	Each notified disease is actioned on the day of receipt from Canterbury District Health Board (Community & Public Health). The initial procedure involves telephone contact with each individual case and if he or she is not available a standard notification letter is sent on the same day.	100%	Achieved 100% (2015: Not measured)
All registered premises are operated in a manner that minimises any adverse effects on public health.	All public swimming pools in the District will be inspected and assessed on an annual basis. These assessments will take place during the months of October – December or prior to use.	100%	Achieved 100% (2015: Not measured)
	All public shows and events within the District shall be visited on the day of the event for the purposes of food safety, public health and crowd control.	100%	Achieved 100% (2015: Not measured)

ALCOHOL LICENCING			
All licence applications are processed efficiently in accordance with legislative requirements.	Proportion of Special Licences issued within 15 working days of the receipt of reports filed by the Police and the Medical Officer of Health.	90%	Achieved 90% (2015: Achieved 99%)
	Proportion of all other uncontested licences issued within 20 working days of the receipt of a complete application.	90%	Achieved 90% (2015: Not achieved 40%)

Statistics for resource and building consents

Indicator	Number processed	Working days target	Target % within working days	% achieved within working days target	Average processing days
Subdivision consents – notified (with hearing)	-	-	100%	-	-
Subdivision consents – notified (no hearing)	-	-	-	-	-
Subdivision consents – limited notification (with hearing)	6	65	100%	100%	45
Subdivision consents – limited notification (no hearing)	-	-	-	-	-
Subdivision consents – non-notified (no hearing)	144	20	100%	96%	15
Land use consents – notified (with hearing)	1	130	-	100%	18
Land use consent – notified (no hearing)	-	50	-	-	-
Land use consent – limited notification (with hearing)	5	100	100%	100%	68
Land use consent – limited notification (no hearing)	14	65	100%	93%	49
Land use consent – non-notified (no hearing)	502	20	100%	99%	12
Building consents	2,687	20	100%	96.91%	11.46
Full code of compliance certificates	2,198	20	100%	99.14%	1.92

Environmental services funding impact statement

	2016	2016	2015	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2016
SOURCES OF OPERATING FUNDING				
General rates	4,402	4,364	3,735	
Targeted rates	-	-	-	
Subsidies and grants for operating purposes	72	102	49	
Fees and charges	7,834	7,174	4,650	Note 1
Internal charges and overheads recovered	-	-	-	
Other operating funding	51	-	-	
Total operating funding (A)	12,359	11,640	8,434	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	10,267	10,204	7,190	
Finance costs	-	-	-	
Internal charges applied	1,319	1,320	1,211	
Other operating funding applications	-	5	21	
Total application of operating funding (B)	11,586	11,529	8,422	
Surplus / (deficit) of operating funding (A-B)	773	111	12	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	-	-	-	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	588	20	-	Note 2
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	(105)	4	-	
Increase / (decrease) of investments	290	87	12	
Total applications of capital funding (D)	773	111	12	
Surplus / (deficit) of capital funding (C-D)	(773)	(111)	(12)	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 Fees and charges revenue is higher than the LTP largely due to the level of building activity in the District. Building consent revenue received during the year was \$4.4 million.

Note 2 Capital expenditure to meet additional demand is higher than the LTP due to the construction of a new dog pound not included in the LTP for the 2015/16 financial year.

Transportation

This year the Council...

Repaired 5,668
POTHOLES

Resealed 76km
ROADS


Improved
drainage on 140km
RURAL ROADS


Maintained 2,600km
OF ROADING NETWORK






Key results...

58% 
OF RESIDENTS
SATISFIED WITH URBAN ROADS
30% NEUTRAL

 **39%**
OF RESIDENTS
SATISFIED WITH RURAL ROADS
34% NEUTRAL

54% 
OF RESIDENTS
SATISFIED WITH CYCLEWAYS
24% NEUTRAL

 **85%**
OF FOOTPATHS
MEET SERVICE STANDARD

 **93%**
OF SEALED ROADS
MEET SERVICE STANDARD



What makes Selwyn a great place to live ...?

*"Great spaces available to walk, bike, play.
I use Hororata Domain and forest end of
Darfield ALL the time."*

(Selwyn resident: 2016 Residents' Survey)

Transportation

Overview

It's been a busy year on Selwyn's roads. Vehicles travel over 300 million kilometres a year on our local roads – an 80% increase since 2001. Over the past year contractors have been busy:

- Resealing 76km of roads.
- Completing work to remove high roadside edges on 140kms of rural roads to allow water to drain off the surface of the road. Water pooling on the road surface combined with heavy traffic contributes to potholes forming and edge damage. Contractors also cleaned 2,284km of kerb and channel along roadsides to improve road drainage.
- Completing road edge repairs along 47km of roads and dig out repairs on 38,456 square metres of road surface.
- Grading 9,947km of unsealed roads and placing gravel on unsealed roads.
- Repairing 5,668 potholes.
- Creating 2.6km of new cycleway between Coalgate and Glentunnel and 530 metres of new footpaths.
- 35km of new roads and 30km of new footpaths were vested with the Council by developers from new subdivisions. The ownership of these has now transferred to the Council and we will take over future maintenance.

Work to create a new roundabout at the intersection of Springston Rolleston Road and Broadlands Drive and extend Broadlands Drive to this point was also completed.

Extra funding approved in last year's Annual Plan allowed the Council to complete road rehabilitation work on 5.3km of road on sections of Leeston and Lake Road, Deans Road, Rockwood Road, Goulds Road, Springs Road and Marshs Road. Road rehabilitation is required when the road has suffered significant damage and the road base needs to be reconstructed, the surface levelled and resealed.

Over the next year, we will continue with our road maintenance and repair programme but will also be working to develop around 6 kilometres of new footpaths in a number of areas to link existing footpaths together.

Why is the Council involved?

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

Without an appropriate, well maintained, and connected transport network, the mobility of people, goods and services are put at risk which can adversely affect individuals, communities, and the District's prosperity. Providing a resilient transport network is an important role to manage the vulnerability of travellers and communities from a loss of transport connectivity when there are floods, snow or disasters like earthquakes that can close roads for significant periods cutting off lifelines to food supplies and other essential services. On a more day-to-day basis, rough roads and congestion can increase travel times and costs to operate vehicles and deliver freight. Safety is a fundamental objective across all transport activities, and while there is always some risk attached to using roads, this needs to be mitigated in a practical way through a combination of measures such as engineering improvements, education, and enforcement. The Council has to be involved in all these transport related facets to provide a co-ordinated and measured response over the combined activity. An example of this, from a safety perspective, is the Council's 'Selwyn Safety Strategy to 2020' which blends the government's '2010 Safer Journeys' national strategy with those issues and matters of priority to the Council and its community, on a local level. Council also has other transport strategies for the likes of walking and cycling, and those that deal with the effects of high growth and increasing traffic volumes in Eastern Selwyn. Included are road upgrade programmes on how to connect Stage 2 of the Southern Motorway Extension into the districts local roading network when it extends from Christchurch through to Rolleston commencing in 2016.

Working in collaboration with others

The Council does not work alone in meeting the District's transportation needs. It coordinates its activities with a wider regional group of other councils and the NZTA, to plan and integrate District and regional transportation networks. This is coordinated through the Regional Transport Committee run by The Canterbury Regional Council, which also has the responsibility to produce the Regional Land Transport Plan. The Regional Council also provides public transport services in partnership with the Council, who provides the necessary supporting infrastructure. There are also other organisations and advocacy groups that have an interest in transport matters, for example, freight, walking and cycling, public health, disability and mobility, and road safety. Their involvement adds value and a different perspective which improves transport planning and decision-making processes. Council is leading a process with other key stakeholders such as NZTA, Kiwi Rail and developers to identify and progress operational and road upgrades to service the Rolleston Industrial Zone (including the two "inland ports") to ensure freight can move efficiently and safely to and from this area to key transport routes and ports.

Activity goal

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

Council contribution to community outcomes

This activity contributes the following outcomes:

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

Statement of service performance

The Council has met ten out of fifteen performance measures in the 2015/16 year for the transportation activity.

The service request helpdesk system has continued to be well utilised and reflects that the public are well aware that it is available to communicate their transport related issues to Council. The Council has been actively promoting the helpdesk system and encouraging members of the community to report potholes and other minor defects on the network. The Council received 2,492 (2015: 2,136) public service requests in relation to road maintenance, works and operations during the financial year.

Urban roads received a performance rating in the residents' survey of 58% good or very good, slightly below our target of 60%. The Council achieved its targeted length of annual resurfacing by resealing 76km of our existing sealed roads during the year. Rural roads received a rating of 39% good or very good compared with our target of 30%. The 2015/16 financial year saw the continuation of the \$60 targeted rate for further roading repair and renewal works beyond what can be funded through nationally co-funded programmes. The benefits of this further investment in the roading network are expected to become more apparent as time goes on.

The residents' satisfaction survey provided a favourable result in footpaths of 56% rating satisfaction as good or very good. In recent times Council has been constructing new sections of footpath on busier roads and filling in gaps in the existing footpath network as part of an improvement programme originating from Council's Walking and Cycling Action Plan.

Work has continued during the year to improve road safety in the District. Council continues to actively promote driver awareness and safety through our road safety campaigns by highlighting the key risks to drivers along with encouraging positive behaviour change. There were 2 (2015: 6) deaths and 32 (2015: 38) serious casualties in the 2015/16 year. The main factors leading to these crashes are poor handling and observation, too fast for the conditions, alcohol, and failing to stop or give way.

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

Service targets for transportation

Objective	Performance measure	Service target	Achievement
Provide a well maintained, operated and affordable land transport system.	Response to service requests: The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan. (Mandatory Performance Measure)	>75% resolution within the timeframe specified.	Not achieved 66% of service requests were responded to within 5 days. (2015: Not measured)
	The proportion of residents rating the performance in the Resident Survey as good or very good.	Urban Roads ≥60%	Not achieved 58% (2015: Not achieved)
		Rural Roads ≥30%	Achieved 39% (2015: Not achieved)
		Footpaths ≥55%	Achieved 56% (2015: Not achieved)
		Cycleways ≥35%	Achieved 54% (2015: Not achieved)
	Condition of the sealed road network: The average quality of ride on a sealed local road network, measured by smooth travel exposure. (This Mandatory Performance Measure indicates the percentage of the network that complies with a maximum roughness target for a particular level of road.) <i>Note: The last roughness count was measured in August 2014. The next roughness count will be reported in the 2016/17 Annual Report. Traffic volumes are continuously updated throughout year and are used to report the results of the smooth travel exposure measure.</i>	Urban roads ≥90%	Achieved 93% (2015: 93% - note this was not a performance target in the 2014/15 year)
		Rural roads ≥95%	Achieved 99% (2015: 99% - note this was not a performance target in the 2014/15 year)
		All roads ≥95%	Achieved 98% (2015: 97% - note this was not a performance target in the 2014/15 year)
	Maintenance of a sealed local road network: The percentage of the sealed local road network that is resurfaced. (Mandatory Performance Measure)	≥6.3% (70km)	Achieved 76.2km (2015: Not measured)

Objective	Performance measure	Service target	Achievement
	Condition of footpaths within the local road network: The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual work program or long term plan). (Mandatory Performance Measure)	≥70%	Achieved 85% (2015: Not measured)
Cater for any significant projected traffic increases in a sustainable manner.	The percentage of individual large capital projects* generally completed in the year that they were programmed to occur.	≥75%	Not achieved. 4 of 6 (67%) planned projects* were completed during the year. (Two planned projects were deferred to incorporate into larger work packages in 2016/17). (2015: Not achieved 74% 14 of 19 projects)
Pedestrians, cyclists and motor vehicle users can safely move around the Selwyn District.	Road Safety: The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number. (Mandatory Performance Measure). <i>Note: Reported results are obtained from the NZTA Crash Analysis System (CAS). Reported results may vary as the CAS system is continually updated throughout the year.</i>	Progressively reducing number of fatal and serious crashes.	Achieved 2 deaths and 32 serious injuries. (2015: Not achieved)
	The proportion of residents rating the performance rating of promotion of road safety in the Resident Survey as good or very good.	≥55%	Not achieved 53% (2015: Not achieved)
	The proportion of residents rating the performance rating of making district roads and intersections safer in the Resident Survey as good or very good.	≥40%	Achieved 47% (2015: Achieved)
Contribute to an integrated and responsive local and regional transportation system.	Attendance at relevant Regional Transport Committee (RTC) and Regional Transport Officers Group (TOG) meetings and forums.	≥95%	Not achieved 8 out of 9 attended (90%) (2015: Not achieved 90%)

* Large capital projects include capital projects greater than \$50,000.

Transportation funding impact statement

	2016	2016	2015	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2016
SOURCES OF OPERATING FUNDING				
General rates	4,928	4,885	5,718	
Targeted rates	1,119	1,092	-	
Subsidies and grants for operating purposes	2,846	2,780	2,093	Note 1
Fees and charges	-	-	-	
Internal charges and overheads recovered	-	-	-	
Other operating funding	188	180	192	
Total operating funding (A)	9,081	8,937	8,003	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	6,981	6,571	4,705	Note 2
Finance costs	541	928	1,351	Note 3
Internal charges applied	1,440	1,450	1,218	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	8,962	8,949	7,274	
Surplus / (deficit) of operating funding (A-B)	119	(12)	729	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	3,362	3,063	1,842	Note 1
Development and financial contributions	2,063	1,260	804	Note 4
Increase / (decrease) in debt	(5,769)	9,231	2,623	Note 5
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	(344)	13,554	5,269	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	3,273	3,210	1,368	
Capital expenditure to improve the level of service	789	1,234	871	Note 6
Capital expenditure to replace existing assets	5,287	5,343	3,980	
Increase / (decrease) in reserves	(5,492)	216	(175)	
Increase / (decrease) of investments	(4,082)	3,539	(46)	
Total applications of capital funding (D)	(225)	13,542	5,998	
Surplus / (deficit) of capital funding (C-D)	(119)	12	(729)	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 Subsidies and grants for operating and capital expenditure is higher than the LTP due to higher levels of subsidies received from NZTA than originally budgeted. The variance relates partly to the NZTA share of the Lincoln to Rolleston cycle way cost which was approved by NZTA after the LTP was adopted, as well as increased reseal work being completed during the year.

Note 2 Payments to staff and suppliers is higher than the LTP due to additional sealed pavement maintenance and environmental maintenance work completed during the year.

Note 3 Finance costs are lower than the LTP due to lower borrowings than originally budgeted. The lower borrowing is due to the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.

Note 4 Development contributions revenue is higher than the LTP due to substantial growth in the District.

Note 5 Debt has decreased due to the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.

Note 6 Capital expenditure to improve the level of service is lower than the LTP due to the timing of completion of some roading projects including projects carried over for completion in the 2016/17 financial year.

Solid waste management

This year the Council...


Collected waste
from 18,000 households

Collected
8,800 TONNES OF RUBBISH
3,180 TONNES OF ORGANICS
5,000 TONNES OF RECYCLING
FROM KERBSIDES

Processed
25,000 tonnes
ALL TYPES OF WASTE THROUGH THE
RESOURCE RECOVERY PARK




Key results...



94%
OF RESIDENTS
SATISFIED WITH RUBBISH
COLLECTION



92%
OF RESIDENTS
SATISFIED WITH RECYCLING
COLLECTION



86%
OF RESIDENTS
SATISFIED WITH ORGANICS
COLLECTION



35%
OF RESIDENTS
USED THE RESOURCE
RECOVERY PARK



Solid waste management

Overview

The Council provides a variety of services related to the management of waste in the more populous parts of the District, covering more than 18,000 households. Essentially, waste is mostly collected through the rubbish, recycling and organic kerbside collection system. The remainder of the waste, recycling and organics is taken directly by residents to the Pines Resource Recovery Park. Residents pay for the service through a mix of targeted and compulsory rates.

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

Why is the Council involved?

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

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

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

Waste collection services

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

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

Residual waste disposal facilities

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

Working in collaboration with others

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

Activity goal

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

Council contribution to community outcomes

This activity contributes the following outcomes:

- A clean environment
- A healthy community

Statement of service performance

The Council met its performance measures in the solid waste activity except for the amount of residual waste to landfill compared with the previous year. There was an increase in the amount of residual waste per head of population compared with the previous financial year. This is due to waste generated during the construction of new homes in the District, as well as significantly lower disposal fees when compared with Christchurch City, potentially encouraging out-of-district waste.

In the Selwyn District, residents can use the kerbside collection service or take their organic, recyclable and residual waste to the Pines Resource Recovery Park (RRP) in Rolleston. Community satisfaction is high with the Council's kerbside rubbish, recycling and organic collection services attracting ratings of good or very good of 94%, 92%, and 86% respectively. In addition 35% of surveyed residents use the Resource Recovery Park. The proportion of residents using the RRP decreased in 2016 compared with 42% in 2015 and 41% in 2014. This decrease in percentage is thought to be associated with the growth in the District being accommodated in newly constructed housing. Residents moving into new housing mostly arrive from outside the District and tend to have disposed of bulky refuse prior to moving. Growth has also predominantly been in urban areas that are well catered for with kerbside bin collections.

Service targets for solid waste management

Objective	Performance measure	Service target	Achievement
The Council provides a quality service for the community where charges cover costs.	Residents' satisfaction rating good or very good in the residents' survey.	Rubbish collection $\geq 85\%$	Achieved 94% (2015: Achieved 93%)
		Recycling $\geq 85\%$	Achieved 92% (2015: Achieved 94%)
		Organic waste collection $\geq 65\%$	Achieved 86% (2015: Achieved 86%)
The Council protects the environment from illegal dumping.	The proportion of households using the Pines Resource Recovery Park.	25%	Achieved 35% (2015: Achieved 42%)
The solid waste service is effective and efficient.	Number of formal complaints received per annum related to solid waste service.	≤ 15	Achieved 1 formal complaint was received during the year. (2015: Achieved no written complaints)
The Council's service is sustainable.	Numbers of customers changing to private providers.	$\leq 5\%$	Achieved No customers changed to private providers during the year. (2015: Achieved 1 change)
Waste minimisation is achieved by reducing the amount of residual waste.	The annual reduction in the amount of residual waste per head of population.	5% reduction in kg per head of waste to landfill compared with the previous year.	Not achieved 4.6% increase due to increase in new home construction. (2015: Not achieved 7.9% increase)

Solid waste management funding impact statement

	2016	2016	2015	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2016
SOURCES OF OPERATING FUNDING				
General rates	-	-	-	
Targeted rates	5,275	5,241	3,745	
Subsidies and grants for operating purposes	-	15	15	
Fees and charges	2,689	1,998	1,422	Note 1
Internal charges and overheads recovered	-	-	-	
Other operating funding	-	-	-	
Total operating funding (A)	7,964	7,254	5,183	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	6,252	6,377	4,664	
Finance costs	-	-	-	
Internal charges applied	350	352	347	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	6,602	6,729	5,011	
Surplus / (deficit) of operating funding (A-B)	1,362	525	172	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	-	-	-	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	32	517	55	Note 2
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	-	-	-	
Increase / (decrease) of investments	1,330	8	116	
Total applications of capital funding (D)	1,362	525	172	
Surplus / (deficit) of capital funding (C-D)	(1,362)	(525)	(172)	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 Fees and charges revenue is higher than the LTP due to higher usage of the Pines Resource Recovery Park.

Note 2 Capital expenditure to meet additional demand is lower than the LTP due to projects being carried over for completion in the 2016/17 financial year.

5 waters services

This year the Council...

Supplied

7.8 million cubic metres

OF WATER TO HOUSEHOLDS

Treated

2.2 million cubic metres

OF WASTEWATER

Maintained

1,100km OF WATER MAINS

160km OF STORMWATER MAINS

317km OF WASTEWATER MAINS

370km OF DRAINS FOR LAND DRAINAGE

1,725km OF WATER RACES



Key results...



73%
OF RESIDENTS
SATISFIED WITH WATER
SUPPLIES



74%
OF RESIDENTS
SATISFIED WITH SEWERAGE
& WASTEWATER

54%



OF RESIDENTS
SATISFIED WITH URBAN
STORMWATER

77%



OF RESIDENTIAL
PROPERTIES SERVICED
WITH WATER SUPPLY

99.9%



COMPLIANCE WITH DRINKING
WATER STANDARDS



What makes Selwyn a great place to live ...?

"Love the proximity to the many services on offer and the city, while at the same time being able to look out onto open spaces and hills from home and hear sheep baaing in the paddocks nearby."

(Selwyn resident: 2016 Residents' Survey)

5 waters services

Activities covered

Community water supplies	30 schemes (public health)
Land drainage	10 schemes (making land farmable)
Stormwater urban	22 schemes (urban stormwater management)
Water races rural and urban	3 schemes (stock water, amenity, habitat)
Community wastewater schemes	15 schemes and ESSS (public health)

Overview

The availability of clean safe to drink water and the safe disposal of waste water are fundamental to the health and welfare of the Selwyn community. The 5 Waters service provides clean safe to drink water for households and removal of sewage and rain water in a way that protects the health of the population and natural environment. The 5 Waters service also provides river water for livestock and drains certain land so that it is usable. These services are provided through 80 separately rated water based schemes within the District. The 5 Waters assets are valued at \$455 million with water supplies valued at \$107 million, sewerage schemes \$178 million, stormwater \$42 million, land drainage \$42 million and water races \$85 million.

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

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

Why is the Council involved?

The Council is in the best position to respond to the expectations of the communities it serves and to translate these needs into levels of service, which have funding options accompanying them, for public scrutiny and comment. The Local Government Act 2002 clearly sets out how the Council must consult with residents over significant decisions and this ensures the community has a major decision making role. The 5 Waters assets are listed as 'Strategic' in the 2015/2025 Long Term Plan for the very reason that failure of these services has a devastating and far-reaching effect on the District. The Council is well positioned to take a major leadership role in planning and managing the assets and networks that deliver these essential services.

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

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

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

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

Activity goal

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

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

Council contribution to community outcomes

This activity contributes the following outcomes:

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

Statement of service performance

Safe drinking water

The Council achieved 99.8% and 99.9% compliance for E-Coli in water leaving the treatment plant, and water in the distribution systems respectively. This great result is an outcome of the water treatment plant upgrades.

Firefighting (urban fire districts)

64% of the urban fire district area is within 135m of one fire hydrant and 270m of two fire hydrants which is above our target value of 60%.

Water quantity

Selwyn residents tend to be high users of water, using an average of 0.5m³ of water per person a day in the 2015/16 year. This can be attributed to mostly outdoor use – residents tend to have larger sections and therefore wish to maintain these sections, with comparatively low rainfall and free draining soils water use has historically been high. The Council has a role to play in continuing to educate the community on water conservation, with a long term view to changing behaviour on water consumption.

Serviced area and operating costs

77% of residential properties in Selwyn are serviced with water and 58% of residential properties are serviced by the Council's waste water systems. The average operating cost per serviced property for water services provided in the District is \$324 per year for water and \$346 per year for wastewater both below our targeted costs for these services.

Compliance with resource consents

During the 2015/16 year there were no: abatement notices; infringement notices; enforcement orders or convictions received for any of the Councils water services.

Dry weather sewer overflows

The Council attended to a number of dry weather sewage overflows. The target was less than 1 overflow per 1000 properties. There were 2 gravity reticulation overflows and 11 which were related to minor leaks from air release valves. The final result was 1.3 overflows per 1000 rated properties.

Service targets for 5 waters activities

Objective	Performance measure	Service target	Achievement
LAND DRAINAGE			
Nuisance effects from water services are minimised.	Proportion of residents rating the land drainage system good or very good.	≥40%	Achieved 44% (2015: Not measured)
	The number of complaints received about the performance of the Land Drainage system, expressed per 1000 rated properties.	Less than 10	Achieved 1.71 (2015: Not measured)
Water services are provided in a cost effective manner.	Total average operating cost per serviced property for Land Drainage.	≤\$95	Achieved \$79 (2015: Not measured)
STORMWATER			
Adverse effects of water services on the environment are minimised.	Compliance with resource consents for discharge from the stormwater system measured by the number of: a) abatement notices; b) infringement notices c) enforcement orders; and d) convictions Received from Environment Canterbury. (Mandatory Performance Measure)	a) Nil b) Nil c) Nil d) Nil	Achieved (Nil) Achieved (Nil) Achieved (Nil) Achieved (Nil) (2015: Not measured)
Nuisance effects of water services are minimised.	Proportion of residents rating the stormwater system good or very good.	≥40%	Achieved 54% (2015: Achieved)
	The number of complaints received about the performance of the stormwater system, expressed per 1000 rated properties. (Mandatory Performance Measure)	Less than 10	Achieved 6.19 (2015: Not measured)
	The median response time to attend a flooding event measured from the time that personnel receives notification to the time that service personnel reach the site. (Mandatory Performance Measure)	Less than 1 hour for urgent flooding events.	Achieved Nil (2015: Not measured)
	The number of flooding events that occur as a result of overflow from the stormwater system that enters a habitable floor. (Mandatory Performance Measure)	Nil in less than 50 year storm events.	Achieved Nil (2015: Not measured)
	For each flooding event, the number of habitable floors affected, expressed per 1,000 properties connected to the stormwater system. (Mandatory Performance Measure)	Nil per 1,000 connected properties in less than 50 year storm events	Achieved Nil (2015: Not measured)
	Total average operating cost per serviced property for Stormwater.	≤\$85	Achieved \$78 (2015: Not measured)

Objective	Performance measure	Service target	Achievement
WASTEWATER			
Adverse effects of water services on the environment are minimised.	Compliance with resource consents for discharge from the wastewater system measured by the number of: a) abatement notices; b) infringement notices c) enforcement orders; and d) convictions Received from Environment Canterbury. (Mandatory Performance Measure)	a) Nil b) Nil c) Nil d) Nil	Achieved (Nil) Achieved (Nil) Achieved (Nil) Achieved (Nil) (2015: Not measured)
Nuisance effects of water services are minimised.	Proportion of residents rating the wastewater system good or very good.	≥60%	Achieved 74% (2015: Achieved)
	The total number of complaints received about sewage odour, blockages and system faults, expressed per 1000 rated properties. (Mandatory Performance Measure)	Less than 15.	Achieved 3.33 (2015: Not measured)
Problems with water services are addressed in a timely manner and prioritised according to risk and need.	Where personnel attend wastewater overflows resulting from a blockage or other fault in the wastewater system. The median response time measures the: a) attendance time: from the time that the personnel receives notification to the time that service personnel reach the site; b) resolution time: from the time that the personnel receives notification to the time that service personnel confirm resolution of the blockage or other fault. (Mandatory Performance Measure)	a) Less than 1 hour b) Less than 24 hours	Achieved (0 hours) Achieved (2 hours) (2015: Not measured)
Service capacity is provided to accommodate growing communities, where this growth is sustainable.	The proportion of residential properties serviced by wastewater services within the district expressed as a percentage of total residential properties.	≥55%	Achieved 58% (2015: Achieved 55%)
The community is provided with water services to a standard that protects their health and property.	The number dry weather wastewater overflows from the wastewater system, expressed per 1000 rated properties. (Mandatory Performance Measure)	Less than 1 overflow.	Not achieved 1.3 (2 gravity system surcharge, 11 minor air release valve leakages)
Water services are provided in a cost effective manner.	Total average operating cost per serviced property for wastewater.	≤\$400	Achieved \$346 (2015: Achieved)
WATER SUPPLY			
Adverse effects of water services on the environment are minimised.	Compliance with resource consents for surface water takes for water supplies measured by the number of: a) abatement notices; b) infringement notices c) enforcement orders; and d) convictions Received from Environment Canterbury. (Mandatory Performance Measure)	a) Nil b) Nil c) Nil d) Nil	Achieved (Nil) Achieved (Nil) Achieved (Nil) Achieved (Nil) (2015: Not measured)

Objective	Performance measure	Service target	Achievement
Nuisance effects of water services are minimised.	Proportion of residents rating the water supplies good or very good.	≥60%	Achieved 73% (2015: Achieved)
	The total number of complaints received about drinking water clarity, continuity of supply, odour, taste, pressure and flow, expressed per 1000 rated properties. (Mandatory Performance Measure)	Less than 15.	Achieved 5.47 (2015: Not measured)
Problems with water services are addressed in a timely manner and prioritised according to risk and need.	Where personnel attend a non-urgent call-out in response to a fault or unplanned interruption in the reticulation system. The median response times measures the: a) attendance time: from the time that personnel receive notification to the time that service personnel reach the site; b) resolution time: from the time that personnel receive notification to the time that service personnel confirm resolution of the fault or interruption. (Mandatory Performance Measure)	a) Less than 24 hours b) Less than 120 hours	a) Achieved 40 minutes b) Achieved 25 hours
	Where personnel attend an urgent call-out in response to a fault or unplanned interruption in the reticulation system. The median response times measures the: a) attendance time: from the time that personnel receive notification to the time that service personnel reach the site; b) resolution time: from the time that personnel receive notification to the time that service personnel confirm resolution of the fault or interruption. (Mandatory Performance Measure)	a) Less than 4 hours b) Less than 48 hours	a) Achieved 34 minutes b) Achieved 24 hours
Service capacity is provided to accommodate growing communities, where this growth is sustainable.	The proportion of residential properties serviced by water supplies within the district expressed as a percentage of total residential properties.	≥75%	Achieved 77% (2015: Not measured)
	The percentage of real water loss from the water reticulation system in urban schemes. (Mandatory Performance Measure)	Value to be reported.	19.4% (2015: Not measured)
	The proportion of an urban fire district area within 135m of one fire hydrant and 270m of two fire hydrants.	Greater than 60% of the district	Achieved 64% [fire zone extended in Rolleston] (2015: Achieved 68%)
	The average consumption of drinking water per day per resident. (Mandatory Performance Measure)	Less than 1.3m ³ per person per day within urban schemes	Achieved 0.5m ³ per day (2015: Not measured)

Objective	Performance measure	Service target	Achievement
	The extent to which the drinking water supplies comply with the drinking water standards for bacteria compliance. (Mandatory Performance Measure)	≥97% of monitoring samples comply, at both the treatment plant and within the reticulation, across the district	Achieved Treatment: 99.8% Reticulation: 99.9% (2015: Not measured)
	The extent to which the drinking water supplies comply with the drinking water standards for protozoal compliance. (Mandatory Performance Measure)	≥40% of the treatment plant sites are compliant across the district.	Achieved 52% (2015: Not measured)
Water services are provided in a cost effective manner.	Total average operating cost per serviced property for water supply.	≤\$360	Achieved \$324 (2015: Achieved)

WATER RACES

Nuisance effects of water services are minimised.	Proportion of residents rating the water race system good or very good.	≥30%	Achieved 50% (2015: Achieved)
	The total number of complaints received about continuity of supply, expressed per 1000 rated properties.	Less than 200.	Achieved 30 (2015: Not measured)
Problems with water services are addressed in a timely manner and prioritised according to risk and need.	Where personnel attends an urgent blockage or other fault in the water race system. The median response times measures the: a) Attendance time: from the time that personnel receives notification to the time that service personnel reach the site; b) Resolution time: the time that personnel receives notification to the time that service personnel confirm the resolution of the blockage or other fault.	a) Less than 4 hours b) Less than 48 hours	a) Achieved 2 hours 23 minutes b) Achieved 3 hours 53 minutes
Water services are provided in a cost effective manner.	Total average operating cost per serviced property for water races.	≤\$180	Achieved \$161 (2015: Not measured)
Adverse effects of water services on the environment are minimised.	Compliance with resource consents for surface water takes for water supplies measured by the number of: a) abatement notices; b) infringement notices c) enforcement orders; and d) convictions Received from Environment Canterbury	a) Nil b) Nil c) Nil d) Nil	Achieved (Nil) Achieved (Nil) Achieved (Nil) Achieved (Nil) (2015: Not measured)

Community water supplies funding impact statement

	2016	2016	2015	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2016
SOURCES OF OPERATING FUNDING				
General rates	-	-	-	
Targeted rates	5,510	5,081	3,798	Note 1
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	135	-	481	
Internal charges and overheads recovered	1,136	1,136	822	
Other operating funding	35	-	-	
Total operating funding (A)	6,816	6,217	5,100	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	3,214	3,787	2,114	Note 2
Finance costs	-	-	-	
Internal charges applied	2,271	2,272	1,644	
Other operating funding applications	11	-	-	
Total application of operating funding (B)	5,496	6,059	3,758	
Surplus / (deficit) of operating funding (A-B)	1,320	158	1,343	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	747	2,420	186	Note 3
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	747	2,420	186	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	3,237	2,400	-	Note 4
Capital expenditure to improve the level of service	846	878	118	
Capital expenditure to replace existing assets	1,085	1,352	649	
Increase / (decrease) in reserves	(1,516)	1,667	1,057	
Increase / (decrease) of investments	(1,585)	(3,719)	(296)	
Total applications of capital funding (D)	2,067	2,578	1,529	
Surplus / (deficit) of capital funding (C-D)	(1,320)	(158)	(1,343)	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 Targeted rates revenue is higher than the LTP due to substantial growth in the District.

Note 2 Payments to staff and suppliers is lower than the LTP due to operational projects being carried forward from 2015/16 for completion in 2016/17.

Note 3 Development contributions revenue is lower than the LTP due to the timing of revenue being received following the introduction of the new charges from 1 July 2015.

Note 4 Capital expenditure to meet additional demand is higher than the LTP due to the completion of Prebbleton water supply improvements \$595,000 earlier than previously planned.

Community wastewater funding impact statement

	2016	2016	2015	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2016
SOURCES OF OPERATING FUNDING				
General rates	-	-	-	
Targeted rates	4,644	4,495	4,070	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	629	203	218	Note 1
Internal charges and overheads recovered	640	640	447	
Other operating funding	-	-	-	
Total operating funding (A)	5,913	5,338	4,736	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	3,249	3,860	2,954	Note 2
Finance costs	1,400	2,403	3,940	Note 3
Internal charges applied	1,284	1,280	894	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	5,933	7,543	7,788	
Surplus / (deficit) of operating funding (A-B)	(20)	(2,205)	(3,053)	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	10,345	7,190	3,008	Note 4
Increase / (decrease) in debt	(7,945)	4,300	-	Note 5
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	2,400	11,490	3,008	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	1,932	7,726	-	Note 6
Capital expenditure to improve the level of service	563	1,754	-	Note 7
Capital expenditure to replace existing assets	141	991	2,922	Note 8
Increase / (decrease) in reserves	(1,488)	859	(2,174)	
Increase / (decrease) of investments	1,232	(2,045)	(793)	
Total applications of capital funding (D)	2,380	9,285	(45)	
Surplus / (deficit) of capital funding (C-D)	20	2,205	3,053	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 Fees and charges revenue is higher than the LTP is largely due to trade waste revenue totalling \$260,000 being received during the year.

Note 2 Payments to staff and suppliers is lower than the LTP due to operational projects being carried forward for completion in the 2016/17 financial year, including design work on the expansion of the Eastern Selwyn Sewerage Scheme.

Note 3 Finance costs are lower than the LTP due to lower borrowings than originally budgeted. The lower borrowing is due to the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.

Note 4 Development contributions revenue is higher than the LTP due to substantial growth in the District.

Note 5 Debt has decreased due to the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.

Note 6 Capital expenditure to meet additional demand is lower than the LTP due to the timing of completion of expansions to the Eastern Selwyn Sewerage Scheme.

Note 7 Capital expenditure to improve the level of service is lower than the LTP due to projects being carried forward for completion in the 2016/17 financial year.

Note 8 Capital expenditure to replace existing assets is lower than the LTP due to projects being carried forward for completion in the 2016/17 financial year.

Community stormwater funding impact statement

	2016	2016	2015	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2016
SOURCES OF OPERATING FUNDING				
General rates	-	-	-	
Targeted rates	694	735	452	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	-	-	-	
Internal charges and overheads recovered	-	-	-	
Other operating funding	-	-	-	
Total operating funding (A)	694	735	452	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	616	709	391	
Finance costs	137	160	249	
Internal charges applied	235	237	143	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	988	1,106	783	
Surplus / (deficit) of operating funding (A-B)	(294)	(371)	(331)	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	190	209	227	
Increase / (decrease) in debt	(150)	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	40	209	227	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	9	985	231	Note 1
Capital expenditure to improve the level of service	553	1,360	-	Note 2
Capital expenditure to replace existing assets	3	42	-	
Increase / (decrease) in reserves	61	(303)	-	
Increase / (decrease) of investments	(880)	(2,246)	(335)	
Total applications of capital funding (D)	(254)	(162)	(104)	
Surplus / (deficit) of capital funding (C-D)	294	371	331	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 Capital expenditure to meet additional demand is lower than the LTP due to projects being carried forward for completion in the 2016/17 financial year.

Note 2 Capital expenditure to improve the level of service is lower than the LTP due to projects being carried forward for completion in the 2016/17 financial year.

Water races and land drainage funding impact statement

	2016	2016	2015	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2016
SOURCES OF OPERATING FUNDING				
General rates	43	43	16	
Targeted rates	1,917	1,981	1,811	
Subsidies and grants for operating purposes	35	-	-	
Fees and charges	442	294	183	
Internal charges and overheads recovered	325	325	280	
Other operating funding	-	-	-	
Total operating funding (A)	2,762	2,643	2,290	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	1,960	2,175	1,602	
Finance costs	-	-	-	
Internal charges applied	648	650	560	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	2,608	2,825	2,163	
Surplus / (deficit) of operating funding (A-B)	154	(183)	127	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	-	-	-	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	44	-	-	
Capital expenditure to improve the level of service	-	1,241	54	Note 1
Capital expenditure to replace existing assets	66	10	4	
Increase / (decrease) in reserves	300	-	(1)	
Increase / (decrease) of investments	(256)	(1,434)	71	
Total applications of capital funding (D)	154	(183)	127	
Surplus / (deficit) of capital funding (C-D)	(154)	183	(127)	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 Capital expenditure to improve the level of service is lower than the LTP due to projects to construct fish screens being carried forward for completion in the 2016/17 financial year.



Izone Southern Business Hub

Progress this year...

STAGE 7 RELEASED

17 LOTS, 41.5 HECTARES

15 HECTARE

METROPORT FREIGHT HUB OPENED



Key results...

SOLD

34.4
HECTARES
SOLD

(2014/15 & 2015/16)



MORE THAN

60

**BUSINESSES NOW
LOCATED IN IZONE**





Izone Southern Business Hub

Overview

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

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

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

Why is the Council involved?

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

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

Activity goal

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

Council contribution to community outcomes

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

Statement of service performance

The Council has achieved the budgeted sales target of 10 hectares on average per year. The Council brought forward the development of Stage 6 and 7 and has continued the development during 2015/16. Demand continues to be strong with high sales activity expected for the 2016/17 financial year.

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

Service targets for Izone Southern Business Hub

Objective	Performance measure	Service target	Achievement
To provide employment opportunities by selling an average of 10ha of land on an annual basis.	Sale of 10 ha on average per year.	10 ha	Achieved 6.4 hectares of land was sold during the year with 28 hectares sold in 2014/15. On average the Council has sold 17.2 hectares per year over the last two years. (2015: Achieved 28 hectares)

Izone Southern Business Hub funding impact statement

	2016	2016	2015	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2016
SOURCES OF OPERATING FUNDING				
General rates	-	-	-	
Targeted rates	-	-	-	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	19	31	-	
Internal charges and overheads recovered	-	-	-	
Other operating funding	13	-	-	
Total operating funding (A)	32	31	-	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	1,713	1,615	1,186	
Finance costs	95	-	1,534	
Internal charges applied	-	-	-	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	1,808	1,615	2,720	
Surplus / (deficit) of operating funding (A-B)	(1,776)	(1,584)	(2,720)	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	-	-	(10,000)	
Gross sales proceeds from sale of assets	8,987	10,774	14,542	Note 1
Total sources of capital funding (C)	8,987	10,774	4,542	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	8,363	27,800	-	Note 2
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	-	-	-	
Increase / (decrease) of investments	(1,152)	(18,610)	1,822	
Total applications of capital funding (D)	7,211	9,190	1,822	
Surplus / (deficit) of capital funding (C-D)	1,776	1,584	2,720	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 Gross sales proceeds from sale of assets are lower than the LTP due to the timing of the sale of commercial property at the Izone Southern Business Hub.

Note 2 Capital expenditure to meet additional demand is lower than the LTP due to the construction of stage 7 starting in 2014/15 earlier than originally planned and the construction of a commercial property being carried forward for completion in 2016/17.





Internal Council services

Support services

Internal support and administration functions exist to assist the Council's significant activities in the delivery of outputs and services with the exception of taxation expense. The cost of all support services (overheads) is allocated to each of the Council's significant activities on a cost basis.

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

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

Working in collaboration with others

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

Internal Council services funding impact statement

	2016	2016	2015	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2016
SOURCES OF OPERATING FUNDING				
General rates	(7,045)	(7,270)	(6,616)	
Targeted rates	579	562	320	
Subsidies and grants for operating purposes	-	130	7	
Fees and charges	1,714	1,742	2,518	
Internal charges and overheads recovered	12,021	12,084	10,011	
Other operating funding	13,485	7,996	6,758	Note 1
Total operating funding (A)	20,754	15,244	12,998	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	11,128	11,020	9,015	
Finance costs	222	494	1,363	
Internal charges applied	1,395	1,427	1,246	
Other operating funding applications	55	144	164	
Total application of operating funding (B)	12,800	13,085	11,788	
Surplus / (deficit) of operating funding (A-B)	7,954	2,159	1,210	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	(4,973)	9,785	(5,000)	Note 2
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	(4,973)	9,785	(5,000)	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	580	715	528	
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	41	-	-	
Increase / (decrease) in reserves	(220)	76	-	
Increase / (decrease) of investments	2,580	11,153	(4,318)	
Total applications of capital funding (D)	2,981	11,944	(3,790)	
Surplus / (deficit) of capital funding (C-D)	(7,954)	(2,159)	(1,210)	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 Other operating funding revenue is higher than the LTP due to higher interest revenue received on cash balances held. Dividend revenue is also higher than the LTP due to special dividends received from both Sicon Limited and Orion New Zealand Limited.

Note 2 Debt has decreased due to the reduction in the requirement to borrow due to higher Council revenue than originally budgeted.

Financial reporting



Introduction

Statement of compliance and responsibility

Compliance

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

Responsibility

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

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

In the opinion of the Council and management of Selwyn District Council, the annual financial statements for the year ended 30 June 2016 fairly reflect the financial position and operations of the Selwyn District Council.



Sam Broughton
Mayor of Selwyn District



David Ward
Chief Executive



Greg Bell
Corporate Services Manager

26 October 2016

Funding impact statement

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

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

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

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

	2016	2016	2015	2015
	ACTUAL	ANNUAL PLAN	ACTUAL	ANNUAL PLAN
	\$'000	\$'000	\$'000	\$'000
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charge, rate penalties	14,960	14,542	13,792	12,837
Targeted rates	27,464	26,894	24,527	23,384
Subsidies and grants for operating purposes	3,117	3,249	3,528	2,719
Fees and charges	15,450	14,957	15,408	14,369
Interest and dividends from investments	13,343	7,996	10,837	7,529
Other operating funding	657	192	296	197
Total operating funding (A)	74,991	67,830	68,388	61,035
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	58,404	61,854	53,646	53,817
Finance costs	3,081	4,898	3,652	5,235
Other operating funding applications	334	444	3,651	457
Total application of operating funding (B)	61,819	67,196	60,949	59,509
Surplus / (deficit) of operating funding (A-B)	13,172	634	7,439	1,526
SOURCES OF CAPITAL FUNDING				
Subsidies for capital expenditure	3,505	3,063	2,576	2,100
Development and financial contributions	22,042	13,753	23,252	17,139
Increase / (decrease) in debt	(19,864)	29,519	(20,051)	22,070
Gross sales proceeds from sale of assets	9,795	19,287	32,909	13,640
Total sources of capital funding (C)	15,478	65,622	38,686	54,949
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	26,592	55,210	16,010	52,600
Capital expenditure to improve the level of service	4,317	16,100	4,586	8,033
Capital expenditure to replace existing assets	7,682	9,688	7,810	9,221
Increase / (decrease) in reserves	(6,358)	1,854	9,499	(6,289)
Increase / (decrease) of investments	(3,583)	(16,596)	8,220	(7,090)
Total applications of capital funding (D)	28,650	66,256	46,125	56,475
Surplus / (deficit) of capital funding (C-D)	(13,172)	(634)	(7,439)	(1,526)
Funding balance (A-B) + (C-D)	-	-	-	-

Financials – financial highlights

Introduction

Selwyn District Council continued to experience high levels of growth during the 2015/16 financial year. The financial results for the year are a reflection of a number of extraordinary circumstances. These include the rapid and sustained population growth in the District and higher dividend revenue received from our investments.

Expenditure

Expenditure for the year was \$86.9 million compared with the budget of \$88.3 million. The main variances compared with budget were:

- Finance costs were \$3.3 million, \$1.6 million below budget of \$4.9 million, due to a reduced borrowing requirement largely as a result of higher Council revenue than originally budgeted.

Revenue

Revenue for the year was \$148.9 million compared with the budget of \$116.3 million. The main variances compared with budget were:

- Dividend revenue was \$10.1 million, \$4.7 million above budget of \$5.4 million, due to higher dividend revenue received from our investments in Orion New Zealand Limited and Sicon Limited.
- Interest revenue was \$3.3 million, \$0.7 million above budget of \$2.6 million, due to higher levels of cash investments held during the year.
- Rates revenue was \$42.4 million, \$0.7 million above budget of \$41.7 million, due to higher levels of population growth in the district compared with those projected in the budget.

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

- Development contributions revenue was \$22 million, \$8.3 million above budget of \$13.8 million as the level of population growth in the district continues to be more rapid than expected. Development contributions are retained in a separate account to fund new infrastructure and are not available to reduce the level of rates.
- Vested asset revenue was \$34.8 million, \$11.7 million higher than budget of \$23.1 million, due to the higher than expected level of subdivision activity. Vested assets are predominantly infrastructure, such as roads and water services, established by developers then transferred to the council for ongoing ownership and management. This is a non-cash item and is not available to reduce rates.
- A technical accounting adjustment of \$5million to realise the portion of prior year valuation increases in the Council's investment in Orion New Zealand Limited, attributable to the shares bought back by Orion during the year. The \$5million revenue is offset by \$5million expense through other comprehensive revenue and expense. Therefore, there is no impact on Council's overall equity.

Cashflow

The Council has a positive **operating** cash flow of \$36 million. The operating cash flow is used to fund the capital expenditure programme.

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

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

Equity

- The value of the Council's net assets increased by \$77.8 million for the year ended 30 June 2016.
- The increase was due to the surplus of \$62.1 million, land and building valuation increase \$17.2, Orion valuation increase of \$522,000, Sicon valuation increase of \$3 million offset by the reversal of the \$5 million technical profit release as a result of a share buy-back completed during the year.
- The value of the Council's net assets is \$1.389 billion (2015: \$1.311 billion).

Assets

- **Cash** and cash equivalents held at year end is higher than budgeted by \$12 million largely due to the rapid population growth in the District and higher dividends revenue received from our investments.
- **Inventory** is higher than budgeted by \$12.4 million due to the change in treatment of Izone land sales under the new accounting standards which concluded that the Council's land held for sale is more appropriately classified as inventory rather than assets held for sale under PBE IPSAS 12: Inventories. The main change under PBE IPSAS 12 is the requirement to recognise the carrying amount of inventories as sold an expense in the period in which the related revenue is recognised, as opposed to the treatment of assets held for sale under PBE IFRS 5 which requires the net gain/loss on sale to be recognised.
- **Other financial assets** which includes term deposits held by council, are lower than budget by \$1.5 million largely due to the classification of short term deposits as cash and cash equivalents. As discussed above, cash is higher than expected due to the rapid population growth in the District and special dividend revenue received from our investments.
- **Property held for sale** is lower than budget by \$13.2 million due to the change in treatment of Izone land sales discussed above under inventory.
- **Investment in council controlled organisations** is lower than budget by \$11 million largely due to the decrease in the value of the Council's investment in Orion New Zealand as a result of the share buy-back completed during the year.
- **Investment property** is lower than budgeted by \$9.4 million as the budget included the purchase of an investment property not yet purchased.
- **Property, plant and equipment** is higher than budget by \$21 million due to higher levels of vested assets received and a larger increase in property values as a result of the Council's land and building valuation.

Liabilities

- **Borrowings** are lower than budget by \$53.7 million because the budget included higher borrowing levels in the current year to fund capital projects which have been funded using existing cash reserves or have been carried forward for completion in future periods.

Financials – annual report disclosure statement for year ending 30 June 2016

What is the purpose of this statement?

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

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

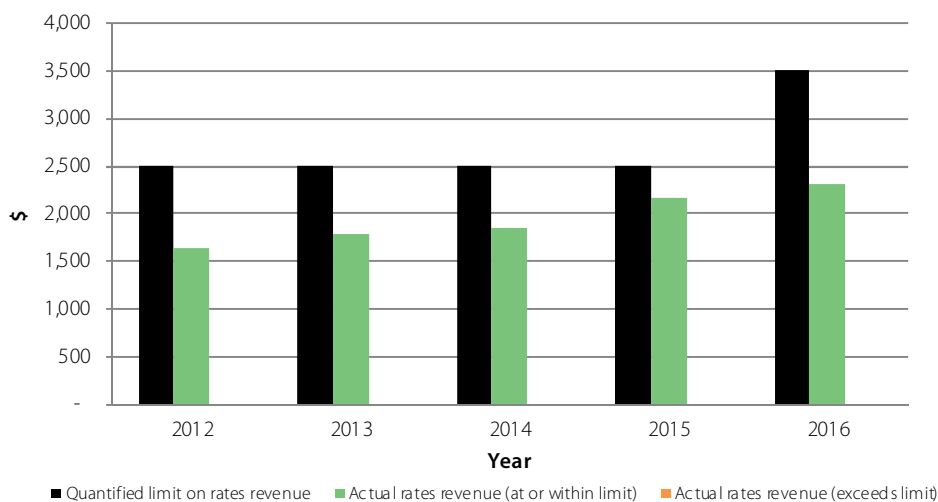
Rates affordability benchmark

The council meets the rates affordability benchmark if –

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

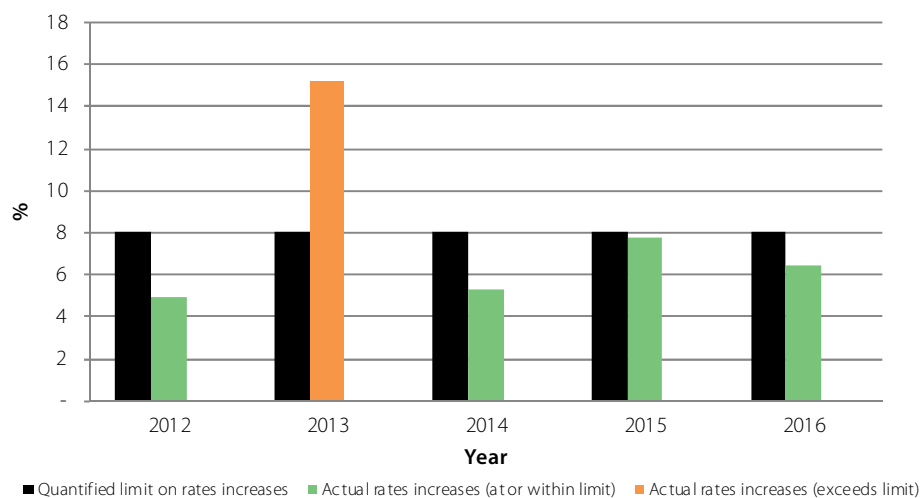
Rates (revenue) affordability

The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is actual rates revenue (including GST) will not exceed \$3,500 per ratepayer.



Rates (increases) affordability

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



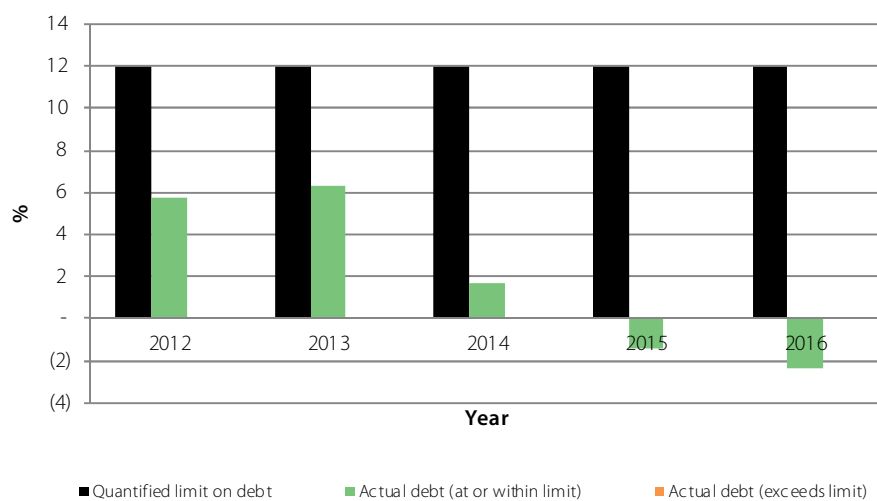
2013 – The Council exceeded the quantified limit on rates increases in 2013 as a result of the introduction of a one-off \$135 earthquake rate per rating unit to help meet the costs associated with the 4 September 2010 earthquake damage.

Debt affordability benchmark

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

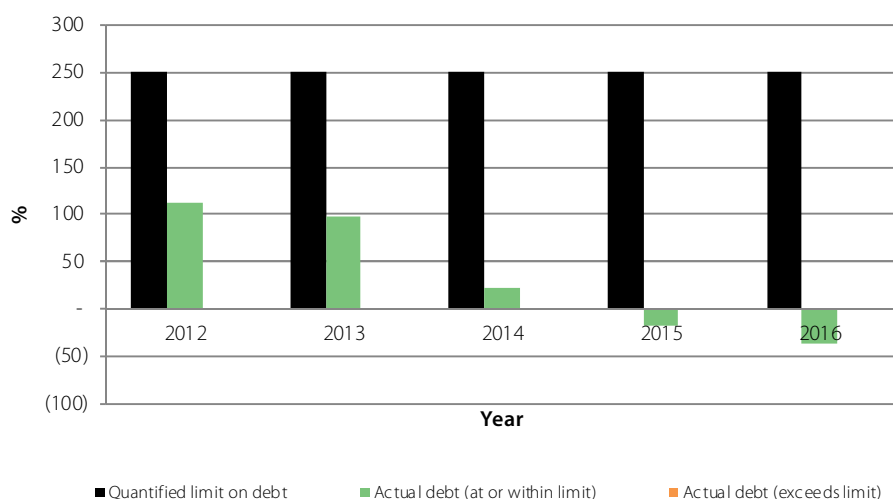
Net borrowing as percentage of equity

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



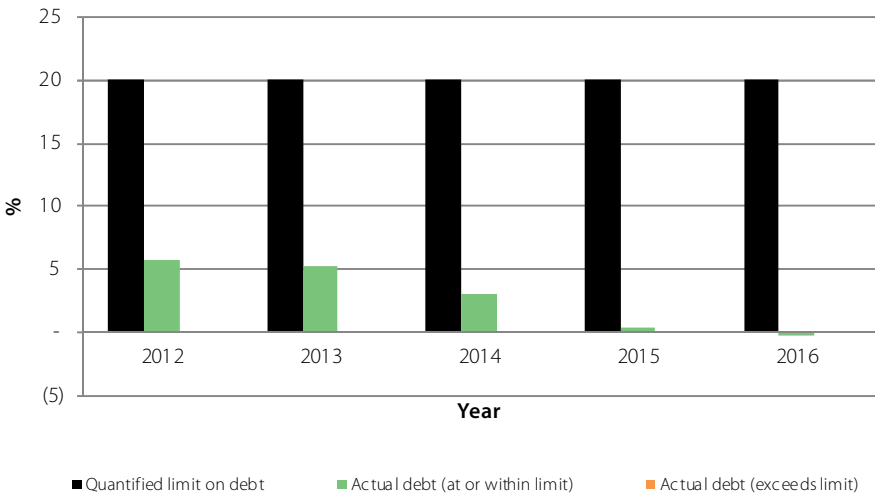
Net borrowing as percentage of revenue

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



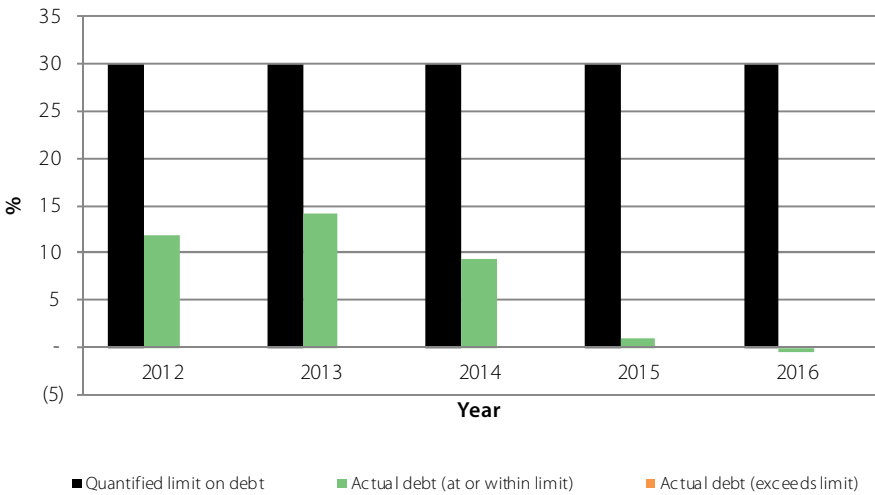
Net interest as percentage of revenue

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



Net interest as percentage of rates revenue

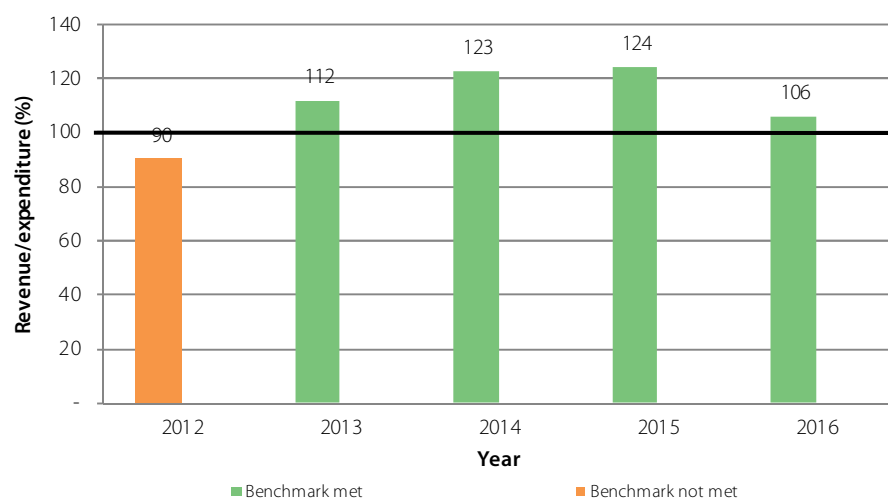
The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long-term plan. The quantified limit is net interest as a percentage of rates revenue will be less than 30%.



Balanced budget benchmark

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

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



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

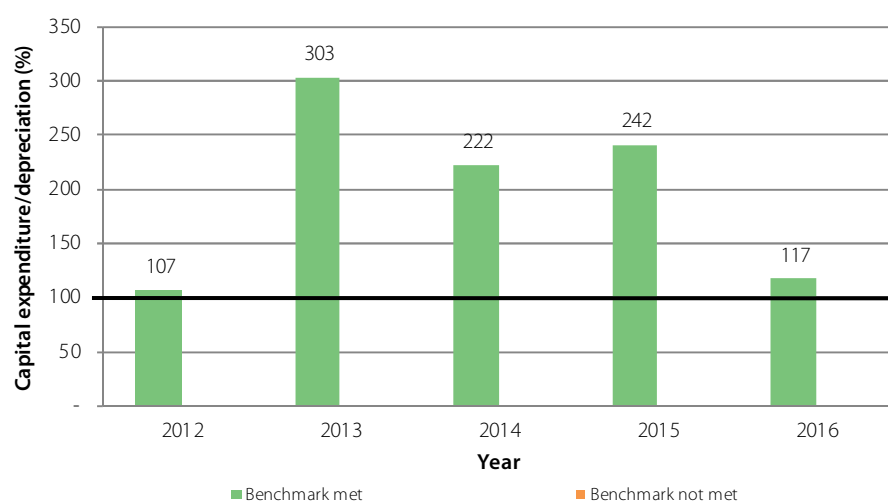
2013 – The Council met the balanced budget benchmark largely because of a one off special dividend received from Selwyn Investment Holdings Limited totalling \$11.0 million during the financial year.

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

Essential services benchmark

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

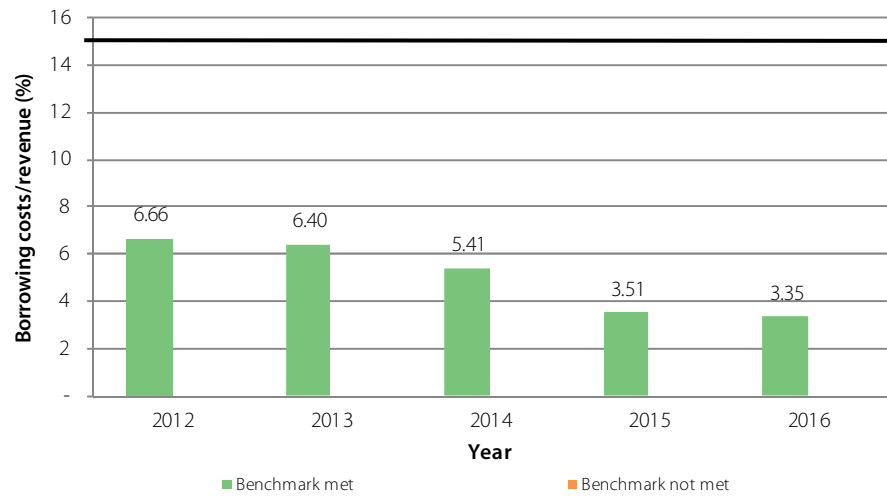
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

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

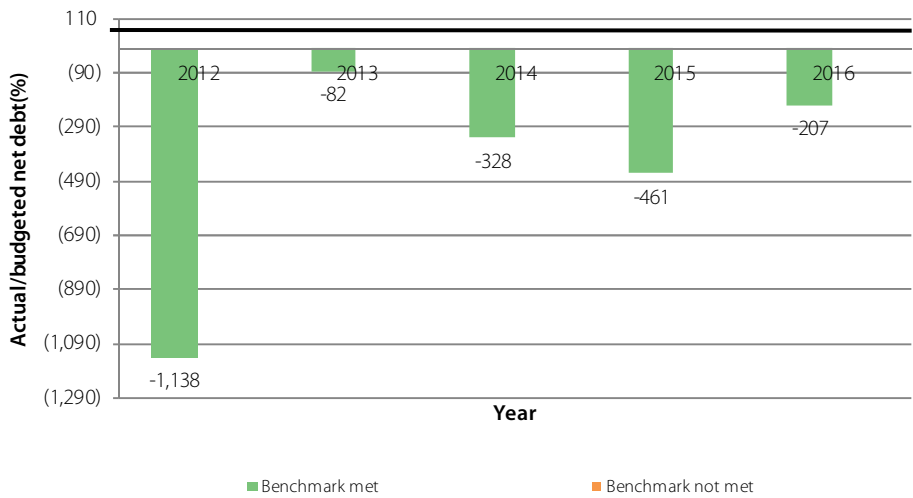
Because Statistics New Zealand projects the Council’s population will grow faster than the national population growth rate, it means the debt servicing benchmark if it’s borrowing costs equal or are less than 15% of its revenue.



Debt control benchmark

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

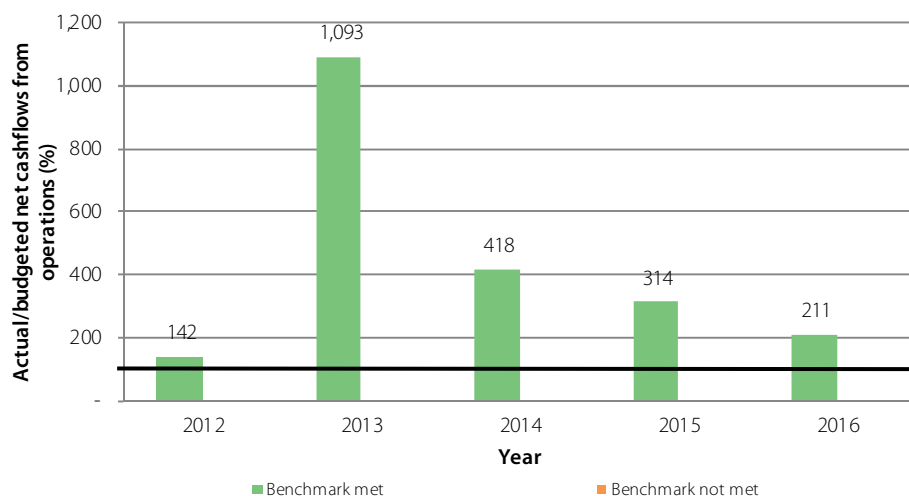
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

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

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



Rating base information

- The number of rating units within the district at the end of the preceding financial year: 24,868
- The total capital value of rating units within the district at the end of the preceding financial year: \$16,432 million
- The total land value of rating units at the end of the preceding financial year: \$8,876 million

Insurance of assets

- The total value of all assets that are covered by insurance contracts: \$809.7 million
- The maximum amount to which assets are insured: \$520.2 million.
- The maximum amount to which assets are covered by financial risk sharing arrangements: \$250 million
- The total value of the Council's self-insurance fund: \$12.2 million

The total value of all assets covered by insurance contracts is \$809.7 million. \$540 million of these assets are underground assets which are covered by \$250 million through financial risk sharing arrangements.

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

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

Council also has 2 self-insurance funds as follows:

- Earthquake self-insurance reserve as at 30 June 2016 \$11.6 million.
- General insurance reserve as at 30 June 2016: \$0.6 million.

Financials – statement of comprehensive revenue and expense for the year ended 30 June 2016

	Note	Council 2016 \$'000	Council Budget \$'000	Council 2015 \$'000	Group 2016 \$'000	Group 2015 \$'000
Revenue						
Rates	2	42,424	41,737	38,319	42,419	38,314
Fees and charges	3	15,450	14,957	15,408	15,250	15,168
Development and financial contributions		22,042	13,752	23,252	22,042	23,252
Subsidies and grants		6,622	6,312	6,104	6,622	6,104
Other revenue	4	57,224	29,562	73,314	73,989	89,622
Gains	5	91	9,954	656	453	1,290
Release to profit from fair value through equity reserve	21	5,000	-	-	5,000	-
Total revenue	1	148,853	116,274	157,053	165,775	173,750
Expenditure						
Employee benefit expenses	6	17,295	16,974	15,568	25,783	23,472
Depreciation and amortisation expense	7	22,647	22,516	21,362	23,918	22,567
Other expenses	8	43,648	43,901	43,267	49,540	47,738
Finance costs		3,283	4,898	4,920	3,283	4,947
Total operating expenditure	1	86,873	88,289	85,117	102,524	98,724
Surplus / (deficit) before taxation		61,980	27,985	71,936	63,251	75,026
Income taxation expense / (benefit)	9	(85)	-	3,271	965	3,101
Surplus / (deficit) after taxation		62,065	27,985	68,665	62,286	71,925
Surplus after taxation from discontinued operation	33	-	-	-	242	(424)
Surplus after taxation and discontinued operation		62,065	27,985	68,665	62,528	71,501
<i>Surplus / (deficit) attributable to:</i>						
Selwyn District Council		62,065	27,985	68,665	62,528	71,501
Surplus after taxation and discontinued operation		62,065	27,985	68,665	62,528	71,501
Other comprehensive revenue and expense						
<i>Items that will be reclassified to surplus / (deficit)</i>						
Financial assets at fair value	21	3,522	2,298	-	522	-
Realisation of assets	21	(5,000)	-	-	(5,000)	-
<i>Items that will not be reclassified to surplus / (deficit)</i>						
Gain / (loss) on infrastructure assets revaluation	15	25	-	-	25	-
Gain / (loss) on land and building revaluation	15	17,199	5,652	-	17,199	(82)
Deferred taxation on revaluation	9	(8)	-	-	(8)	-
Total other comprehensive revenue and expense		15,738	7,950	-	12,738	(82)
Total comprehensive revenue and expense		77,803	35,935	68,665	75,266	71,419
<i>Total comprehensive revenue and expense attributable to:</i>						
Selwyn District Council		77,803	35,935	68,665	75,266	71,419
Total comprehensive revenue and expense		77,803	35,935	68,665	75,266	71,419

The accompanying notes form part of these financial statements.

Financials – statement of changes in equity for the year ended 30 June 2016

	Note	Council 2016 \$000	Council Budget \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Balance at 1 July		1,311,445	1,289,959	1,242,780	1,315,134	1,243,715
Total comprehensive revenue and expense for the year		77,803	35,935	68,665	75,266	71,419
Balance at 30 June	20-23	1,389,248	1,325,894	1,311,445	1,390,400	1,315,134
<i>Total comprehensive revenue and expense for the year is attributable to:</i>						
Selwyn District Council		77,803	35,935	68,665	75,266	71,419
Total comprehensive revenue and expense		77,803	35,935	68,665	75,266	71,419

The accompanying notes form part of these financial statements.

Financials – statement of financial position as at 30 June 2016

	Note	Council Actual 2016 \$000	Council Budget 2016 \$000	Council Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Current assets						
Cash and cash equivalents		15,799	4,157	7,179	22,460	11,456
Receivables	10	10,405	13,060	8,962	11,510	12,013
Inventory	12	12,410	-	8,906	13,165	9,568
Other financial assets	13	52,910	805	70,471	52,910	70,471
Income taxation receivable	9	1	-	-	25	-
Property held for sale		1,970	15,163	1,970	2,016	2,227
Investment in joint venture		-	-	-	-	11
Total current assets		93,495	33,185	97,488	102,086	105,746
Non-current assets						
Receivables	10	329	227	289	329	289
Other financial assets	13	3,453	54,100	2,391	3,453	2,391
Investment in council controlled organisations	13	86,995	98,032	93,647	73,995	83,647
Investment property	14	11,725	21,145	11,670	11,065	11,010
Forestry assets		162	293	142	162	142
Property, plant and equipment	15	1,245,270	1,224,198	1,180,748	1,252,599	1,188,558
Inventory	12	-	-	3,008	-	3,008
Deferred tax	9	-	-	-	212	545
Intangible assets		206	391	268	247	608
Total non-current assets		1,348,140	1,398,386	1,292,163	1,342,062	1,290,198
Total assets		1,441,635	1,431,571	1,389,651	1,444,148	1,395,944
Current liabilities						
Payables and deferred revenue	16	12,390	15,399	15,025	12,849	16,103
Employee benefit liabilities	17	1,536	-	1,278	2,376	2,459
Other provisions	18	200	-	654	200	804
Income taxation payable	9	-	-	3,344	-	3,408
Derivative financial instruments	11	851	-	769	851	769
Borrowings	19	14	232	19,807	14	19,807
Total current liabilities		14,991	15,631	40,877	16,290	43,350
Non-current liabilities						
Employee benefit liabilities	17	118	-	111	125	121
Other provisions	18	394	391	392	394	392
Deferred tax	9	153	-	144	208	265
Derivative financial instruments	11	1,531	992	1,411	1,531	1,411
Borrowings	19	35,200	88,663	35,271	35,200	35,271
Total non-current liabilities		37,396	90,046	37,329	37,458	37,460
Equity						
General funds	20	781,869	742,509	712,593	786,908	717,169
Fair value through other comprehensive revenue reserve	21	40,545	46,408	42,023	36,544	41,022
Special funds	22	67,319	47,984	73,659	67,319	73,659
Asset revaluation reserve	23	499,515	488,993	483,170	499,629	483,284
Total equity		1,389,248	1,325,894	1,311,445	1,390,400	1,315,134
Total liabilities and equity		1,441,635	1,431,571	1,389,651	1,444,148	1,395,944

The accompanying notes form part of these financial statements.

Financials – statement of cash flows for the year ended 30 June 2016

	Note	Council Actual 2016 \$000	Council Budget 2016 \$000	Council Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Operating activities						
<i>Cash was provided from:</i>						
Receipts from customers		95,356	75,224	119,388	117,756	149,853
Agency receipts		1,796	1,425	1,644	1,796	1,644
Interest received		3,080	2,630	2,309	3,259	2,364
Dividends received		9,486	5,366	7,534	7,486	6,534
Income taxation received		-	-	2	-	2
Goods and services taxation (net)		54	-	1,821	(34)	2,025
		109,772	84,645	132,698	130,263	162,422
<i>Cash was applied to:</i>						
Payments to suppliers and employees		64,870	60,875	61,857	82,634	86,417
Agency payments		1,796	1,425	1,644	1,796	1,644
Income taxation		3,259	-	-	4,200	4
Interest paid		3,119	4,898	3,927	3,123	3,962
		73,044	67,198	67,428	91,753	92,027
Net cash flow from operating activities	24	36,728	17,447	65,270	38,510	70,395
Investment activities						
<i>Cash was provided from:</i>						
Sale of property, plant & equipment		810	8,513	882	5,664	2,040
Sale of property intended for sale / investment property		-	10,774	-	-	-
Proceeds from investments		80,894	1,499	50,757	80,977	51,119
		81,704	20,786	51,639	86,641	53,159
<i>Cash was applied to:</i>						
Purchase of property, plant and equipment		35,128	80,997	25,892	39,463	26,279
Purchase of intangible assets		77	-	18	77	18
Purchase of investments and goodwill		54,743	-	67,231	54,743	67,231
		89,948	80,997	93,141	94,283	93,528
Net cash flow from investing activities		(8,244)	(60,211)	(41,502)	(7,642)	(40,369)

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

The accompanying notes form part of these financial statements.

Financials – statement of cash flows for the year ended 30 June 2016 (continued)

	Note	Council Actual 2016 \$000	Council Budget 2016 \$000	Council Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Financing activities						
<i>Cash was provided from:</i>						
Loans raised		5,000	35,503	-	5,000	-
		5,000	35,503	-	5,000	-
<i>Cash was applied to:</i>						
Settlement of loans		24,864	5,984	20,051	24,864	23,420
		24,864	5,984	20,051	24,864	23,420
Net cash flow from financing activities		(19,864)	29,519	(20,051)	(19,864)	(23,420)
Net increase / (decrease) in cash and cash equivalents		8,620	(13,245)	3,717	11,004	6,606
Plus: opening cash and cash equivalents		7,179	17,402	3,462	11,456	4,850
Cash, cash equivalents at the end of the year		15,799	4,157	7,179	22,460	11,456
<i>Summary of cash resources:</i>						
Cash and bank		7,557	4,157	7,171	14,218	11,448
Short term deposits maturing within 3 months		8,242	-	8	8,242	8
Cash, cash equivalents at the end of the year		15,799	4,157	7,179	22,460	11,456

The accompanying notes form part of these financial statements.

Financials – statement of accounting policies

Statement of reporting entity

Selwyn District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

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

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

The primary objective of the Council and group is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly the Council has designated itself and the group as public benefit entities for financial reporting purposes.

The financial statements of the Council and group are for the year ended 30 June 2016. The financial statements were authorised for issue by Council on 26 October 2016.

Basis of preparation

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

Statement of compliance

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

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

These financial statements comply with PBE Standards.

Presentation currency and rounding

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

Basis of consolidation

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

Subsidiaries

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

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

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

Associate

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

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

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

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

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

Joint venture

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

Sicon Limited accounts for its interest in jointly controlled entities using the equity method where the initial investment is recognised at cost. The carrying amount is increased or decreased to recognise the venturer's share of profit or loss. If the share of losses exceeds the interest in the joint venture, the share of further losses is not recognised.

Discontinued operation

A discontinued operation is a component of the group's business that represents a separate major line of business that has been discontinued. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of comprehensive revenue and expense is restated as if the operation had been discontinued from the start of the comparative period.

Revenue

Revenue is measured at fair value.

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

Rates revenue

The following policies for rates have been applied:

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

Development and financial contributions

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

New Zealand Transport Agency roading subsidies

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

Other grants received

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

Building and resource consent revenue

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

Entrance fees

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

Landfill fees

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

Provision of commercially based services

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

Sales of goods

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

Vested or donated physical assets

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

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

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

Donated and bequeathed financial assets

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

Interest and dividends

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

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

Construction contracts

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

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

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

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

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

Borrowing costs

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

Grant expenditure

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

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

Income tax

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

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

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

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

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

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

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

Leases

Finance leases

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

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

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

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

Operating leases

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

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

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

Cash and cash equivalents

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

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

Receivables

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

Derivative financial instruments

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

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

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

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

Other financial assets

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

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

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

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

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

Financial assets at fair value through surplus or deficit

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

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

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

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

Loans and receivables

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

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

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

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

Held-to-maturity investments

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

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

Currently, the Council holds bond investments in this category.

Fair value through other comprehensive revenue and expense

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

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

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

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

Currently, the Council holds share investments in this category.

Impairment of financial assets

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

Loans and receivables, and held-to-maturity investments

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

Financial assets at fair value through other comprehensive revenue and expense

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

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

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

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

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

Inventories and work in progress

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

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

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

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

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

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

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The Council owned land on Byron Street adjacent to State Highway 1 as held for sale following the approval by the Council on 14 September 2011 and subsequent meetings to sell this land.

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

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

Property, plant and equipment of the Council consist of:

- Operational Assets - these include land, farm land, buildings, heritage assets, library books and plant and machinery.
- Infrastructural Assets – infrastructural assets are fixed utility systems and roading networks owned by the Council. Each asset class includes all items that are required for the network to function.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Farm land, land under roads, other land and work in progress are not depreciated.

Additions

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

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

Disposals

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

Depreciation

Parent

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

Asset class	Useful life	Annual depreciation rate
Buildings	20 – 180 years	0.6% - 5%
Heritage	20 – 180 years	0.6% - 5%
Heavy plant and machinery	10 years	10%
Other plant and machinery	5 years	20%
Motor vehicles	4 years	25%
Furniture and fittings	10 years	10%
Library books	7 years	14.3%
Computer equipment	4 years	25%

Roads

Formation / sub-grade	Not depreciated	
Sub-base (sealed roads only)	Not depreciated	
Base course	13 – 99 years	1.0% - 7.7%
Surface (sealed roads)	1 – 18 years	5.6% - 100%
Surface (unsealed roads)	40 years	2.5%
Kerb & channelling	50 years	2%
Footpaths base and surface	40 years	2.5%
Culverts	50 – 100 years	1% - 2%
Traffic signs	10 years	10%
Street lights	20 years	5%
Street light poles	40 years	2.5%
Bridges	50 – 150 years	0.7% - 2%

Water races

Water races (structure)	5 – 100 years	1% - 20%
Water races (race)	Not depreciated	

Land drainage

Land drainage (structure)	5 – 80 years	1.25% - 20%
Land drainage (drain)	Not depreciated	

Water supplies

Wells	50 years	2%
Pump Stations	5 – 80 years	1.25% - 20%
Reservoirs	25 – 50 years	2% - 4%
Valves Service Connections	25 – 50 years	2% - 4%
Pipes & Fire Hydrants	50 – 75 years	1.3% - 2%

Sewerage systems

Manholes	95 years	1.05%
Pipes	50 – 95 years	1.05% - 2%
Pump stations	5 – 150 years	0.7% - 20%
Sewerage treatment stations	5 – 95 years	1.05% - 20%
Service connection	95 years	1.05%

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

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:

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

Revaluation

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

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

Farm land

Farm land is revalued on a three yearly valuation cycle at fair value, as determined from market-based evidence by an independent valuer. The last valuation of the Council's farm land was performed by S E J Newberry B Com (VPM) SPINZ (ANZIV) Registered Valuer of Ford Baker Limited and the valuation is effective as at 30 June 2016.

Other land and buildings

Other land and buildings are valued at fair value as determined from market-based evidence by an independent valuer. The most recent valuation of such property held by the Council S E J Newberry B Com (VPM) SPINZ (ANZIV) Registered Valuer of Ford Baker Limited and the valuation is effective as at 30 June 2016.

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

These assets are valued at fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date Selwyn District Council assesses the carrying values of its infrastructural assets to ensure that they do not differ materially from the assets' fair values. If there is a material difference then the off-cycle asset classes are revalued. The roading network was last valued as at 30 June 2014 by Mike Tapper (BE (Elec), MPINZ) who is a senior valuer with Beca Valuation Limited. Water, sewerage, stormwater, land drainage and water race assets were last valued as at 30 June 2014 by Amy Paterson-Horner NZ Dip Eng, Dip Civil Eng Applied, CertETN a valuer at MWH.

Land under roads

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

Accounting for revaluations

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

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

Intangible assets

Goodwill

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

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

Software acquisition

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

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

Amortisation

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

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

Asset class	Useful life	Annual amortisation rate
Selwyn District Council	4 years	25%
Sicon Limited	2-3 years	33%-50%

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 2016 by Terry O'Neill, Qualified Forester.

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

Investment property

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

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

After initial recognition, the Council measures all investment property at fair value as determined annually by an independent valuer. The most recent valuations were performed by S E J Newberry B Com (VPM) SPINZ (ANZIV) Registered Valuer of Ford Baker Limited and the valuations are effective as at 30 June 2016.

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

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

Impairment of non-financial assets

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

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

Value in use for non – cash generating units

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

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

Value in use for cash – generating assets

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

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

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

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

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

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

Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Payables

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

Borrowings

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

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

Employee entitlements

Short-term employee entitlements

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

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

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

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

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

Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

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

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

Provisions

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

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

Landfill aftercare provision

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

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

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

Restricted and council created reserves

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

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

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

The Council objectives, policies and processes for managing capital are described in Note 32.

Budget figures

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

Cost allocation

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

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

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

Critical accounting estimates and assumptions

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

Other financial assets – fair value through other comprehensive revenue and expense

There are assumptions and estimates used when performing valuations of investments about the future maintainable earnings of investments and the earnings multiple used in these valuations. Experienced valuers perform the valuation of the Council's investments.

Infrastructural assets

There are a number of assumptions and estimates used when performing valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset. For example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes which are underground. This risk is minimised by the Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset.
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated.
- The possible impact of the Canterbury earthquakes.

These estimates can be affected by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Selwyn District Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk Selwyn District Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Selwyn District Council's asset management planning activities which gives Selwyn District Council further assurance over its useful life estimates.

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

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

Provisions

Note 18 comments on the exposure of the Selwyn District Council in relation to weather tightness claims.

Financials – notes to the financial statements

Note 1: Summary of cost of service

	Council 2016 \$000	Council Budget \$000	Council 2015 \$000
Revenue			
Democracy	827	820	745
Community facilities	19,396	15,480	20,072
Community services	554	159	479
Environmental services	6,161	5,853	6,573
Transportation	9,721	8,376	8,327
Solid waste management	7,964	7,254	6,707
Community water supplies	6,453	7,527	5,849
Community waste water supplies	16,156	12,397	16,357
Stormwater	884	945	671
Water races and land drainage	2,394	2,275	2,095
Izone southern business hub	8,917	7,344	32,655
Total activity revenue	79,427	68,430	100,530
General rates	14,670	14,543	13,050
Rates penalties	290	300	742
Other corporate revenue	19,664	9,901	13,068
Vested assets	34,802	23,100	29,663
Total revenue	148,853	116,274	157,053
Expenditure			
Democracy	3,692	3,936	3,256
Community facilities	17,817	18,837	15,944
Community services	2,809	2,712	2,526
Environmental services	9,927	10,234	9,440
Transportation	20,393	19,676	19,023
Solid waste management	6,799	6,931	5,882
Community water supplies	7,436	7,814	6,783
Community waste water supplies	8,884	10,148	8,780
Stormwater	1,586	1,584	1,118
Water races and land drainage	2,731	2,987	2,556
Izone southern business hub	3,655	1,643	7,349
Other corporate expenditure	1,144	1,787	2,460
Total activity expenditure	86,873	88,289	85,117
Total operating expenditure	86,873	88,289	85,117

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

Note 2: Rates revenue

	Council Actual 2016 \$000	Council Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
General rates	14,670	13,050	14,665	13,045
Rates penalties	290	742	290	742
Metered water supply	979	782	979	782
<i>Targeted rates attributable to activities:</i>				
Community facilities	6,918	5,916	6,918	5,916
Democracy	823	659	823	659
Solid waste management	5,275	4,616	5,275	4,616
Community waste water supplies	4,670	4,476	4,670	4,476
Community water supplies	5,069	4,773	5,069	4,773
Stormwater	694	549	694	549
Transportation	1,119	1,035	1,119	1,035
Water races and land drainage	1,917	1,721	1,917	1,721
Total rates	42,424	38,319	42,419	38,314

Rates remissions

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

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

A copy of the Council's 'Rates Remission Policy' is included in the Long Term Plan 2015/2025.

	Council Actual 2016 \$000	Council Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Total gross rates	42,467	38,369	42,462	38,364
<i>Rates remissions:</i>				
Earthquake related remissions	6	13	6	13
Sports bodies	16	16	16	16
Churches	17	17	17	17
Other social and cultural organisations	4	4	4	4
Total remissions	43	50	43	50
Rates (net of remissions)	42,424	38,319	42,419	38,314

In accordance with the 'Local Government (Rating) Act 2002' certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under the Council's rates remission policy.

Note 3: Fees and charges

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Building consents	4,467	4,639	4,467	4,639
Connection and irrigation fees	430	654	430	654
Dog registration	361	348	361	348
Gravel royalties	27	77	27	-
Leases	473	414	333	308
LIM revenue	321	280	321	280
Rental and hire charges	921	930	921	930
Rental income from investment properties	975	965	915	908
Resource consent fees	941	1,131	941	1,131
Selwyn Aquatic Centre	1,331	1,234	1,331	1,234
Solid waste fees and charges	2,689	2,042	2,689	2,042
Other fees and charges	2,514	2,694	2,514	2,694
Total fees and charges	15,450	15,408	15,250	15,168

Note 4: Other revenue

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Dividend revenue	10,086	7,534	7,486	6,534
Interest revenue	3,256	3,303	3,435	3,354
Land sales	8,885	32,514	8,885	32,514
Petroleum tax	188	189	188	189
Vested land and infrastructure from property development	34,802	29,663	34,802	29,663
Other income - Council	7	111	7	111
Other trading income - Sicon Limited	-	-	19,186	17,257
Total other revenue	57,224	73,314	73,989	89,622

Note 5: Other gains

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Gain on changes in fair value of forestry	20	-	20	-
Gain on fair value of derivatives	10	27	10	27
Gain on disposal of investment property	-	3	-	3
Gain on disposal of property, plant and equipment	1	101	363	735
Gain on changes in fair value of investment property (Note 14)	59	525	59	525
Total gains	91	656	453	1,290

Note 6: Employee benefit expenses

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Salaries and wages	16,797	15,113	25,416	23,001
Employer contributions to superannuation plans	301	258	502	449
Employer contributions to other plans & benefits	-	-	12	10
Increase / (decrease) in employee liabilities	197	197	(147)	12
Total employee benefit expenses	17,295	15,568	25,783	23,472

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

Council employee numbers and remuneration

	Council 30 June 2016
<i>Number of employees receiving total annual remuneration:</i>	
Less than \$60,000	193
\$60,001 - \$80,000	52
\$80,001 - \$100,000	42
\$100,001 - \$120,000	11
\$120,001 - \$140,000	8
\$160,001 - \$300,000	6

Number of employees employed by Selwyn District Council	312
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	Council 30 June 2015
<i>Number of employees receiving total annual remuneration:</i>	
Less than \$60,000	154
\$60,001 - \$80,000	45
\$80,001 - \$100,000	46
\$100,001 - \$120,000	12
\$140,001 - \$180,000	6
\$180,001 - \$300,000	4

Number of employees employed by Selwyn District Council	267
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At balance date, the Council employed 168 (2015: 162) full-time employees, with the balance of staff representing 56 (2015: 50) full-time equivalent employees. A full-time employee is determined on the basis of a minimum of a 37.5 hour working week. Total remuneration includes non-financial benefits provided to employees.

Note 7: Depreciation and amortisation

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Operational assets (Note 15a and 15b)	3,408	3,480	4,669	4,665
Infrastructural assets (Note 15c)	19,100	17,741	19,100	17,741
Intangible assets	139	141	149	161
Total depreciation and amortisation	22,647	21,362	23,918	22,567
Depreciation and amortisation relating to continuing operations	22,647	21,362	23,918	23,157
Total depreciation and amortisation	22,647	21,362	23,918	23,157

Depreciation and amortisation by group of activity

	Council 2016 \$000	Council Budget \$000	Council 2015 \$000
<i>Directly attributable depreciation and amortisation expense by group of activity:</i>			
Community facilities	2,787	3,255	2,889
Community services	172	177	167
Democracy	-	-	-
Environmental services	136	135	126
Internal Council services	424	689	410
Izone southern business hub	28	29	29
Solid waste management	198	204	197
Stormwater	583	480	455
Transportation	11,341	10,738	10,723
Wastewater	3,453	3,428	3,195
Water races and land drainage	448	490	446
Water supply	3,077	2,892	2,725
Total depreciation and amortisation	22,647	22,516	21,362

Note 8: Other expenses

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
<i>Fees to auditors:</i>				
- fees to Audit New Zealand for audit of the financial statements	118	116	175	196
- fees to Audit New Zealand for other services	4	2	4	2
- fees to Audit New Zealand for audit of the 2015 - 2025 LTP	-	79	-	79
Bad debts written off	27	34	27	61
Cost of sales	1,811	4,428	1,811	4,428
Directors' and members' remuneration	591	572	726	697
Grants	177	159	177	159
Impairment of receivables	42	25	42	25
Impairment of property, plant and equipment	-	-	1	-
Loss on changes in fair value of investment property (Note 14)	20	173	20	163
Loss on disposal of assets	339	42	398	79
Minimum lease payments under operating leases	188	165	523	612
Refuse contract payments	2,580	2,052	2,580	2,052
Refuse transfer station operations	4,004	3,619	4,004	3,619
Roading	8,766	7,384	8,766	7,384
Valuation services	240	148	240	148
Other operating expenses	24,741	24,269	30,046	28,034
Total other expenses	43,648	43,267	49,540	47,738

Note 9: Income taxation

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Relationship between taxation expense and accounting profit				
Surplus / (deficit) before tax continuing activities	61,980	71,936	63,251	75,026
Surplus / (deficit) before tax discontinued activities	-	-	335	(607)
Taxation at 28%	17,354	20,142	17,804	20,837
Plus / (less) tax effect of:				
Permanent adjustments	(17,338)	(16,871)	(15,399)	(17,711)
Prior year adjustment	(101)	-	(100)	-
De-recognition of future income taxation benefit	-	-	(320)	(116)
Recognition of prior year losses	-	-	(927)	(92)
Taxation expense	(85)	3,271	1,058	2,918
Components of tax expense				
Current taxation expense	14	3,346	890	3,416
Prior year adjustments	(101)	-	(100)	(316)
Deferred taxation expense	2	(75)	268	(182)
Taxation expense	(85)	3,271	1,058	2,918
Taxation expense attributable to:				
Continuing operations	(85)	3,271	965	3,101
Discontinued operation	-	-	93	(183)
Total taxation expense / (benefit)	(85)	3,271	1,058	2,918
Amounts charged directly to other comprehensive income				
Deferred income taxation	8	-	8	-
Total	8	-	8	-
Taxation receivable / (provision)				
Opening balance 1 July	(3,345)	3	(3,408)	6
Less: current taxation expense	(14)	(3,346)	(890)	(3,416)
Less: taxation refund	-	(3)	-	(3)
Prior period adjustments	101	-	100	-
Plus: taxation paid	3,259	1	4,224	5
Taxation receivable / (provision)	1	(3,345)	25	(3,408)

Deferred taxation assets / (liabilities)

	Opening Balance 1 July 2015 \$000	Charged to Surplus \$000	Charged to other comp- rehensive income \$000	Closing Balance 30 June 2016 \$000
Parent				
Deferred tax liabilities				
Investment property	(137)	-	(7)	(144)
Property, plant & equipment	(7)	(2)	(1)	(10)
Deferred taxation liabilities	(144)	(2)	(8)	(153)
Deferred taxation assets	-	-	-	-
Net deferred taxation balance	(144)	(2)	(8)	(153)

	Opening Balance 1 July 2014 \$000	Charged to Surplus \$000	Charged to other comp- rehensive income \$000	Amalgamation \$000	Closing Balance 30 June 2015 \$000
Parent					
Deferred taxation liabilities					
Investment property	(135)	(2)	-	-	(137)
Property, plant & equipment	(83)	76	-	-	(7)
Deferred taxation liabilities	(218)	74	-	-	(144)
Deferred taxation assets	-	-	-	-	-
Net deferred taxation balance	(218)	74	-	-	(144)

	Opening Balance 1 July 2015	Charged to Surplus	Charged to other comp- rehensive income	Closing Balance 30 June 2016
	\$000	\$000	\$000	\$000
Group				
Deferred tax liabilities				
Property, plant & equipment	(143)	(2)	(8)	(153)
Trade and other receivables	(122)	67	-	(55)
Deferred taxation liabilities	(265)	65	(8)	(208)
Deferred tax assets				
Property, plant & equipment	187	(129)	-	58
Trade and other payables	177	(167)	-	10
Employee benefits and other accruals	181	(37)	-	144
Deferred taxation assets	545	(333)	-	212
Net deferred taxation	280	(268)	(8)	4
<i>Deferred taxation attributable to:</i>				
Continuing operations				4
Discontinued operation				-
Net deferred tax balance				4
	Opening Balance 1 July 2014	Charged to Surplus	Charged to other comp- rehensive income	Closing Balance 30 June 2015
	\$000	\$000	\$000	\$000
Group				
Deferred taxation liabilities				
Property, plant & equipment	(217)	74	-	(143)
Trade and other receivables	(182)	60	-	(122)
Deferred taxation liabilities	(399)	134	-	(265)
Deferred tax assets				
Property, plant & equipment	209	(22)	-	187
Trade and other payables	79	98	-	177
Employee benefits and other accruals	213	(32)	-	181
Derecognition of other temporary differences	(320)	320	-	-
Deferred taxation assets	181	364	-	545
Net deferred taxation	(218)	498	-	280
<i>Deferred taxation attributable to:</i>				
Continuing operations				280
Discontinued operation				-
Net deferred taxation				280

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

Note 10: Receivables

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Rates receivables	2,050	2,171	2,050	2,171
<i>Other receivables:</i>				
- Other	2,448	3,328	4,252	6,481
- Related party receivables (Note 36)	136	75	34	41
Community loans	329	289	329	289
Dividend receivable	600	-	-	-
Sundry receivables & prepayments	5,218	3,420	5,241	3,428
Gross receivables	10,781	9,283	11,906	12,410
Less: provision for impairment	(47)	(32)	(67)	(108)
Total receivables	10,734	9,251	11,839	12,302
Less: non - current community loans	(329)	(289)	(329)	(289)
Current portion	10,405	8,962	11,510	12,013
<i>Total receivables comprise:</i>				
Receivables from non - exchange transactions <i>(this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates)</i>	3,343	4,752	2,641	4,718
Receivables from exchange transactions <i>(this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates)</i>	7,438	4,531	9,265	7,692

Community loans have been valued at amortised cost, which approximates the loan's fair value. The face value of community loans is \$355,000 (2015: \$315,000).

Fair value

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

Impairment

The Council does not provide for any impairment on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

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

The carrying amount of receivables that would otherwise be past due or impaired and whose terms have been renegotiated is \$nil (2015 \$78,597).

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

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

	Gross 2016 \$000	Impairment 2016 \$000	Council Net 2016 \$000	Gross 2015 \$000	Impairment 2015 \$000	Council Net 2015 \$000
Not past due	1,125	-	1,125	1,315	-	1,315
Past due 1 - 30 days	634	-	634	1,688	-	1,688
Past due 31 - 60 days	109	-	109	80	-	80
Past due > 61 days	2,630	(47)	2,583	2,416	(32)	2,384
Total	4,498	(47)	4,451	5,499	(32)	5,467

	Gross 2016 \$000	Impairment 2016 \$000	Group Net 2016 \$000	Gross 2015 \$000	Impairment 2015 \$000	Group Net 2015 \$000
Not past due	2,904	-	2,904	4,204	(57)	4,147
Past due 1 - 30 days	638	-	638	1,903	-	1,903
Past due 31 - 60 days	110	-	110	80	-	80
Past due > 61 days	2,650	(67)	2,583	2,465	(51)	2,414
Total	6,302	(67)	6,235	8,652	(108)	8,544

As of 30 June 2016 and 2015, all overdue receivables, except for rates receivable, have been assessed for impairment and appropriate provisions applied. The Council holds no collateral as security or other credit enhancements over receivables that are past due or impaired.

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

Impairment provision

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Opening balance 1 July	(32)	(41)	(108)	(163)
Additional provisions made during the year	(42)	(25)	(42)	(92)
Provisions reversed during the year	-	-	56	27
Receivables written-off during the period	27	34	27	120
Closing balance 30 June	(47)	(32)	(67)	(108)

Note 11: Derivative financial instruments

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Current liability portion				
Interest rate swaps - cash flow hedges	851	769	851	769
Total current liability portion	851	769	851	769
Non-current liability portion				
Interest rate swaps - cash flow hedges	1,531	1,411	1,531	1,411
Total non-current liability portion	1,531	1,411	1,531	1,411
Total derivative financial instrument liabilities	2,382	2,180	2,382	2,180

Interest rate swaps

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

The notional principal amounts of the Council's interest rate swap contracts is \$36 million (2015: \$46 million) and for the group \$36 million (2015: \$46 million). As at 30 June, the Council's fixed interest rates of cash flow hedge interest rate swaps varied from 4.545% to 5.585% (2015: 4.293% to 5.585%) and the group rates varied from 4.545% to 5.585% (2015: 4.293% to 5.585%).

Note 12: Inventory and work in progress

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Current				
Gravel stocks	-	-	258	704
Izone Southern Business Hub - land held for sale	12,396	8,890	12,396	8,890
Other direct materials	-	-	128	221
Selwyn Aquatic Centre	14	16	14	16
Provision for writedown of stock	-	-	-	(304)
Work in progress	-	-	369	41
Total current inventory	12,410	8,906	13,165	9,568
Non - current				
Izone Southern Business Hub - land being developed for sale	-	3,008	-	3,008
Total non - current inventory	-	3,008	-	3,008
Total inventory	12,410	11,914	13,165	12,576

There is no inventory pledged as security for liabilities (2015: \$nil), there is no inventory subject to retention of title clauses (2015:\$nil), nor has there been any write-down of inventory (2015: \$nil).

Note 13: Other financial assets

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Current portion				
<i>Loans and receivables</i>				
Term deposits with maturities of 4-12 months*	52,700	67,231	52,700	67,231
Finance lease receivable **	210	194	210	194
Loan receivable **	-	21	-	21
Total loans and receivables	52,910	67,446	52,910	67,446
<i>Fair value through surplus / (deficit)</i>				
Embedded derivatives - principal **	-	1,028	-	1,028
Total fair value through surplus / (deficit)	-	1,028	-	1,028
<i>Held to maturity</i>				
Government bonds *	-	1,997	-	1,997
Total held to maturity	-	1,997	-	1,997
Total current portion	52,910	70,471	52,910	70,471
Non - current portion				
<i>Loans and receivables</i>				
Finance lease receivable **	1,426	1,636	1,426	1,636
Loan receivable **	-	755	-	755
Central Plains Water Limited **	1,792	-	1,792	-
Total loans and receivables	3,218	2,391	3,218	2,391
<i>Fair value through other comprehensive revenue and expense</i>				
Transwaste (Canterbury) Limited ***	1,500	1,500	1,500	1,500
Orion New Zealand Limited ***	71,748	81,400	71,748	81,400
Sicon Limited ***	13,000	10,000	-	-
Local Government Funding Agency ***	747	747	747	747
Central Plains Water Limited ***	235	-	235	-
Total fair value through other comprehensive revenue and expense	87,230	93,647	74,230	83,647
Total non - current portion	90,448	96,038	77,448	86,038

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

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

Valuation techniques with significant non-observable inputs

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

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Balance at 1 July	93,647	93,647	83,647	83,647
Purchase of new assets	235	-	235	-
Realisation of assets	(10,174)	-	(10,174)	-
Gains / (losses) in other comprehensive revenue and expense	3,522	-	522	-
Balance at 30 June	87,230	93,647	74,230	83,647

Fair value

Term deposits

The carrying value of term deposits approximates their fair value.

Government bonds

Government bonds are recognised at amortised cost. The fair value of government bonds is \$nil (2015: \$3,025,000). Fair value has been determined using quoted market bid prices from independently sourced market information for government bond prices.

Orion New Zealand Limited and Sicon Limited

The investment in Orion New Zealand Limited is valued based on an independent valuation as at 30 June 2014 completed by Ernst & Young Corporate Transaction Advisory Services Limited, Wellington dated 5 August 2014. The valuation was completed using the discounted cashflow valuation methodology. The valuation was reduced by the consideration received for a share buy-back in 2015/16.

The investment in Sicon Limited is valued based on an independent valuation as at 31 December 2013 completed by Ernst and Young Corporate Transaction Advisory Services Limited, Wellington dated 25 June 2014. The valuation was completed based on net asset valuation on a going concern basis and has been updated to reflect net assets as at 30 June 2016.

Local Government Funding Agency and Central Plains Water Limited

The carrying value approximates fair value.

Central Plains Water Limited loan (CPWL)

The Council entered into a new loan agreement with Central Plains Water Limited on the 1 March 2016. The agreement allows for up to \$8 million to part fund the detailed design work required for stage two and the Sheffield area of the scheme. This loan would help the company secure funding from the Government's Irrigation Acceleration Fund. The loan was issued to Central Plains Water Limited in tranches. As at 30 June 2016 the company had drawn down \$1.8 million. Interest on the loan is capitalised into the loan principal. The loan is secured by a General Security Agreement over the assets of Central Plains Water Limited. The carrying value approximates fair value.

Transwaste Canterbury Limited (TCL)

The TCL investment relates to the Council's contribution to the construction of a regional landfill. TCL has issued, but uncalled, capital of \$4.0 million of which the Council has a 3% shareholding. The valuation is based on the length of TCL's resource consent, discounted cashflows, adjusted for debt and surplus assets.

Note 14: Investment property

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Opening balance 1 July	11,670	10,545	11,010	9,875
Additions	16	-	16	-
Transfer from property, plant and equipment	-	773	-	773
Net fair value gains / (losses) on valuation (Note 5 & Note 8)	39	352	39	362
Closing balance 30 June	11,725	11,670	11,065	11,010

Investment properties are valued annually effective at 30 June to fair value in accordance with PBE IPSAS 16: Investment Property. S Newberry, B.Com (VPM), SPINZ (ANZIV), an independent registered valuer from Ford Baker Valuations Limited, Christchurch, performed the most recent valuation. Ford Baker Valuations Limited is an experienced valuer with extensive market knowledge in the types and location of investment properties owned by the Selwyn District Council.

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

Note 15: Property, plant and equipment

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Operational assets (Note 21 a & b)	255,015	225,297	262,344	233,107
Infrastructural assets (Note 21 c)	990,255	955,451	990,255	955,451
Total property, plant and equipment	1,245,270	1,180,748	1,252,599	1,188,558

Valuation

Land

The most recent valuation of land and buildings was performed by S Newberry, B.Com (VPM), SPINZ (ANZIV), an independent registered valuer from Ford Baker Valuations Limited, Christchurch. The valuation is effective as at 30 June 2016.

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

Buildings

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

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

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

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

Infrastructural assets

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

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

The roading network was valued as at 30 June 2014 by Mike Tapper BE Elec, MPINZ who is a senior valuer with Beca Valuation Limited. Water, sewerage, stormwater, land drainage and water race assets were last valued as at 30 June 2014 by Amy Paterson-Horner NZ Dip Eng, Dip Civil Eng Applied, CertETN a valuer at MWH.

Information about core assets

What is the purpose of this statement?

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

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

Water supply treatment plants and facilities

Closing book value: \$8,546,000 (2015: \$9,069,000)

Value of assets constructed by Selwyn District Council: \$182,000 (2015: \$199,000)

Value of assets transferred to Selwyn District Council: \$nil (2015: \$nil)

Estimate of replacement cost: \$21,221,000 (2015: \$21,039,000)

Water supply (other assets)

Closing book value: \$98,445,000 (2015: \$89,861,000)

Value of assets constructed by Selwyn District Council: \$6,762,000 (2015: \$2,827,000)

Value of assets transferred to Selwyn District Council: \$4,193,000 (2015: \$2,966,000)

Estimate of replacement cost: \$136,057,000 (2015: \$125,102,000)

Sewerage treatment plants and facilities

Closing book value: \$48,758,000 (2015: \$50,308,000)

Value of assets constructed by Selwyn District Council: \$nil (2015: \$1,181,000)

Value of assets transferred to Selwyn District Council: \$nil (2015: \$nil)

Estimate of replacement cost: \$63,577,000 (2015: \$63,577,000)

Sewerage (other assets)

Closing book value: \$129,000,000 (2015: \$119,939,000)

Value of assets constructed by Selwyn District Council: \$3,463,000 (2015: \$3,125,000)

Value of assets transferred to Selwyn District Council: \$7,491,000 (2015: \$5,281,000)

Estimate of replacement cost: \$150,069,000 (2015: \$139,114,000)

Stormwater drainage

Closing book value: \$41,963,000 (2015: \$36,051,000)

Value of assets constructed by Selwyn District Council: \$1,011,000 (2015: \$40,000)

Value of assets transferred to Selwyn District Council: \$5,485,000 (2015: \$6,367,000)

Estimate of replacement cost: \$47,255,000 (2015: \$40,761,000)

Roads and footpaths

Closing book value: \$527,504,000 (2015: \$513,234,000)

Value of assets constructed by Selwyn District Council: \$9,432,000 (2015: \$11,663,000)

Value of assets transferred to Selwyn District Council: \$16,179,000 (2015: \$11,725,000)

Estimate of replacement cost: \$683,749,000 (2015: \$658,137,000)

b. Operational Assets - Group

Gross carrying amount:								
Balance at 1 July 2014	139,770	4,505	67,518	65	46,365	2,668	1,564	262,455
Additions	4,775	-	1,487	-	2,154	214	3,219	11,849
Disposals	(486)	-	(335)	-	(1,825)	-	-	(2,646)
Net revaluation increase / (decrease)	-	-	(90)	-	-	-	-	(90)
Transfers	467	-	396	-	72	-	(944)	(9)
Transfers to investment property	-	-	(773)	-	-	-	-	(773)
Transfers to assets held for sale	-	-	-	-	(497)	-	-	(497)
Balance at 30 June 2015	144,526	4,505	68,203	65	46,269	2,882	3,839	270,289
Additions	11,032	-	2,562	-	5,262	291	1,684	20,831
Disposals	(1,621)	-	(704)	-	(7,507)	-	-	(9,832)
Net revaluation increase / (decrease)	12,804	(75)	(125)	-	(734)	-	-	11,870
Transfers	2,125	-	802	-	824	-	(3,665)	86
Transfers to assets held for sale	-	-	-	-	(301)	-	-	(301)
Balance at 30 June 2016	168,866	4,430	70,738	65	43,813	3,173	1,858	292,943
Accumulated depreciation:								
Balance at 1 July 2014	-	-	(2,586)	(3)	(28,714)	(2,444)	-	(33,747)
Disposals	-	-	5	-	1,559	-	-	1,564
Net adjustments on asset revaluation / transfers	-	-	8	-	235	-	-	243
Depreciation expense	-	-	(1,619)	(2)	(3,397)	(224)	-	(5,242)
Balance at 30 June 2015	-	-	(4,192)	(5)	(30,317)	(2,668)	-	(37,182)
Disposals	-	-	123	-	5,732	-	-	5,855
Net adjustments on asset revaluation / transfers	-	-	4,587	8	901	-	-	5,496
Depreciation expense	-	-	(1,672)	(3)	(3,062)	(31)	-	(4,768)
Balance at 30 June 2016	-	-	(1,154)	-	(26,746)	(2,699)	-	(30,599)
Net carrying amount at 30 June 2015	144,526	4,505	64,011	60	15,952	214	3,839	233,107
Net carrying amount at 30 June 2016	168,866	4,430	69,584	65	17,067	474	1,858	262,344

Note 16: Payables and deferred revenue

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
<i>Payables and deferred revenue under exchange transactions</i>				
Trade payables	4,649	4,810	5,988	6,416
Deposits, retentions and accrued expenses	6,060	8,285	6,465	9,318
Amounts due to subsidiaries and associates	1,285	1,561	-	-
<i>Payables and deferred revenue under non-exchange transactions</i>				
Rates revenue received in advance	396	369	396	369
Total payables and deferred revenue	12,390	15,025	12,849	16,103

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 17: Employee entitlements

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Accrued pay	584	428	820	858
Annual leave	940	838	1,490	1,535
Long service leave	118	111	137	130
Retirement gratuities	-	-	6	5
Sick leave	12	12	48	52
Total employee entitlements	1,654	1,389	2,501	2,580
<i>Comprising:</i>				
Current	1,536	1,278	2,376	2,459
Non - current	118	111	125	121
Total employee entitlements	1,654	1,389	2,501	2,580

Note 18: Other provisions

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Current portion				
Maintenance provision	-	-	-	150
Provision for refund	-	-	-	-
Weathertightness	200	654	200	654
Total current provisions	200	654	200	804
Non-current portion				
Landfill provision	394	392	394	392
Total non-current provisions	394	392	394	392

Council and group	Provision for refund \$000	Weather- tightness \$000	Landfill \$000	Maintenance provision \$000
2016				
Opening balance 1 July	-	654	392	150
Additional provisions made during the year	-	59	2	-
Amounts used during the year	-	(513)	-	(150)
Closing balance 30 June	-	200	394	-
2015				
Opening balance 1 July	6,311	604	391	67
Additional provisions made during the year	-	50	1	95
Amounts used during the year	(6,311)	-	-	(12)
Closing balance 30 June	-	654	392	150

Council*Provision for refund*

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

Weather tightness

The Council is aware of potential claims in relation to the weathertightness of homes in the area at year end (2015: two claims). A provision has been made for the claims where reliable estimate of the potential cost to the Council can be made. Where it is not possible to make a reliable estimate, no provision has been recognised.

Landfill

The landfill provision reflects the cost of closing and rehabilitating the Killinchy and Hawkins landfills and was initially recognised as a current liability of \$300,000 in the year ended 30 June 2002. The landfill provision was reclassified as a non-current provision with no expenditure being charged against the provision in 2016 (2015: \$nil).

Group*Maintenance provision*

Provisions are required to settle the obligation to rework certain general construction and sealing contracts. A reliable estimate of the cost is required before the provision is recognised.

Note 19: Borrowings

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Current				
Secured loans	14	19,807	14	19,807
Total current borrowings	14	19,807	14	19,807
Non-current				
Secured loans	35,200	35,271	35,200	35,271
Total non - current borrowings	35,200	35,271	35,200	35,271
Total borrowings	35,214	55,078	35,214	55,078

Council*Secured loans*

The Council's secured borrowings of \$35.2 million (2015: \$55.1 million) include floating rate borrowings of \$35 million and fixed borrowings of \$214,000. For the floating rate borrowings, the interest rate is set quarterly based on the 90 day bank bill rate plus a margin for credit risk. The interest rates for fixed rate borrowings range from 2.99% to 3.00%.

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

The total amount of the borrowings approximates its fair value.

Internal borrowings

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

Movements in internal borrowings are as follows:

	Opening balance \$000	Repayment of borrowings \$000	New borrowings \$000	Closing balance \$000	Interest on borrowings \$000
2016					
Community facilities					
Arthurs Pass Public Toilet 25 Year Loan Reserve	755	(755)	-	-	45
Darfield Swimming Pool 15 Year Loan Reserve	41	(41)	-	-	2
Broadfield Loan Reserve	60	(10)	-	50	-
Halkett Community Centre 25 Year Loan Reserve	48	(4)	-	44	2
Kirwee Pavillion/Hall Reserve Loan Reserve	90	(9)	-	81	3
McHughs Plantation Loan Reserve	1,420	(53)	-	1,367	87
Rolleston Community Centre 20 Year Rating Loan Reserve	75	(75)	-	-	-
	2,489	(947)	-	1,542	139
2015					
Community facilities					
Arthurs Pass Public Toilet 25 Year Loan Reserve	783	(75)	47	755	47
Darfield Swimming Pool 15 Year Loan Reserve	61	(20)	-	41	2
Greendale Building/Pavillion Upgrade Loan Reserve	-	(172)	232	60	-
Halkett Community Centre 25 Year Loan Reserve	53	(5)	-	48	2
Kirwee Pavillion/Hall Reserve Loan Reserve	99	(9)	-	90	4
McHughs Plantation Loan Reserve	1,520	(100)	-	1,420	64
Rolleston Community Centre 20 Year Rating Loan Reserve	98	(23)	-	75	3
	2,614	(404)	279	2,489	122

Note 20: General funds

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Opening balance 1 July	712,593	653,253	717,169	654,927
<i>Transfers to:</i>				
Special funds	(55,571)	(17,225)	(55,571)	(17,225)
<i>Transfers from:</i>				
Revaluation reserve on disposal of property, plant and equipment	871	171	871	237
Special funds	61,911	7,729	61,911	7,729
Surplus for the year attributable to parent	62,065	68,665	62,528	71,501
Closing balance 30 June	781,869	712,593	786,908	717,169

Note 21: Fair value through other comprehensive revenue reserve

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Opening balance 1 July	42,023	42,023	41,022	41,022
Valuation gains / (losses) to other comprehensive revenue and expense	3,522	-	522	-
Transfers to surplus or deficit on realisation	(5,000)	-	(5,000)	-
Closing balance 30 June	40,545	42,023	36,544	41,022
<i>Represented by:</i>				
Orion Group Limited	35,524	40,002	35,524	40,002
Sicon Limited	4,001	1,001	-	-
Transwaste (Canterbury) Limited	1,020	1,020	1,020	1,020
Closing balance 30 June	40,545	42,023	36,544	41,022

Note 22: Special funds

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Opening balance 1 July	73,659	64,163	73,659	64,163
Transfers to general funds	(61,911)	(7,729)	(61,911)	(7,729)
Transfers from general funds	55,571	17,225	55,571	17,225
Closing balance 30 June	67,319	73,659	67,319	73,659

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

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

	Purpose of reserve fund	Opening 1 July 2015 \$'000	Deposits \$'000	Withdrawals \$'000	Closing 30 June 2016 \$'000
5 Waters					
Armack Drive Water Supply Renewal Reserve	B	(13)	13	-	-
Armack Drive Water Supply Special Fund	D	8	-	-	8
Arthurs Pass Sewerage Renewal Reserve	B	47	-	(47)	-
Arthurs Pass Water Supply Holding Capacity	D	(16)	-	-	(16)
Arthurs Pass Water Supply Renewal Reserve	B	94	-	(94)	-
Bealey River River Protection Reserve	D	23	1	-	24
Branthwaite Drive Water Supply Renewal Reserve	B	24	-	(24)	-
Branthwaite Drive Water Supply Reserve	A	27	-	-	27
Burnham Water Supply Renewal Reserve	B	43	-	(43)	-
Burnham Water Supply Reserve	A	25	1	-	26
Castle Hill Sewerage Renewal Reserve	B	110	-	(110)	-
Castle Hill Water Supply Renewal Reserve	B	265	-	(265)	-
Castle Hill Water Supply Reserve	A	2	-	-	2
Darfield Water Supply Capital Rate Reserve	A	(1,883)	128	-	(1,755)
Darfield Water Supply Renewal Reserve	B	1,493	-	(1,493)	-
Darfield Water Supply Water Quality Upgrade	C	582	18	-	600
District Holding Capacity	D	(83)	-	-	(83)
Doyleston Sewerage Renewal Reserve	B	5	-	(5)	-
Doyleston Sewerage Reserve	A	152	31	-	183
Doyleston Water Supply Capital Contribution Reserve	A	129	17	-	146
Doyleston Water Supply Renewal Reserve	B	90	-	(90)	-
Dunsandel Water Supply Renewal Reserve	B	94	-	(94)	-
Dunsandel Water Supply Reserve	A	71	2	-	73
Edendale Water Supply Renewal Reserve	B	10	-	(10)	-
Edendale Water Supply Reserve	A	93	2	-	95
Ellesmere Sewerage Renewal Reserve	B	336	-	(336)	-
Ellesmere Water Race Renewal Reserve	B	23	31	-	54
ESSS Sewerage Contribution Renewal Reserve	B	399	-	(399)	-
Greenpark Land Drainage Reserve	A	21	-	-	21
Hororata River Land Drainage Reserve	A	16	-	-	16
Irwell Land Drainage Reserve	A	1	-	-	1
Johnson Road Capital Injection Special Fund	C	6	1	-	7
Johnson Road Water Supply Reserve	A	26	1	-	27
Johnston Road Water Supply Renewal Reserve	B	37	-	(37)	-
Jowers Road Water Supply Equipment Reserve	A	6	1	-	7
Jowers Road Water Supply Renewal Reserve	B	29	-	(29)	-
Kirwee Water Supply Equipment Reserve	A	495	30	-	525
Kirwee Water Supply Renewal Reserve	B	292	-	(292)	-
L2 River Land Drainage De-silting Reserve from Surpluses	C	103	3	-	106
L2 River Land Drainage Machinery Reserve from Surpluses	C	277	9	-	286
Lake Coleridge Quality Upgrade Special Reserve	C	115	4	-	119

	Purpose of reserve fund	Opening 1 July 2015 \$'000	Deposits \$'000	Withdrawals \$'000	Closing 30 June 2016 \$'000
Lake Coleridge Sewerage Electricorp Payment Reserve	C	53	2	-	55
Lake Coleridge Sewerage Renewal Reserve	B	306	-	(306)	-
Lake Coleridge Water Supply Renewal Reserve	B	63	-	(63)	-
Leeston Land Drainage Reserve	C	38	1	-	39
Leeston Sewerage Renewal Reserve	B	1,613	-	(1,613)	-
Leeston Sewerage Reserve	A	345	409	(1)	753
Leeston Sewerage to Record Surpluses	C	11	-	-	11
Leeston Stormwater Reserve	A	114	36	-	150
Leeston Water Supply Renewal Reserve	B	366	-	(366)	-
Leeston Stormwater Renewals Reserve	B	-	4	-	4
Leeston Water Supply Reserve	A	787	219	(14)	992
Lincoln Sewerage Pipeline Reserve	C	357	-	(357)	-
Lincoln Sewerage Renewal Reserve	B	789	-	(789)	-
Lincoln Sewerage Reserve	A	507	-	(499)	8
Lincoln Stormwater Renewal Reserve	B	9	1	-	10
Lincoln Water Supply Renewal Reserve	B	333	-	(333)	-
Lincoln Water Supply Reserve	A	820	-	(592)	228
Malvern Area Water Race Renewal Reserve	B	126	173	(64)	235
Malvern Hills Rural Water Supply Renewal Reserve	B	108	-	(108)	-
Malvern Hills Rural Water Supply Reserve	A	532	20	-	552
Osbourne Land Drainage Reserve	A	12	-	-	12
Osbourne Land Drainage Renewal Reserve	B	(79)	8	-	(71)
Paparua Water Race Renewal Reserve	B	129	138	(2)	265
Prebbleton Sewerage Renewal Reserve	B	131	-	(131)	-
Prebbleton Sewerage Reserve	A	568	-	(153)	415
Prebbleton Stormwater Renewal Reserve	B	9	4	-	13
Prebbleton Water Supply Renewal Reserve	B	238	-	(238)	-
Prebbleton Water Supply Reserve	A	1,761	-	(504)	1,257
Rakaia Huts Water Supply Renewal Reserve	B	53	-	(53)	-
Rakaia Huts Water Supply Reserve	A	33	1	-	34
Raven Drive Water Supply Renewal Reserve	B	38	-	(38)	-
Rolleston Sewerage Helpet Reserve	C	65	-	(65)	-
Rolleston Sewerage Renewal Reserve	B	291	-	(291)	-
Rolleston Sewerage Reserve	A	710	-	(710)	-
Rolleston Stormwater Renewal Reserve	B	50	14	-	64
Rolleston Water Supply Renewal Reserve	B	1,541	-	(1,541)	-
Rolleston Water Supply Reserve	A	3,149	-	(1,533)	1,616
Selwyn Rural Water Supply Capital Rate Reserve	A	182	88	-	270
Selwyn Rural Water Supply Renewal Reserve	B	243	-	(243)	-
Sheffield Water Supply Renewal Reserve	B	76	-	(76)	-
Sheffield Water Supply Reserve	A	223	7	-	230
Southbridge Sewerage Contributions	A	120	28	-	148
Southbridge Sewerage Holding Capacity Reserve	D	-	-	-	-
Southbridge Sewerage Renewal Reserve	B	86	-	(86)	-
Southbridge Water Supply Renewal Reserve	B	136	-	(136)	-
Sewerage Renewal Reserve	B	-	5,792	(849)	4,943
Southbridge Water Supply Reserve	A	93	20	-	113
Springfield Water Supply Renewal Reserve	B	49	-	(49)	-
Springfield Water Supply Capital Reserve	A	4	-	-	4
Springfield Water Supply Reserve	A	50	23	-	73
Springston Special Reserve	D	583	-	(574)	9
Springston/Aberdeen Subdivision Special Fund Reserve	D	65	2	-	67

	Purpose of reserve fund	Opening 1 July 2015 \$'000	Deposits \$'000	Withdrawals \$'000	Closing 30 June 2016 \$'000
Springston Stormwater Renewal Reserve	B	3	1	-	4
Springston Water Supply Renewal Reserve	B	(13)	13	-	-
Springston Water Supply Reserve	A	211	7	-	218
Tai Tapu Sewerage Holding Capacity Reserve	D	(372)	21	-	(351)
Tai Tapu Sewerage Renewal Reserve	B	93	-	(93)	-
Tai Tapu Sewerage Reserve	A	1	6	-	7
Tai Tapu Stonwater Renewal Reserve	B	38	1	-	39
Tai Tapu Water Supply Renewal Reserve	B	111	-	(111)	-
Tai Tapu Water Supply Reserve	A	365	11	-	376
Tai Tapu/Otahuna Water Supply Reserve	A	108	4	-	112
Taumutu Culverts Land Drainage Reserve	A	46	2	-	48
Taumutu Water Supply Renewal Reserve	B	32	-	(32)	-
Te Pirita Rural Water Supply Renewal Reserve	B	43	-	(43)	-
Templeton/Claremont Capital Reserve	A	6	-	-	6
Templeton/Claremont Sewerage Renewal Reserve	B	52	7	(59)	-
Templeton/Claremont Sewerage Reserve	D	(40)	-	-	(40)
Templeton/Claremont Water Supply Renewal Reserve	B	40	-	(40)	-
Templeton/Claremont Water Supply Reserve	D	(37)	-	-	(37)
Templeton/Claremont Water Supply Reserve Surpluses	C	35	1	-	36
Upper Selwyn Huts Sewerage Renewal Reserve	B	302	-	(302)	-
Upper Selwyn Huts Water Supply Renewal Reserve	B	(1)	1	-	-
Wairiri Valley Land Drainage Reserve	A	4	-	-	4
West Melton Sewerage Renewal Reserve	B	11	-	(11)	-
West Melton Sewerage Reserve	A	(109)	-	-	(109)
West Melton Water Supply Renewal Reserve	B	240	-	(240)	-
Water Supplies Renewal Reserves	A	-	7,613	(1,078)	6,535
West Melton Water Supply Reserve	A	(214)	140	-	(74)
		22,415	15,111	(17,754)	19,772

Community facilities

Albert Anderson Fund	D	7	-	-	7
Art Acquisition Reserve	D	39	13	-	52
Arthurs Pass Public Toilet 25 Year Loan Reserve	E	(755)	755	-	-
Arts Council Grants Reserve	D	7	-	(7)	-
Breach Block Proceeds Reserve	D	167	-	(167)	-
Broadfield Loan Loan Reserve	E	(60)	10	-	(50)
Castle Hill Community Centre Reserve	A	(15)	15	-	-
Castle Hill Recreation Reserve Ex Land Subdivision	A	1	-	(1)	-
Claremont Contributions Reserve	A	32	-	(32)	-
Coalgate Contributions Reserve	A	131	-	(131)	-
Coalgate/Glentunnel (Ex Land Subdivision) Recreation Reserve	A	4	-	-	4
Darfield (Tussock Square) Reserve	D	1	-	-	1
Darfield Christmas in the Park Reserve	D	9	-	-	9
Darfield Domain Reserve	A	46	1	-	47
Darfield Medical Centre Depreciation Reserve	D	79	-	(79)	-
Darfield Swimming Pool 15 Year Loan Reserve	E	(41)	41	-	-
Darfield Township Reserve	A	964	29	-	993
Darfield Ward Contributions Reserve	A	35	-	(35)	-
District Reserve Contributions Reserve	A	245	8	-	253
Doyleston Contributions Reserve	A	131	-	(131)	-
Dunsandel Community Centre Reserve	A	49	-	(49)	-
Dunsandel Hall Renewal Reserve	B	121	80	-	201
Dunsandel Contributions Reserve	A	153	-	(153)	-
Edendale Contributions Reserve	A	25	-	(25)	-
Ellesmere Cemetery Investment Reserve	D	8	1	-	9
Ellesmere RSA Reserve	D	8	1	-	9
Gallipoli Oaks Special Fund	D	3	1	-	4
Glenroy Community Centre Reserve	A	20	-	(20)	-
Glentunnel Community Centre Reserve	A	53	2	-	55
Glentunnel/Coalgate Capital Equipment Reserve	A	33	2	-	35

	Purpose of reserve fund	Opening 1 July 2015 \$'000	Deposits \$'000	Withdrawals \$'000	Closing 30 June 2016 \$'000
Greendale Recreation Reserve	A	29	-	(29)	-
Greenpark Community Centre Reserve	D	6	29	(35)	-
Halkett Community Centre 25 Year Loan Reserve	E	(48)	4	-	(44)
Halkett Community Centre Ex Land Subdivision Reserve	C	16	-	-	16
Hororata Contributions Reserve	A	104	-	(104)	-
Hororata Cross Country Course Reserve	D	6	49	-	55
Hororata Reserve Board Reserve	A	10	-	(10)	-
Hororata Reserve Ex Land Subdivision Reserve	A	7	-	-	7
Hororata Township Reserve	A	1	-	-	1
Johnsons Road Contributions Reserve	A	26	-	(26)	-
Kimberley Reserve Timber Sales Reserve	C	34	1	-	35
Kimberley Reserve Ex Land Subdivision Reserve	A	1	-	(1)	-
Kirwee Contributions Reserve	A	54	-	(54)	-
Kirwee Operational Reserve	A	25	1	-	26
Kirwee Pavillion/Hall Reserve Loan Reserve	E	(90)	9	-	(81)
Ladbrooks Community Centre Investment Reserve	C	19	-	-	19
Ladbrooks Community Centre Reserve	A	117	-	(117)	-
Lake Coleridge Community Centre Reserve	A	12	-	(12)	-
Lake Coleridge Community Centre Reserve	A	2	-	(2)	-
Lake Coleridge Contributions Reserve	A	27	-	(27)	-
Lake Coleridge Township	A	5	-	(3)	2
Lakeside Community Centre Reserve	A	6	-	-	6
Leeston Contributions Reserve	A	1,022	-	(1,022)	-
Leeston Progress League Reserve	D	2	-	-	2
Leeston Township Est NA Osbourne Reserve	D	71	2	-	73
Leeston Ward Contributions Reserve	A	7	-	(7)	-
Lincoln Community Centre Cheque Account Balance Reserve	A	26	-	(26)	-
Lincoln Community Centre Ex Paparua SF Reserve	A	8	1	-	9
Lincoln Community Centre Operating Account Credit Balance Reserve	A	76	-	(76)	-
Lincoln Contributions Reserve	A	4,234	-	(4,234)	-
Lincoln Library Ex Paparua Reserve	D	12	1	-	13
Malvern Recreation Centre Reserve	A	649	-	(649)	-
McHughs Plantation Loan Reserve	E	(1,420)	53	-	(1,367)
Metal Pits Reserve	D	1,190	36	-	1,226
Motukarara Contributions Reserve	A	19	-	(19)	-
Osbourne Park Pavilion Upgrade Reserve	C	1	-	(1)	-
Plant Depreciation Replacement Reserve	B	11	1	-	12
Prebbleton Cell Tower Special Fund Reserve	D	57	10	-	67
Prebbleton Contributions Reserve	A	4,604	-	(4,604)	-
Rakaia Huts Boat Ramp Reserve	D	63	1	-	64
Rolleston Community Centre 20 Year Rating Loan Reserve	E	(75)	75	-	-
Rolleston Community Centre Cheque Account Reserve	A	20	-	(20)	-
Rolleston Community Centre Ex Paparua SF Reserve	A	20	-	(20)	-
Rolleston Com Centre Capital Fund	A	-	152	-	152
Rolleston Community Centre Memorial Hall Site Reserve	A	204	-	(204)	-
Rolleston Community Centre Paparua Library Reserve	A	5	-	(5)	-
Rolleston Community Fund	D	-	196	-	196
Rolleston Ward Contributions Reserve	A	12,316	-	(12,316)	-
Reserve Contrib.Malvern Ward	A	-	1,461	(374)	1,087
Reserve Contrib.Springs Ward	A	-	13,271	(2,246)	11,025
Reserve Contrib.Ellesmere Ward	A	-	1,903	(173)	1,730
Reserve Contrib.Selwyn Central Ward	A	-	18,828	(4,512)	14,316
Selwyn Aquatic Centre Hoist Purchase Special Fund	D	1	-	(1)	-
Sheffield Bowling Club Donation Reserve	D	10	-	(5)	5
Sheffield Community Centre Carpet Replacement Reserve	B	2	-	(2)	-
Sheffield Community Centre Investment Reserve	A	2	-	(2)	-
Sheffield Hall Refurbishment Fund	A	-	4	-	4
Sheffield Contributions Reserve	A	51	-	(51)	-
Sheffield Res Ex Land Subdivision Reserve	A	7	-	-	7
Sheffield Reserve Special Funds Reserve	A	3	-	-	3
Sheffield Swimming Pool School Donation Reserve	C	1	-	(1)	-
Sheffield Bowling Club Donation Reserve	D	10	1	-	11
Southbridge Contributions Reserve	A	140	-	(140)	-
Southbridge Advisory Committee Reserve	A	-	25	-	25
Sports Centre Refurbishment Reserve	A	(10)	12	(2)	-
Springston Cemetery Investment Reserve	D	4	-	-	4

	Purpose of reserve fund	Opening 1 July 2015 \$'000	Deposits \$'000	Withdrawals \$'000	Closing 30 June 2016 \$'000
Springston Contributions Reserve	A	159	-	(159)	-
Springston Ex Ellesmere Reserve	A	31	1	-	32
Springston Township	A	4	-	-	4
Springston Road Gravel Reserve	D	7	-	-	7
Springston South Reserve Contribution Reserve	A	6	-	(6)	-
Tai Tapu ex Paparua Library Reserve	D	39	1	-	40
TaiTapu Contributions Reserve	A	437	-	(437)	-
Tawera Ward Contribution Reserve	A	6	-	(6)	-
Weedons Contribution Reserve	C	268	-	(268)	-
Weedons Discretionary Fund Reserve	D	3	-	-	3
Weedons Reserve Ex Paparua Investment Reserve	A	9	-	-	9
Weedons Reserve Ex Paparua Reserve	A	15	-	-	15
Weedons Reserve Loan Repayment Reserve	A	35	5	-	40
Weedons Surplus Reserve	A	64	8	-	72
West Melton Capital Reserve	A	4	32	(36)	-
West Melton Community Centre Ex Paparua Reserve	A	33	1	-	34
West Melton Community Centre Scholarship Fund Reserve	C	46	-	-	46
West Melton Surplus Reserve	A	55	39	-	94
West Melton Land Purchase Reserve	C	2	-	(2)	-
West Melton Ward Contributions Reserve	A	1,330	-	(1,330)	-
Whitecliffs Contributions Reserve	A	15	-	(15)	-
Whitecliffs Reserve Ex Land Subdivision Reserve	A	1	-	-	1
Wrights Block Income Reserve	A	32	-	(32)	-
		27,813	37,172	(34,253)	30,732
Community services					
District Recreation & Cultural Reserve	D	278	-	(278)	-
Ex Ellesmere - Ellesmere Clay Loan Reserve	A	25	-	-	25
Ex Ellesmere - Ellesmere Golf Loan Reserve	A	40	-	(33)	7
Ex Ellesmere - Leeston Ward Cash Reserve	A	269	42	-	311
Ex Ellesmere - Rolleston Reserve	A	2	-	(2)	-
Insurance Reserve Fund Reserve	A	641	-	(8)	633
Operational Assets Replacement Fund Reserve	B	492	-	(492)	-
Retentions Reserve	A	46	-	(46)	-
Selwyn District Education Fund Reserve	D	159	6	(5)	160
		1,952	48	(864)	1,136
Democracy					
Barnett Bequest Reserve	D	3	-	(2)	1
Mayoral Emergency Special Fund Reserve	D	30	1	-	31
		33	1	(2)	32
Environmental services					
Dog Account Surpluses	D	97	-	(97)	-
Weather Tightness Insurance Reserve	D	(442)	60	(68)	(450)
		(345)	60	(165)	(450)
Internal council services					
MAB Discretionary Fund Reserve	D	9	-	-	9
Investment Property Surplus	D	267	-	(267)	-
Earthquake Self Insurance Reserve	D	11,543	46	-	11,589
Pre 1989 Contributions Reserve	D	63	1	-	64
		11,882	47	(267)	11,662
Transportation					
Roading Contributions Reserve	A	6,877	3,068	(8,606)	1,339
Undergrounding Reserve	A	3,036	46	-	3,082
		9,913	3,114	(8,606)	4,421
Closing balance 30 June		73,666	55,571	(61,911)	67,319

Note 23: Asset revaluation reserves

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Opening balance 1 July	483,170	483,341	483,284	483,603
Net revaluation gains / (losses)	17,224	-	17,224	(82)
Less: tax effect on buildings	(8)	-	(8)	-
Transfer to general reserves on disposal	(871)	(171)	(871)	(237)
Closing balance 30 June	499,515	483,170	499,629	483,284

Property revaluation reserves for each asset class consist of:

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Land and buildings	106,907	90,487	107,021	90,601
Farm land	2,919	2,994	2,919	2,994
Roading	176,250	176,250	176,250	176,250
Water supplies	52,713	52,713	52,713	52,713
Stormwater	12,014	12,014	12,014	12,014
Sewerage	57,422	57,422	57,422	57,422
Land drainage	21,246	21,246	21,246	21,246
Water races	70,044	70,044	70,044	70,044
Closing balance 30 June	499,515	483,170	499,629	483,284

Note 24: Reconciliation of net surplus / (deficit) after tax to net cash flow from operating activities

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Surplus after taxation and discontinued operation	62,065	68,665	62,528	71,501
<i>Add / (less) non-cash items:</i>				
Vested assets revenue	(34,802)	(29,663)	(34,802)	(29,663)
(Gains) / losses on fair value of investment property	(39)	(352)	(39)	(342)
(Gains) / losses on fair value of forestry assets	(20)	151	(20)	151
Fair value increase of embedded derivative	(10)	(27)	(10)	(27)
Depreciation and amortisation	22,647	21,362	24,025	23,157
Impairments	-	-	-	13
Non - current employee benefits	7	-	7	-
Non - current provisions	2	1	2	1
Provision for refund	-	-	-	-
Movement in provision for doubtful debts	15	(9)	15	(9)
Land & building revaluation (increment/decrement)	(8)	-	(8)	-
Interest rate swap	202	1,267	202	1,267
Movement in deferred taxation	9	(74)	275	(497)
Share of joint venture (surplus) / deficit	-	-	(73)	(271)
Realisation of investment	522	-	522	-
Release to profit from fair value through equity reserve	(5,000)	-	(5,000)	-
	45,590	61,321	47,624	65,281
<i>Add / (less) movements in working capital items:</i>				
Trade and other receivables	(1,490)	4,071	351	5,417
Income tax receivable	(3,345)	3,347	(3,432)	3,413
Inventory & work in progress	(496)	2,668	(587)	3,265
Trade and other payables	(4,127)	(6,272)	(5,131)	(6,407)
Employee benefit liabilities	258	197	255	189
	36,390	65,332	39,080	71,158
<i>Add / (less) items classified as investing or financing activities:</i>				
Net gain on sale of property, plant and equipment	338	(62)	(570)	(763)
Net cash inflow / (outflow) from operating activities	36,728	65,270	38,510	70,395

Note 25: Capital commitments and operating leases

Capital commitments

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Community facilities	6,340	736	6,340	736
Property, plant & equipment	-	-	273	-
Transportation	1,239	520	1,239	520
Wastewater	-	200	-	200
Water supply	-	1,412	-	1,412
Total capital commitments	7,579	2,868	7,852	2,868

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

The Council's subsidiaries have capital commitments as at 30 June 2016 for the purchase of property, plant and equipment of \$nil (2015: \$nil).

Operating leases*Operating leases as lessee*

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

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Not later than one year	-	52	261	222
Later than one year and not later than five years	-	-	514	37
Later than five years	-	-	-	-
Total non-cancellable operating leases	-	52	775	259

Operating leases as lessor

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

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Not later than one year	915	915	915	915
Later than one year and not later than five years	322	1,185	322	1,185
Later than five years	548	600	548	600
Total non-cancellable operating leases	1,785	2,700	1,785	2,699

Note 26: Contingent liabilities and contingent assets

Contingent liabilities*Council**Financial guarantees*

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

Unquantified claims

The Council is aware of one potential claim in relation to the weather tightness of homes in the area. As detailed in Note 18, a provision has been made for claims where a reliable estimate of the potential cost to the Council can be made.

The Council is exposed to potential future claims (which have not yet been advised) until the statutory limitation period expires. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services Act 2006, but other statutory limitation periods could also affect claims. The Council does not have insurance cover for any of the claims for which it has not made a provision. The Council is funding the cost of weather tightness claims through general rates and has allowed funding of \$150,000 in the 2015/16 financial year.

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

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

New Zealand Local Government Funding Agency (LGFA)

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

Selwyn District Council is one of 30 shareholders of the NZLGFA. In that regard, it has uncalled capital of \$0.2 million (2015: \$0.2 million). When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified. In addition, together with the other shareholders, Selwyn District Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2016, NZLGFA had borrowings totalling \$6,501 million (2015: \$4,998 million).

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

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

Landfills located within Selwyn district

The Council does not operate any landfills in the District. The Council has recognised the costs of closing and rehabilitating the Killinchy and Hawkins landfills that were the two largest when operated as per Note 18.

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

Group

Sicon Limited (SL)

From time to time SL has performance bonds and bonds in lieu of retentions to third parties. Bonds to the value of \$550,000 (2015 - \$859,647) are committed as at 30 June 2016.

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

Following reports in the media of payroll-related breaches of the Holiday's Act due to misinterpretation of the requirements, SL took advice from the Companies Payroll Software provider.

Our initial assessment following this advice and our confidence in our highly trained payroll team has confirmed our position in that we are confident that we have no payroll-related breaches and therefore there is no potential contingent liability.

Other than the above SL has no contingent liabilities as at 30 June 2016.

Contingent assets

Council

The Council has no contingent assets as at 30 June 2016 (2015: \$nil).

Group

Sicon Limited (SL)

SL has no contingent assets at 30 June 2016 (2015: nil).

Note 27: Related party transactions

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

*Related party transactions with subsidiaries and associates***Selwyn District Charitable Trust**

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

	2016 \$000	2015 \$000
Donations received from the Trust	79	13
Accounts receivable	95	17

In addition to the above transactions, the Council has provided accounting services to the Trust at no charge and will pay the audit fee on behalf of the Trust totalling \$4,487 (2015: \$4,487).

There were no commitments with the Selwyn District Charitable Trust as at 30 June 2016 (2015: \$nil).

Orion New Zealand Limited

The Council entered into transactions with Orion New Zealand Limited during the year.

	2016 \$000	2015 \$000
Dividend revenue	6,971	6,113
Share buy-back	9,653	
Rates revenue received	197	195
Accounts receivable	-	-

There were no commitments with Orion New Zealand Limited as at 30 June 2016 (2015: \$nil).

Sicon Limited

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

	2016 \$000	2015 \$000
Rates, royalties, interest and lease revenue received	185	246
Dividend revenue	2,600	1,000
Contract services received from Sicon Limited	10,310	10,175
Accounts receivable	7	17
Accounts payable	1,285	1,561

There were no commitments with Sicon Limited as at 30 June 2016 (2015: \$nil).

Central Plains Water Trust

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

	2016 \$000	2015 \$000
Payments to suppliers on behalf of the Trust	60	56
Accounts receivable	34	41

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

There were no commitments with the Central Plains Water Trust as at 30 June 2016 (2015: \$nil).

Tramway Reserve Trust

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

	2016 \$000	2015 \$000
Payments to suppliers on behalf of the Trust	-	-
Grant paid to the Trust	-	-

During the year, the Council provided accounting services to the Tramway Reserve Trust at no charge and will pay the audit fee on behalf of the Trust totalling \$1,765 (2015: \$1,729).

There were no commitments with the Tramway Reserve Trust as at 30 June 2016 (2015: \$nil).

*Transactions with key management personnel***Key Management Personnel Compensation**

	2016	2015
<i>Councillors</i>		
Remuneration	\$498,000	\$475,000
Full-time equivalent members	12	12
<i>Senior Management Team, including the Chief Executive</i>		
Remuneration	\$1,629,000	\$1,383,000
Full-time equivalent members	9	9
Total key management personnel remuneration	\$2,126,000	\$1,857,000
Total full-time equivalent personnel	21	21

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

Related party transactions with key management personnel

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

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

- Councillor John Morten's wife is part owner of Foothill Flowers from whom the Council purchased goods and services totalling \$1,074. The balance outstanding at 30 June 2016 was \$nil.
- Nicola Peacock (Selwyn Central Community Board Member) is a director of Malloch Environmental Limited from whom the Council purchased goods and services totalling \$51,016. The balance outstanding at 30 June 2016 was \$4,543.

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

No provision has been required, nor any expense recognised for impairment of receivables, for any loans or other receivable to related parties (2015: \$nil).

Transactions with key management personnel in the previous financial year:

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

Note 28: Remuneration

Elected members

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

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

	2016 Base salary \$	2016 Hearing fees \$	2016 Total remuneration \$	2015 Base salary \$	2015 Hearing fees \$	2015 Total remuneration \$
<i>Council</i>						
Mayor Kelvin Coe	114,050	-	114,050	109,050	-	109,050
Councillor Sarah Walters (Deputy Mayor)	39,725	840	40,565	37,758	502	38,260
Councillor Debra Hasson	34,300	-	34,300	32,600	1,550	34,150
Councillor Nigel Barnett	34,300	-	34,300	32,600	-	32,600
Councillor Mark Alexander	34,300	-	34,300	32,600	-	32,600
Councillor Jeff Bland	34,300	-	34,300	32,600	102	32,600
Councillor John Morten	34,300	-	34,300	32,600	-	32,600
Councillor Malcolm Lyall	34,300	-	34,300	32,600	-	32,600
Councillor Pat McEvedy	34,300	-	34,300	32,600	-	32,600
Councillor Peter Hill	34,300	-	34,300	32,600	-	32,600
Councillor Sam Broughton	34,300	-	34,300	32,600	-	32,600
Councillor Grant Miller	34,300	-	34,300	32,600	-	32,600
<i>Malvern Community Board</i>						
Jenny Gallagher (Chairperson)	16,500	-	16,500	16,500	-	16,500
Mary Ireland	8,250	-	8,250	8,250	-	8,250
Bob Mugford	8,250	-	8,250	8,250	-	8,250
Judith Pascoe	8,250	-	8,250	8,250	-	8,250
Kerry Pauling	8,250	-	8,250	8,250	-	8,250
<i>Selwyn Central Community Board</i>						
Diane Chesmar (Chairperson)	14,939	-	14,939	18,700	-	18,700
Alan French	9,900	-	9,900	9,350	-	9,350
Bruce Russell	9,350	-	9,350	9,350	-	9,350
Nicola Peacock	7,975	-	7,975	9,350	-	9,350

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

	2016	2015
<i>Sicon Limited</i>		
Councillor John Morten	30,000	30,000
Councillor Pat McEvedy	30,000	20,000
<i>Selwyn Waihora Zone Committee</i>		
Councillor Pat McEvedy	-	2,052

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 \$298,192 (2015: \$290,602). This included a non - taxable allowance of \$nil (2015:\$nil).

Severance payments

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

For the year ended 30 June 2016, the Council made four severance payments to Council employees totalling \$36,310 (2015: one payment totalling \$10,000).

The value of each of the severance payments was \$15,000, \$10,310, \$8,500 and \$2,500 (2015: \$10,000).

Note 29: Construction contracts – Group

	Group 2016 \$000	Group 2015 \$000
<i>For contracts in progress as at 30 June:</i>		
Contract costs incurred	708	3,064
Recognised profits	229	393
Progress billings	937	3,457
Gross amount due from customers	-	172
Retentions receivable	119	167

Note 30: Events after balance date

Council

There were no significant events subsequent to balance date.

2015

Orion New Zealand Limited

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

Group

Sicon Limited

Since the balance date the assets listed as held for sale have been realised for \$102,034

Note 31: Financial instruments

Financial instruments risks

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

Market risk*Price risk*

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

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council has not entered into any significant foreign currency transactions during the year and therefore has no exposure to currency risk.

Fair value interest rate risk

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

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

Cash flow interest rate risk

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

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

Credit risk

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

The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in Note 26.

Maximum exposure to credit risk

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

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Cash and cash equivalents	15,799	7,179	22,460	11,456
Receivables	14,162	11,857	15,267	14,908
Term deposits	52,700	67,231	52,700	67,231
Government bonds	-	1,997	-	1,997
Derivatives	-	1,028	-	1,028
Total credit risk	82,661	89,292	90,427	96,620

Credit quality of financial assets

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

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

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Counterparties with credit ratings				
<i>Cash at bank and term deposits</i>				
Continuing operations AA- & A+	68,499	74,410	75,160	78,687
Total cash at bank and term deposits	68,499	74,410	75,160	78,687
<i>Government Bonds</i>				
AA+	-	1,997	-	1,997
<i>Derivative financial instruments</i>				
AA+	-	1,028	-	1,028
Total counterparties with credit ratings	-	3,025	-	3,025
Counterparties without credit ratings				
<i>Community and related party loans</i>				
Existing counterparty with no defaults in the past	329	289	329	289
Existing counterparty with defaults in the past	-	-	-	-
Total loans to related parties	329	289	329	289
<i>Receivables</i>				
Existing counterparty with no defaults in the past	-	-	-	-
Existing counterparty with defaults in the past	-	-	-	-
Total receivables	-	-	-	-

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

Liquidity risk

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

As at 30 June 2016, the Council has a multi-option credit facility of \$10 million (2015: \$30 million) against which it had drawn \$nil (2015: \$nil).

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 26.

Sicon Limited has a maximum amount that can be drawn down against their overdraft facility of \$4 million (2015: \$4 million). There are no restrictions on the use of this facility.

Contractual maturity analysis on financial liabilities

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

	Liability carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1 - 5 years \$000	More than 5 years \$000
Council 2016					
Payables and deferred revenue	12,390	12,390	12,390	-	-
Secured loans	35,214	39,726	2,221	37,265	240
Net settled derivatives (interest rate swap)	2,382	1,643	554	1,036	53
Group 2016					
Payables and deferred revenue	12,849	12,849	12,849	-	-
Secured loans	35,214	39,726	2,221	37,265	240
Net settled derivatives (interest rate swap)	2,382	1,643	554	1,036	53
Council 2015					
Payables and deferred revenue	15,025	15,025	15,025	-	-
Secured loans	55,078	61,832	22,158	39,452	222
Net settled derivatives (interest rate swap)	2,180	2,375	732	1,463	180
Group 2015					
Payables and deferred revenue	16,103	16,103	16,103	-	-
Bank overdraft	-	-	-	-	-
Secured loans	55,078	61,832	22,158	39,452	222
Finance leases	-	-	-	-	-
Net settled derivatives (interest rate swap)	2,180	2,375	732	1,463	180

Contractual maturity analysis of financial assets

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

	Asset Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 year \$000	1-5 years \$000	More than 5 years \$000
Council 2016					
Cash and cash equivalents	15,799	15,799	15,799	-	-
Receivables	14,162	15,020	10,914	4,023	83
Term deposits	52,700	54,465	54,465	-	-
Group 2016					
Cash and cash equivalents	22,460	22,460	22,460	-	-
Receivables	15,267	16,145	12,039	4,023	83
Term deposits	52,700	54,465	54,465	-	-
Council 2015					
Cash and cash equivalents	7,179	7,179	7,179	-	-
Receivables	11,857	13,253	9,559	2,328	1,366
Government bonds	1,997	3,114	3,114	-	-
Term deposits	67,231	69,147	69,147	-	-
Embedded derivatives	1,028	1,058	1,058	-	-
Group 2015					
Cash and cash equivalents	11,456	11,456	11,456	-	-
Receivables	14,908	16,380	12,686	2,328	1,366
Government bonds	1,997	3,114	3,114	-	-
Term deposits	67,231	69,147	69,147	-	-
Embedded derivatives	1,028	1,058	1,058	-	-

Sensitivity analysis for Interest rate risk

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

	Surplus \$000	-100bps Other equity \$000	Surplus \$000	+100bps Other equity \$000
Council 2016				
Interest rate risk				
<i>Financial assets</i>				
Cash and cash equivalents	(158)	-	158	-
Term deposits	(527)	-	527	-
<i>Financial liabilities</i>				
Interest rate swaps	(763)	-	729	-
Secured loans	350	-	(350)	-
Total sensitivity	(1,098)	-	1,064	-
Council 2015				
Interest rate risk				
<i>Financial assets</i>				
Cash and cash equivalents	(72)	-	72	-
Term deposits	(672)	-	672	-
<i>Financial liabilities</i>				
Interest rate swaps	(1,119)	-	1,063	-
Secured loans	548	-	(548)	-
Total sensitivity	(1,315)	-	1,259	-
Other price risk				
<i>Financial assets</i>				
Government bonds	(30)	-	30	-
Total sensitivity	(30)	-	30	-
Group 2016				
Interest rate risk				
<i>Financial assets</i>				
Cash and cash equivalents	(225)	-	225	-
Term deposits	(527)	-	527	-
<i>Financial liabilities</i>				
Interest rate swap	(763)	-	729	-
Secured loans	350	-	(350)	-
Total sensitivity	(1,165)	-	1,131	-
Group 2015				
Interest rate risk				
<i>Financial assets</i>				
Cash and cash equivalents	(115)	-	115	-
Term deposits	(672)	-	672	-
<i>Financial liabilities</i>				
Interest rate swap	(1,119)	-	1,063	-
Secured loans	548	-	(548)	-
Total sensitivity	(1,358)	-	1,302	-
Other price risk				
<i>Financial assets</i>				
Government bonds	(30)	-	30	-
Total sensitivity	(30)	-	30	-

Note 32: Capital management

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

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

The objective of managing these items is to achieve intergenerational equity which is a principle promoted by the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's asset and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the full cost of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in the Long Term Plan (LTP) and its annual budget to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Selwyn District Council has the following Council created reserves:

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

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

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

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

Note 33: Discontinued operation

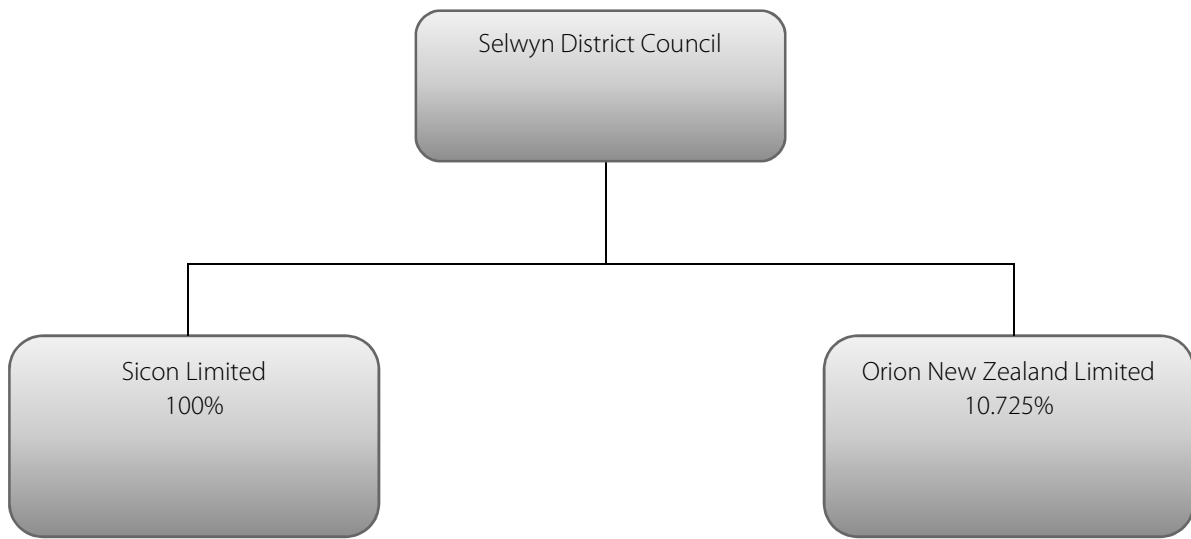
On 31 August 2015, following the loss of the highway road maintenance contract, the board of directors of Sicon Limited resolved to close the company's operations on the West Coast.

Property, plant and equipment used in the operation of the contract was transferred to other branches or sold. A number of staff were made redundant.

The results for the West Coast Operations are presented below:

	Group 2016 \$000	Group 2015 \$000
Profits attributable to discontinued operations		
Operating revenue	2,363	11,840
Interest received	-	-
Other gains / (losses)	605	103
Fair value adjustment	-	-
Total revenue	2,968	11,943
Operating expenses	2,525	11,947
Depreciation, amortisation, and impairment	108	590
Impairment of assets	-	13
Finance costs	-	-
Total expenditure	2,633	12,550
Surplus / (deficit) before tax	335	(607)
Taxation expense	93	(183)
Surplus / (deficit) after tax	242	(424)
Other comprehensive income		
Property, plant and equipment revaluation gains	-	-
Total other comprehensive income	-	-
Total comprehensive income	242	(424)
	Group 2016 \$000	Group 2015 \$000
Cash flows from discontinued operation		
Net cashflows from operating activities	1,133	417
Net cashflows from investing activities	3,031	217
Net cashflows from financing activities	-	-
Net cash (outflow) / inflow	4,164	634

Financial interests



Community Trusts Administered by the Council:

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

Financial interests – Sicon Limited

Relationship to the Council

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

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

Nature and scope of the company

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

Objective

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

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

Key performance targets

The Company's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2016 is set out below:

	Status	Actual 2016	Target 2016
Return after tax on opening total assets	Achieved	17.3%	≥8.8%
Return after tax to opening shareholder funds	Achieved	22.4%	≥8.5%
Consolidated Equity to Total Assets	Achieved	81.6%	≥40.0%
To maintain ISO 9001:2008 Quality Standard Certification	Achieved		
To maintain ACC WSMP Certification to Tertiary Level	Achieved		
To maintain NZS 4801 Safety Management Systems Certification	Achieved		
To maintain NZS 14001 Environmental Standard Certification	Achieved		

Summary of financial performance

	Actual 2016 \$000	Actual 2015 \$000
Revenue	30,037	28,120
Expenditure	26,166	24,046
Surplus / (deficit) before taxation	3,871	4,074
Surplus / (deficit) from discontinued operations	242	(470)
Surplus / (deficit) after taxation	3,063	3,775
Ordinary dividend	2,600	1,000

Financial interests – Orion New Zealand Limited

Relationship to the Council

Selwyn District Council has a 10.725% shareholding in Orion New Zealand Limited.

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

Nature and scope of the company

Orion's activities are to:

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

Objective

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

Key performance targets

The Company's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 31 March 2016 is set out below:

Financial performance targets:

	Status	Actual 2016	Target 2016	Note
Net profit	Achieved	\$53.4m	\$48.8m	1,2
Net profit to average shareholders' equity	Achieved	17.5%	6.9%	1,2
Debt ratio	Achieved	26%	29%	3
Equity ratio	Achieved	74%	71%	3
Equity to total assets	Achieved	59%	58%	3
Fully imputed dividends	Achieved	\$63.0m	\$48.0m	
Share buy-back	Achieved	\$90.0m	\$90.0m	

Note 1 – the group's net profit for the year ended 31 March 2016 was \$4.6 million above its SOI target due, primarily to the following favourable variances:

	\$m Post tax
Below budget expenses	3.6
Below budget net interest expense	2.1
Above budget network delivery revenue	1.9
Above budget other revenues	1.7
Above budget capital contribution revenues	1.2
Above budget Connetics net profit	0.8
Below budget depreciation expense	0.5
Above budget interest rate swap revaluation expense	(2.1)
Above budget impairment expense	(5.1)
	4.6

Note 2 – the group's net profit for the year ended 31 March 2016 was \$29.2 million above last year's net profit due, primarily to the following variances:

	\$m Post tax
Higher network delivery revenues	8.6
Higher capital contribution revenues	0.4
Lower Connetics net profit	(0.3)
Lower other revenues	(0.8)
Higher depreciation expense	(1.3)
Higher interest rate swap revaluation expense	(1.5)
Higher interest expense	(2.2)
Higher operating expenses	(2.7)
Impairment expense	(5.1)
One off earthquake insurance claim proceeds last year	(24.0)
Other	(0.3)
	(29.2)

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

Network reliability targets:

	Number of customer connections	Actual 2016*	Target 2016	Actual 2015*	Gazetted NZ Weighted Average 2015*
	31 March 2016				
Orion network interruptions in minutes per year per connected customer (SAIDI):					
- Urban	166,000	32	31	69	
- Rural	29,000	585	475	468	
- Overall	195,000	113	95	126	292

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

- Urban	166,000	0.6	0.8	0.6	
- Rural	29,000	4.4	3.4	4.3	
- Overall	195,000	1.2	1.2	1.2	1.9

Important notes:

- Major storms, natural disasters and other catastrophic events can cause significant numbers and significant durations of network supply interruptions. The future occurrence and severity of 'major events' cannot be predicted.
- The Commerce Commission sets limits for and assesses the industry's network reliability performance. The Commission assesses the industry's actual performance, after 'normalising' for the impacts of 'major events'.
- The targets above are consistent with the Commission's 2015 network reliability limits for the company, pursuant to the company's customised price-quality path (CPP). The Commission's limits are for the company's overall network, there is no urban/rural split. After applying the Commission's normalisation methodology, the company achieved the overall SAIDI and SAIFI targets above in 2016.
- The columns marked with an asterisk (*) above are stated gross – before normalising for major events using the Commission's methodology.
- The gazetted industry averages are for all 29 New Zealand electricity distribution networks, and include a mixture of rural and urban networks. The company's electricity distribution network includes a significant rural component.
- SAIDI and SAIFI are standard international industry measures of network reliability performance. They include planned and unplanned interruptions.

- SAIDI: system average interruption duration index – the average duration of supply interruptions that each consumer experiences.
 - SAIFI: system average interruption frequency index – the average number of supply interruptions that each consumer experiences.
- SAIDI and SAIFI are standard industry measures for network reliability.

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

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

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

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

Earthquake recovery and disaster resilience targets:

- Lay and commission a permanent 66kV high voltage underground feed from Transpower's Bromley grid exit point to the McFaddens, Dallington and Rawhiti Domain zone substations. Then remove the temporary 66kV overhead lines installed after the February 2011 quake. *(Status: Achieved)*
- Work with the Canterbury Earthquake Recovery Authority (CERA) and the Christchurch City Council to re-establish power and network resilience to the central business district (CBD) according to agreed priorities and timeframes. *(Status: Achieved)*
- Continue to support the key regional quake recovery planning documents. *(Status: Achieved)*

Environmental targets:

- Continue to undertake and encourage demand side management. *(Status: Achieved)*.
- Keep annual sulphur hexafluoride gas losses below 1% per year. *(Status: Achieved)*
- Keep non-contained transformer oil spills to nil. *(Status: Achieved)*
- Support the Christchurch City Council's sustainable energy strategy. *(Status: Achieved)*.

Community and employment targets:

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

Summary of financial performance

	Actual 2016 \$000	Actual 2015 \$000
Revenue	307,440	333,088
Expenditure	233,196	223,043
Surplus / (deficit) before taxation	74,244	110,045
Surplus / (deficit) after taxation	53,446	82,615
Ordinary dividend	63,000	56,000

Financial interests – Selwyn District Charitable Trust

Relationship to the Council

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

Nature and scope of activities

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

Key performance targets

The Trust's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2016 is set out below:

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

During the period the Trust received a total of \$156,844 (2015: \$18,955) in donation revenue. The Trust has distributed \$78,718 (2015: \$12,718) to the Selwyn District Council during the year. The donations received by the Trust during the year are to be used for the benefit of the Selwyn Aquatic Centre and the Dunsandel Community Centre.

The Trust distributed the donations received for the benefit of the Selwyn Aquatic Centre during the year. This included an interest component earned on these donations. At year end there was \$95,305 (2015: \$16,978) in donations and interest revenue payable to Selwyn District Council.

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

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

Summary of financial performance

	Actual 2016 \$000	Actual 2015 \$000
Revenue	157	19
Expenditure	157	19
Surplus / (deficit) before taxation	-	-

Financial interests – Central Plains Water Trust

Relationship to the Council

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

Nature and scope of activities

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

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

Objective

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

Key performance targets

The Trust's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2016 is set out below:

- *Monitor the performance of CPWL in constructing, commissioning and operating the Scheme, and communicate the results to the public using the information it will publish on its website.*

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

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

The Trust is currently establishing a new website so that its annual Environmental Scheme Performance Report can be effectively published for public information and comment. This will become operational during the 2016 – 2017 year.

- *To consult, and develop scheme recreational opportunities for the headrace canal and its margins and establish and support the Environmental Management Fund (EMF).*

Two Environmental Management Funds are included in the resource consent conditions, as a result of the settlement agreement with Ngai Tahu. One specifically deals with Te Waihora, and the other with all of the other purposes of the EMF within the scheme area. Ngai Tahu manages and apply the funds required for Te Waihora. The Trust established a committee required for the wider area, which decides how the Fund is spent. Plans for the use of the headrace canal and its margins for recreational use have been investigated during the year.

- *To establish and support the Community Liaison Group in its ongoing functions.*

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

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

Financial statements were provided to the settlors for the quarters ending 30 September, 31 December, 31 March and 30 June. The Trust prepared a statement of intent and provided this to the settlors.

Summary of financial performance

	Actual 2016 \$000	Actual 2015 \$000
Revenue	56	53
Expenditure	56	53
Surplus / (deficit) before taxation	-	-

Financial interests – Tramway Reserve Trust

Relationship to the Council

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

Nature and scope of activities

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

Key performance targets

The Trust’s actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2016 is set out below:

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

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

Summary of financial performance

	Actual 2016 \$000	Actual 2015 \$000
Revenue	-	-
Expenditure	-	-
Surplus / (deficit) before taxation	-	-

Independent Auditor's Report

To the readers of
 Selwyn District Council and group's annual report
 for the year ended 30 June 2016

The Auditor General is the auditor of Selwyn District Council (the District Council) and group. The Auditor General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, on her behalf, to:

- audit the information included in the District Council and group's annual report that we are required to audit under the Local Government Act 2002 (the audited information);
- report on whether the District Council and group has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

Opinion on the audited information

In our opinion:

- the financial statements on pages 102 to 172:
 - present fairly, in all material respects:
 - the District Council and group's financial position as at 30 June 2016;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards;
- the funding impact statement on page 93, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council and group's Long term plan;
- the statement of service provision (referred to as "significant activities") on pages 19 to 89:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2016, including:

- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 19 to 89, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council and group's Long term plan;
- the funding impact statement for each group of activities on pages 28 to 89, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council and group's Long term plan.

Compliance with requirements

The District Council and group has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 35 to 137 which are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and group's audited information.

Our audit was completed on 26 October 2016. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

An audit also involves evaluating:

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

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

When reporting on whether the District Council and group complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

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

Responsibilities of the Council

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out our audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, an audit of the District Council's 2015-2025 Long-term plan amendment to provide a loan to Central Plains Water Limited, and an independent assurance review of the District Council's Debenture Trust Deed, we have no relationship with or interests in the District Council or any of its subsidiaries.



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

Council information

Mayor and Councillors

Mayor		Deputy Mayor	
Sam Broughton	<div></div> <div></div> <div></div> <div></div> <div></div> <div></div>	Malcolm Lyall	520 Springs Road PREBBLETON 7604 (H) (03) 349 7990 (C) 027 433 9964 malcolm.lyall@selwyn.govt.nz
Selwyn Central Ward		Springs Ward	
Mark Alexander	478 Two Chain Road RD 7 CHRISTCHURCH 7677 (H) (03) 347 6393 (F) (03) 347 6392 (C) 027 526 6388 mark.alexander@selwyn.govt.nz	Debra Hasson	152 Chamberlains Road RD 4 CHRISTCHURCH 7674 (H) (03) 329 5445 (C) 027 435 5055 debra.hasson@selwyn.govt.nz
Jeff Bland	524 Weedons Road RD 8 CHRISTCHURCH 7678 (H) (03) 347 4070 (C) 027 399 9206 jeff.bland@selwyn.govt.nz	Grant Miller	939 Christchurch Akaroa Road RD 2 CHRISTCHURCH 7672 (H) (03) 329 6123 (C) 027 381 7032 grant.miller@selwyn.govt.nz
Nicole Reid	85D Lowes Road ROLLESTON 7614 (H) (03) 379 5370 (C) 021 207 1918 nicole.reid@selwyn.govt.nz		
Craig Watson	18 Bronte Way ROLLESTON 7614 (C) 022 098 6808 craig.watson@selwyn.govt.nz		
Malvern Ward		Ellesmere Ward	
John Morten	29 Churchlea place DARFIELD 7510 (H) (03) 317 9001 (C) 027 200 2578 john.morten@selwyn.govt.nz	Pat McEvedy	80 St John Street SOUTHBRIDGE 7602 (H) (03) 324 2572 (C) 027 430 3818 pat.mcevedy@selwyn.govt.nz
Bob Mugford	16 Gift Street COALGATE 7673 (H) (03) 318 2877 (C) 021 216 5722 bob.mugford@selwyn.govt.nz	Murray Lemon	121 Andersons Road Killinchy RD2 LEESTON 7682 (H) (03) 324 3127 (C) 027 324 3127 murray.lemon@selwyn.govt.nz

Community Board Members

Malvern Community Board			
Jenny Gallagher (Chairperson)	43 Tramway Road RD 1 DARFIELD 7571 (H) (03) 318 1784 (C) 027 497 0120 jenny.gallagher@selwyn.govt.nz	Judith Pascoe	40 Scott Drive RD 1 DARFIELD 7571 (H) (03) 318 8260 (C) (03) 021 152 2900 judith.pascoe@selwyn.govt.nz
Megan Hands	229 Hacketts Road RD 1 DARFIELD 7571 (H) 027 550 0131 (C) 021 665 160 megan.hands@selwyn.govt.nz	Kerry Pauling	231 Keens Road RD 1 SHEFFIELD 7580 (H) (03) 318 4048 (C) 021 0225 5974 kerry.pauling@selwyn.govt.nz
Karen Meares	680 Downs Road RD 2 DARFIELD 7572 (H) (03) 318 6959 (C) 021 147 1824 karen.meares@selwyn.govt.nz		

Where to go for more information

This 2015/16 annual report is also available at www.selwyn.govt.nz or you can get a copy at any Selwyn District library or service centre (see list below).

Customer services	
For general enquiries, assistance and information, telephone (03) 347 2800 or (03) 318 8338	
Website	Selwyn District Council Offices
www.selwyn.govt.nz	2 Norman Kirk Drive PO Box 90 ROLLESTON 7643
Service Centres	
Leeston Library / Service Centre 19 Messines Street Private Bag 1 LEESTON Phone: (03) 347 2871	Darfield Library / Service Centre 1 South Terrace DARFIELD 7510 Phone: (03) 318 8338
Lincoln Library / Service Centre Gerald Street LINCOLN 7608 Phone: (03) 347 2876	Rolleston Library Rolleston Drive ROLLESTON 7614 Phone (03) 347 2880
Auditors	Bankers
Audit New Zealand PO Box 2 CHRISTCHURCH 8140 On behalf of the Auditor-General	Westpac PO Box 2721 CHRISTCHURCH 8140
Solicitors	Sister districts
Buddle Findlay PO Box 322 CHRISTCHURCH 8140	Akitakata City City Offices, Yoshida 791 Yoshida Cho, Hiroshima 731 0592 JAPAN
	Town of Yubetsu Minatomachi 31, Yubetsu-Cho Monbetsu-gun, hokkaido 099 640, JAPAN The Malvern Community Board has been delegated the authority to facilitate relationships with Yubetsu-Cho.
	Shandan County Government North Road No 3 Qingquan Town Shandan County Gansu Province CHINA 734100

Council controlled trading organisations

Council companies

Sicon Limited
(100% owned by Selwyn District Council)

3 South Terrace
PO Box 40
DARFIELD 7541

Phone: (03) 324 3068 or (03) 318 8320

Fax: (03) 318 8578

Email: sicon@sicon.co.nz

Website: www.sicon.co.nz

Board (as at 30 June 2016)

P Carnahan (Chairperson)

G Lovell

J Morten

P McEvedy

Other council organisations

Central Plains Water Trust
(50% owned by Selwyn District Council)

PO Box 90
ROLLESTON 7643
Phone: (03) 347 2800
Fax: (04) 347 2799

Trustees (as at 30 June 2016)

DJ O'Rourke (Chairperson)

DJ Catherwood

RW Davison

V Smart

O Webb

C Williams

Izone Southern Business Hub
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

Committee Members (as at 30 June 2016)

JB Morten (Chairperson)

WJ Bell

S Price

R McEwan

Chief Executive

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

The Council Manager responsible

Douglas Marshall – Property and Commercial Manager

Selwyn District Council
Norman Kirk Drive, Rolleston
PO Box 90, Rolleston 7643
(03) 347 2800 or 318 8338

www.selwyn.govt.nz

