



Selwyn District Council

Annual Report

2016/17



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From the Mayor and Chief Executive

Dear Selwyn ratepayers and residents

The Council's Annual Report for 2016/17 continues the pattern of growth, confidence and effective delivery of services and infrastructure that have been a feature of our district in recent years.

Across key indicators such as population, economic activity and residential construction, Selwyn is continuing to perform strongly – even as other parts of the Canterbury region begin to see an easing of the post-earthquake boom. Equally importantly, quality of life also remains highly regarded by Selwyn residents, who are making the most of the district's environment and the opportunities for employment, recreation and lifestyle.

The Council's positive financial results for 2016/17 reflect the continuing growth of our communities and economy. Revenue was ahead of budget, with increases in population and housing construction contributing to increased rates revenue, development contributions and vested assets. Strong land sales in the Council's Izone development also featured. Expenditure was higher than anticipated, due to factors including higher cost of sales arising from Izone land sales, and unbudgeted costs associated with the Port Hills fires.

Building and resource consent activity has continued to show high demand over the past year. In the year to June 2017, a total of 2,527 building consents were issued. Selwyn's popularity was also reinforced by the opening of two new schools in Rolleston this year.

Good progress has been made on major projects. Foster Park is fast becoming a treasured asset for the district with recent developments including a new hockey turf, completion of additional sports fields, plantings and the design of a new playground. Work also began on expanded car parking at both Foster Park and the Selwyn Aquatic Centre. The Dunsandel community marked the completion of its new community centre, while skate park redevelopments were completed in Darfield and Leeston. In Arthur's Pass, a new recycling station was opened to better cater for the 250,000 visitors that pass through the township each year. Earthquake strengthening work was completed at Darfield library, and a new cycleway opened between Coalgate and Glentunnel.

The development of a new town centre for Rolleston took a significant step forward with Ministerial approval for the reserve exchange that will allow redevelopment of part of Rolleston Reserve for an exciting new library and community space, along with complementary retail, commercial and recreational areas.

In September 2016 we farewelled retiring Mayor Kelvin Coe, acknowledging his 21 years of service on the Council including nine years as Mayor. The Council also acknowledges the untimely passing of Peter Hill, Councillor from 2010 to 2016, who died in April 2017. Following local body elections, a new Council came into place with four new councillors and a newly-elected Mayor. It has been encouraging to see the new Council working cohesively to set clear priorities and direction for the organisation and for the district. Our elected members have also been active in engaging with local communities. A prime example was in our Annual Plan consultation where we moved away from traditional town hall meetings and instead went to talk with residents in their own communities – at markets, shopping precincts and local facilities.

We have also continued to build and strengthen our relationships with neighbouring councils and other key agencies, through initiatives such as the Mayoral Forum and the Greater Christchurch Partnership. These collaborations are producing tangible results in ensuring a coordinated approach to planning for a sustainable prosperous future.

Acknowledgement should also be made of the Port Hills fires of February, one of the largest emergency events our district has faced since the 2010-2011 earthquakes. We recognise the impact on those directly affected, and thank the many individuals and agencies that worked alongside us to fight the fires, support those whose properties were damaged and begin the process of recovery and restoration.

Our district thrives on the cooperative efforts of communities, volunteers, committees, Council staff, elected members and all our partner agencies – our thanks to you all for your part in the past year's progress and achievements.



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 third year of the Selwyn District Council Long term Plan 2015/2025 that 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 has entered into a service and funding agreement with Mahaanui Karataiao Limited to assist the Council in meeting its obligations under Section 81 of the Local Government Act 2002.

Mahaanui Karataiao Limited is a rūnanga-owned entity and 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 rūnanga staff.

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

Selwyn District Council is a signatory to the Te Waihora Co-governance Agreement between Te Rūnanga o Ngāi Tahu, Canterbury Regional Council, Selwyn District Council and Christchurch City Council, which provides for an enduring, collaborative relationship that includes shared exercise of functions, duties and powers.

The Council is also a partner in the Greater Christchurch Partnership which comprises the councils in the Greater Christchurch area (Christchurch City, Selwyn and Waimakariri Districts and Environment Canterbury), along with Te Rūnanga o Ngāi Tahu, the NZ Transport Agency (NZTA), the Canterbury District Health Board and the Greater Christchurch Group from within the Department of the Prime Minister and Cabinet (DPMC). The partnership has been working collaboratively for over a decade to tackle urban issues and manage the growth of the City and its surrounding towns.

The year in review

\$105 million
TOTAL EXPENDITURE
(COMPARED WITH BUDGET OF \$94.6 MILLION)

\$46.3 million
RATES REVENUE LEVIED
(COMPARED WITH BUDGET OF \$45.3 MILLION)

\$19.5 million
RECEIVED IN DEVELOPMENT
CONTRIBUTIONS REVENUE
(COMPARED WITH BUDGET OF \$12.4 MILLION)

\$1.5 billion
TOTAL COUNCIL NET ASSETS
(2016: \$1.389 BILLION)





Financial performance

Selwyn District Council continued to experience high levels of growth during the 2016/17 financial year. The financial results for the year are a reflection of a number of extraordinary circumstances. These include the continuing sustained population growth in the district and higher land sales in the Izone Southern Business Hub ahead of budget.

Expenditure for the year was \$105 million compared with the budget of \$94.6 million. The main variances compared with budget were:

- Finance costs \$2.9 million below budget, due to a reduced borrowing requirement as some capital projects have not yet been completed.
- The unbudgeted costs associated with the Port Hills fire.
- Cost of sales \$7 million higher than budget due to the sale of land in the Izone Southern Business Hub being significantly ahead of budget.

Revenue for the year was \$169.8 million compared with the budget of \$120.9 million. The main variances compared with budget were:

- Dividend revenue \$0.8 million above budget due to higher dividend revenue received from our investments in Orion New Zealand Limited and Transwaste Canterbury Limited.
- Rates revenue was \$1.0 million above budget 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 \$7.1 million above budget 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 \$5.5 million higher than budget 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.
- Land sales revenue was ahead of budget by \$24.8 million due to the sale of land in the Izone Southern Business Hub being significantly ahead of budget.
- Port Hills fire recovery costs of \$6.9 million were received during the year.

Service performance



305,000
ADMISSIONS TO THE
SELWYN AQUATIC CENTRE

70%

OF RESIDENTS
RATED COUNCIL'S OVERALL PERFORMANCE
AS GOOD OR VERY GOOD



2,527 BUILDING CONSENTS
ISSUED IN AVERAGE
PROCESSING TIME OF 14.5 DAYS



62.5km
ROAD RESEALING COMPLETED





Our services

Throughout the 2016/17 year, the Council has been working to provide services to residents which continue to help make Selwyn a great place to live. Some of the things we do every day include:

- Maintaining around 2,500 kilometres of roads.
- Providing rubbish and recycling services to more than 19,000 households. More than 95% of residents rated these services as good or very good.
- Providing and maintaining 333 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 community pools. A total of 305,000 swims were recorded at Selwyn Aquatic Centre, Southbridge Pool and Darfield Pool. Swim numbers per capita were 5.54.
- Providing and maintaining 24 community centres and halls. 72% of residents rated this service as good or very good.
- Operating a district network of libraries in Darfield, Lincoln, Leeston, Rolleston and a mobile library and assisting two volunteer libraries. 85% 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 14 working days compared to the statutory timeframe of 20 working days.

Highlights 2016/17

Service highlights

A growing district

The sustained population and economic growth experienced by Selwyn district over the past decade has continued during the 2016/17 financial year.

The population of the district is now estimated to be more than 56,000 – and is expected to reach around 79,000 by 2027.

Much of the population growth has been concentrated in the townships to the east of the district including Rolleston, with a population now estimated at 15,000, as well as Lincoln (6,700) and Prebbleton (4,400).

Corresponding to these trends, the district's construction sector continues to perform strongly. In the year to 30 June 2017 a total of 2,527 building consents were issued in the district. Two new schools opened during the year, Rolleston College and the nearby Lemonwood Grove School.

In the wider economy, overall growth in Selwyn for the year was moderate, with the district's gross domestic product (GDP) increasing by 1.1 percent during the year – below the New Zealand average of 2.8 percent, but ahead of the Canterbury regional figure of 0.8 percent.

Retail and tourism spending performed strongly during the year, with retail sales increasing by 7% on the previous year, outperforming the 3.6% growth for New Zealand. Spending in Selwyn's tourism sector was also up by 7%, from \$89.1 million in 2016 to \$95.4 million.

Unemployment in Selwyn averaged 2.3%, slightly up from 2% a year earlier but well below the New Zealand average of 5% and the Canterbury region at 3.9%. It is estimated that there are currently around 6,150 businesses operating in Selwyn, employing some 16,400 full time employees.

The Council's Izone Business Hub remains a focal point for business growth in the district with continuing strong land sales and construction during the year. Currently more than 70 businesses employ 1,260 people with a further 800 jobs forecast to be created when the park is fully developed.

Planning for the future

This year saw early progress on a major project to update the Selwyn District Plan – a key document that controls the activities allowed on different properties, guides where shops, industrial areas and new housing can be located and makes provision for protection of the district's environment and heritage. Consultation and technical work on the District Plan Review is continuing in the 2017/18 year and beyond, to develop a framework that ensures appropriate, sustainable land use and development as our district grows.

A key milestone was achieved this year in progressing the Rolleston Town Centre Master Plan, as Ministerial approval was granted for the reserve exchange that will enable the redevelopment of part of Rolleston Reserve for a library, community space and commercial and retail centre.

In Lincoln, the creation of a vibrant, pedestrian-friendly town centre also took a step forward with the Council acquiring land for future development to provide car parking.





Supporting our communities

The district's major sports park, Foster Park in Rolleston, expanded its support for local sport during the year with a new hockey mini-turf opened in March, providing space for junior competitions and training. Three further sports fields were developed, along with additional landscaping and the design and development of a children's playground.

Work on the Selwyn Aquatic Centre car park extension began during the year, as did the construction of another car park at Foster Park. These expansions will support the growing importance of these facilities as district sport and recreation hubs.

In Darfield, the redevelopment of the skate area at Westview Park was completed, while the Leeston skate bowl was also revamped with a flat skate area added to suit younger children. Plans to develop a new skate facility for Lincoln moved forward, with a location for the site being confirmed and concept plans completed.

Earthquake strengthening of Council facilities is now largely concluded with work at Darfield Library completed. The new Dunsandel Community Centre, which replaces the former hall severely damaged in the September 2010 earthquake, was close to completion as the year closed, with the local community looking forward to its formal opening.

The Council's ongoing investment in a year-round events programme helps to support community activity and reflects our growing diversity. This year saw the successful launch of CultureFest, a colourful event showcasing the district's many cultures with stage performances along with ethnic music, food, arts and crafts.

This event was held in conjunction with the Rolleston 150th anniversary celebrations, which included exhibitions, a parade and displays of trains, machinery, vintage and classic cars – reflecting the town's strong agricultural and rail history.

This year the Council increased its funding support for secondary scholarships, and six senior students from the three Selwyn secondary schools received scholarships to help fund their tertiary studies. A new youth council was appointed this year including four returning members from the previous council. The group has also refined its role from being largely events-based to more of a focus on advocacy and youth participation in community issues.

Essential infrastructure

Building and maintaining the district's key infrastructure networks remains a core part of the Council's commitment to its communities. Transportation is major element, with vehicles travelling over 375 million kilometres a year on our local roads – a 27% increase since 2010. This year the Council completed resealing on 62.5 kilometres of roads, removed high roadside edges on 67kms of rural roads to improve drainage, completed edge repairs along 49km of roads, digout repairs on 22,907 square metres of road surface, and repaired 5,340 potholes.

Significant roading improvement projects completed included the Masfield Drive, Rolleston, upgrade and footpath construction, the extension of Broadlands Drive and the installation of a new roundabout at the junction of Springston Rolleston and Broadlands Drive. The frontage of Rolleston West School was upgraded to provide a crossing point and connecting footpaths. Road widening was completed on Jones Road between Weedons Ross Road and the Lyttelton Port facility. The Council also continued to liaise with the New Zealand Transport Agency on the construction of the Christchurch Southern Motorway Stage 2, which was officially launched in November. More than 5 kilometres of new footpath construction was completed as part of a programme to extend footpath links in townships.

Significant water services projects this year included the continuing rollout of water meters on properties connected to Council water supplies, which will result in properties paying a reduced fixed water rate plus a volumetric usage charge, as in existing fully metered areas. Water supply improvements are helping to provide higher quality water for our growing population. The Council is implementing a programme to add capacity to water supply systems in high growth areas and to improve water treatment quality for a number of smaller townships. This has included a new deep well at Edendale, two new bores in Rolleston and drilling of a new well in Lincoln.

Improvements to water treatment systems this year included a UV treatment system in Springfield, and an upgrade to the UV system in Dunsandel. Stormwater upgrade work has continued in Leeston, with development of stage two of a stormwater bypass designed to divert water away from the town centre when heavy rain occurs.

The first of three new recycling stations is now operating at Arthur's Pass, improving waste services for residents, holiday home owners, businesses and tourists. A second station is planned for Arthur's Pass and another at Castle Hill. The stations have been funded with support from the Government's Waste Minimisation Fund. The Council has also continued to provide green waste collection days in the Malvern and Ellesmere wards.

Port Hills Fires

On Monday 13 February 2017 two separate fires started several kilometres apart - one in Selwyn district at Early Valley Road in Lansdowne, and the second on Marleys Hills next to the Summit Road near Dyers Pass within Christchurch city.

Following a significant escalation on Wednesday 15 February, the fires merged into one fire ground, stretching from Early Valley Road through to Victoria Park in the east, covering an area of 1,661 hectares with a perimeter of 61 kilometres.

As the initial fire originated in Selwyn, the firefighting operation was led by the Selwyn Rural Fire Authority, with an Incident Management Team established at Selwyn District Council to manage the fire response. From the morning of Tuesday 14 February, both fires were jointly managed by the Incident Management Team at the Selwyn District Council.

A state of emergency was declared on Tuesday 15 February and remained in place until Wednesday, 1 March. The fire was declared out on 20 April. In all, nine homes were completely destroyed, two suffered partial damage and three outbuilding/sheds were damaged. Many other dwelling were affected by smoke inundation.

A Recovery Plan for the Selwyn area affected by the fires is now in place, and the Council and other agencies are working with affected landowners to facilitate land rehabilitation and works to reduce future fire risk.

Selwyn District Council has calculated the total rural firefighting costs for the Port Hills fires at \$7.9 million.

This figure includes all rural firefighting costs incurred by Selwyn District Council and the Department of Conservation (DoC) as Rural Fire Authorities. It does not include costs incurred by the New Zealand Fire Service (now Fire Emergency NZ) – these costs sit with the Fire Service and do not form part of the Council's insurance claim.

The majority of the costs (\$7.4 million) have been covered through insurance with the Rural Fire Fighting Fund.

The Council and DoC will each meet their own insurance excess of \$195,000 along with other non-claimable costs totalling approximately \$211,000 (such as the cost of preparing the claim).

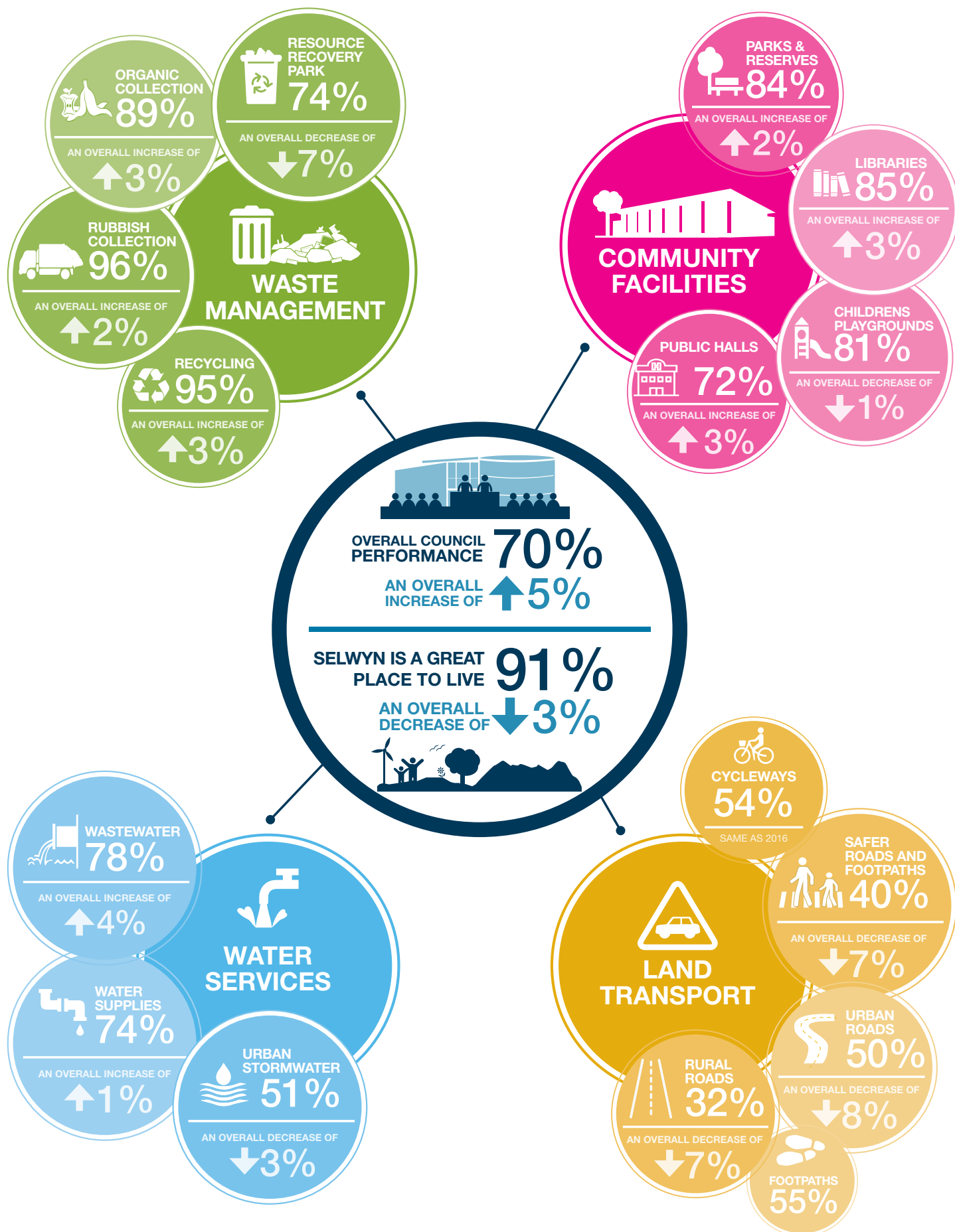
The costs also do not include Civil Defence costs incurred by Selwyn District Council or Christchurch City Council.

Significant areas of expenditure included approximately \$2.1 million for aircraft, \$1.8 million for Rural Fire personnel, \$900,000 for fire retardant, \$800,000 for Rural Fire equipment and vehicles, and \$600,000 for heavy machinery. Other costs covered in the total include contracted firefighting personnel and equipment and a number of other items.

Selwyn District Council costs not covered by insurance have been funded from the Council's 2016/17 operating expenditure. The net cost to council is \$114,000 which a combination of excess on the claim, costs that are not claimable offset by recovery of vehicle and machinery costs.

The Selwyn Rural Fire Authority was supported by a significant number of rural fire authorities from all over New Zealand during this operation, and the Council extends its appreciation for their support. Thanks are also due to the wider Selwyn district community for providing support during this huge firefighting operation, including the firefighting teams and council staff that were diverted from normal duties.





2017
SELWYN DISTRICT COUNCIL

**RESIDENTS
SURVEY**

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 valuable way for residents to give feedback on how well Council is performing.

Key results

In this year's survey, 70% of residents rated the Council's overall performance as good or very good, up from 65% in 2016. This continues a long-term trend which has seen the overall performance rating rise steadily from 58% in 2013.

In questions about living in Selwyn, 91% of people said Selwyn was a great place to live, compared to 94% in the last survey.

Across 21 different Council services surveyed, 17 recorded satisfaction ratings of 50% or higher. Ten services recorded an increase in their rating from last year, while the same number saw a reduction and one remained unchanged.

Among the highest rated services were rubbish collection (96% rated good or very good), recycling (95%), libraries (85%), parks and reserves (84%) and sewerage and wastewater (78%).








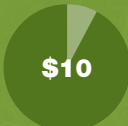
Waste management services maintained high satisfaction ratings. Alongside rubbish collection (96%) and recycling (95%), organic collection was also rated highly at 89%. The Pines Resource Recovery Park was rated good or very good by 74% of residents overall – and 82% among those who had used the facility.

Community facilities continue to be well used and enjoyed by residents. Public halls have been used at least once in the past year by 81% of respondents, while 83% have visited a park or reserve and 69% have used the public library network. Satisfaction with libraries increased by 3% to 85%, while parks and reserves (84%) and public halls (72%) also recorded increases.

How the survey works

The survey was carried out in June and July 2017 by an independent research company, and surveyed 411 people using telephone, cellphone and online surveys to provide a statistically representative sample of Selwyn's population. The survey typically has a margin of error of +/-4.7%.

How your rates were spent 2016/17

Area of spend	Capital spend	Operating spend	How costs are funded	Rates spend per \$100
Community Facilities 	\$19.3m <i>(including renewal)</i>	\$16.3m <i>(excluding depreciation)</i>	RATES 55% OTHER 45%	\$27 
Community Services 	\$0m <i>(including renewal)</i>	\$9.4m <i>(excluding depreciation)</i>	RATES 28% OTHER 72%	\$5 
Democracy 	\$0m <i>(including renewal)</i>	\$4.2m <i>(excluding depreciation)</i>	RATES 96% OTHER 4%	\$8 
Environmental Services 	\$38,000 <i>(including renewal)</i>	\$12.5m <i>(excluding depreciation)</i>	RATES 40% OTHER 60%	\$10 

Area of spend	Capital spend	Operating spend	How costs are funded	Rates spend per \$100
Five Waters Service 	\$12.3m (including renewal)	\$15.5m (excluding depreciation)	RATES 49% OTHER 51%	\$26 
Izone 	\$2.5m (including renewal)	\$1.3m (excluding depreciation)	RATES 0% OTHER 100%	\$0 
Solid Waste Management 	\$274,000 (including renewal)	\$7.1m (excluding depreciation)	RATES 69% OTHER 31%	\$11 
Transportation 	\$9.5m (including renewal)	\$8.6m (excluding depreciation)	RATES 44% OTHER 56%	\$13 

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 2016/17 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...

598

HECTARES OF
RECREATION RESERVES

333

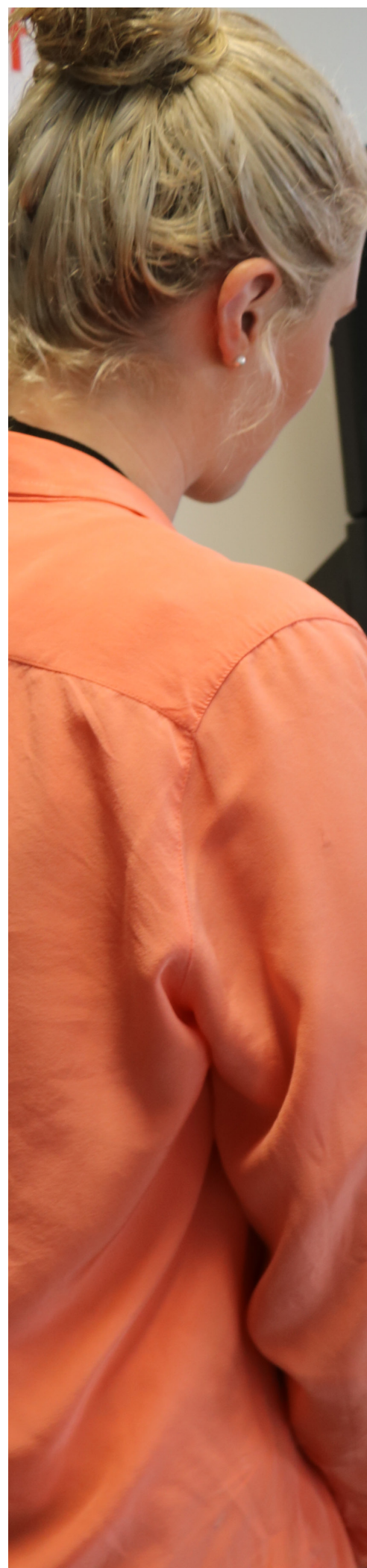
RESERVES AND
PLAYGROUNDS

24

COMMUNITY CENTRES
AND HALLS

19

CEMETERIES





Key results



85%
OF RESIDENTS
ARE SATISFIED WITH LIBRARIES



84%
OF RESIDENTS
ARE SATISFIED WITH PARKS
AND RESERVES



84%
OF RESIDENTS
USED A PARK OR RESERVE



81%
OF RESIDENTS USED
A COMMUNITY CENTRE OR HALL

305,000



VISITORS TO
SELWYN AQUATIC
CENTRE AND DISTRICT POOLS

Community facilities

Services covered

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

Recreation reserves	37 main recreation reserves with a total area of over 598 ha	Township reserves and streetscapes	333 reserves and playgrounds covering over 93ha
Cemeteries	19 cemeteries (two closed)	Rental housing	24 houses
Public toilets	25 facilities	Gravel reserves	200 sites in total with 9 operational
Community centres and halls	24 facilities	Forestry	35 sites with a total area of 65.9 ha
Swimming pools	1 District Aquatic Centre 5 community pools 2 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	\$260 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 staff in full-time equivalent roles which include swim coaches, lifeguards, aqua-fitness instructors and administration roles. The number of swims per capita was 5.54 which is well in excess of the target of 4.5 with a total of over 305,000 swim admissions recorded at Selwyn Aquatic Centre, Southbridge Pool and Darfield Pool.

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. 87% of residents surveyed have used or visited a public park or reserve in the past 12 months and residents' satisfaction rating remains high with 84% rating parks and reserves good or very good.

Community centres and halls

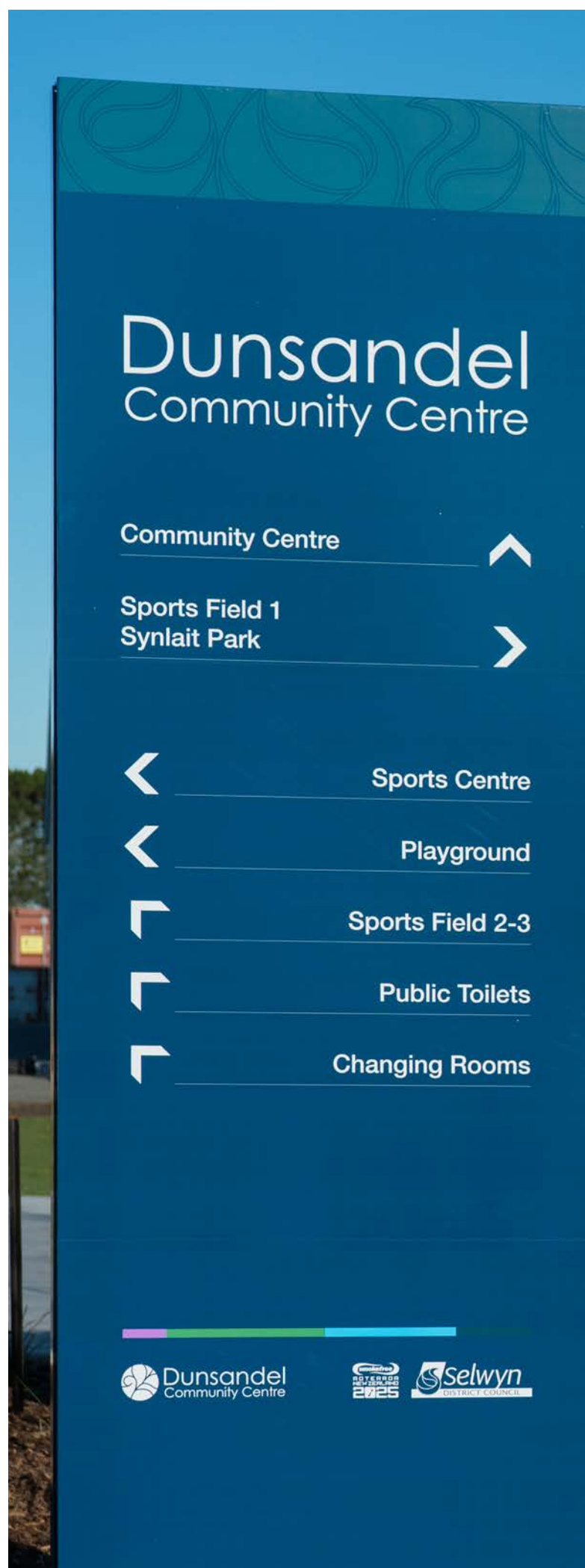
Community centres and halls provide places where local communities can meet and enjoy a wide range of activities. Residents continue to be satisfied with the Council's provision of community centres and halls as local venues for recreational and social uses, resident satisfaction rating remains high with 72% rating community centres and halls good or very good. The number of buildings in average condition or below has continued to reduce at 7.7% and well within our target of <25% of buildings being in average condition or below. This reflects Council's investment in improving and renewing facilities such as the new community centre at Dunsandel which replaced the old hall.

Cemeteries

The Council achieved its service target of 10 complaints or less in relation to cemeteries, with 10 complaints received during the year. Residents' satisfaction rating remains relatively high with 61% rating cemeteries as good or very good, although this is 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 57% 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 (2016: 11) which was below the target of 17 issues or higher.





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 84% (2016: Achieved 82%)
	Hectares per 1000 population is above the average for similar sized district authorities (Minimum 3 ha/1000).	≥4.5 ha	Achieved 4.1 ha (2016: Achieved 4.5 ha)
	Percentage of residents who have used or visited a public park or reserve in the past 12 months.	≥70%	Achieved 87% (2016: Achieved 82%)
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% (2016: Achieved 80%)
	The proportion of residents rating the performance of playgrounds in the Resident Survey as good or very good.	≥55%	Achieved 81% (2016: Achieved 82%)
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 72% (2016: Achieved 69%)
	Number of buildings in average condition or below.	≤25%	Achieved 7.7% (2016: Achieved 10.3%)
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	Not achieved 5 local, 2 sub-district, 1 district – one local pool closed due to health & safety concerns (2016: Achieved)
	Number of swims per capita of District population per year recorded at Selwyn Aquatic Centre, Darfield/Southbridge pools.	≥4.5	Achieved 5.54 (2016: Achieved 5.16)
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 59% (2016: Achieved 60%)
	Number of “failures” per annum identified by independent audit.	Nil	Not measured Audit procedures are currently being refined and will be measured during the 2017/18 financial year. (2016: 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 61% (2016: Not achieved 62%)
	Number of complaints received per annum related to cemetery service.	≤10	Achieved (10 complaints were received during the year.) (2016: Achieved 9 complaints)
LIBRARIES			
Selwyn Libraries creating a vibrant, connected and knowledgeable community	Registered library users as a percentage of total population.	≥65%	Not achieved 54.5% (2016: Not achieved 54.5%)
	Issues per patron per annum.	≥17	Not achieved 11 issues per patron. (2016: Not achieved 11 issues per patron)
	The proportion of residents rating the performance of libraries in the Resident Survey as good or very good.	≥78%	Achieved 85% (2016: Achieved 82%)
	Visits to libraries.	5% increase	Not achieved 2.2% increase on physical visits to libraries, however there was a 13.2% increase in virtual library catalogue and Selwyn District Council libraries website visitors. (2016: Not achieved 12% decrease)
	Number of internet accesses.	5% increase	Achieved 41% increase (2016: Achieved 51%)
	Cost per issue.	≤\$4.60	Not achieved \$6.77 (2016: Not achieved \$7.45)

Community facilities funding impact statement

	2017	2017	2016	Movement
	Actual	LTP	LTP	Actual vs
	\$'000	\$'000	\$'000	LTP 2017
SOURCES OF OPERATING FUNDING				
General rates	6,842	6,602	7,167	
Targeted rates	7,885	7,563	6,891	
Subsidies and grants for operating purposes	154	114	119	
Fees and charges	3,679	3,225	3,460	
Internal charges and overheads recovered	-	-	-	
Other operating funding	-	20	7	
Total operating funding (A)	18,560	17,524	17,644	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	12,040	10,855	11,678	Note 1
Finance costs	672	1,339	913	Note 2
Internal charges applied	3,530	2,901	2,839	
Other operating funding applications	96	150	140	
Total application of operating funding (B)	16,338	15,245	15,570	
Surplus / (deficit) of operating funding (A-B)	2,222	2,279	2,074	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	521	-	-	Note 3
Development and financial contributions	6,055	2,400	2,674	Note 4
Increase / (decrease) in debt	(255)	8,000	6,203	Note 5
Gross sales proceeds from sale of assets	1,868	4,519	8,513	Note 6
Total sources of capital funding (C)	8,219	14,919	17,390	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	13,523	14,328	11,343	Note 7
Capital expenditure to improve the level of service	4,585	4,445	9,633	
Capital expenditure to replace existing assets	1,177	731	1,950	
Increase / (decrease) in reserves	(4,261)	(3,765)	(743)	
Increase / (decrease) of investments	(4,583)	1,459	(2,719)	
Total applications of capital funding (D)	10,441	17,198	19,464	
Surplus / (deficit) of capital funding (C-D)	(2,222)	(2,279)	(2,074)	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 Payments to staff and suppliers is higher than the LTP largely due to higher costs associated with growth in the District and higher demand for our facilities including the Selwyn Aquatic Centre.

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 Subsidies and grants for capital expenditure is higher than the LTP due to funding being received for the benefit of community centres and reserves in the District. Including the Dunsandel Community Centre, Rhodes Park tennis club, West Melton Community Centre, Tai Tapu Community Centre, Lakeside Community and Foster Park.

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

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

Note 6 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 7 Capital expenditure to meet additional demand is lower than the LTP largely due to the timing of the planning and design work associated with the Rolleston Library.



Community services

This year the Council...

Ran 73

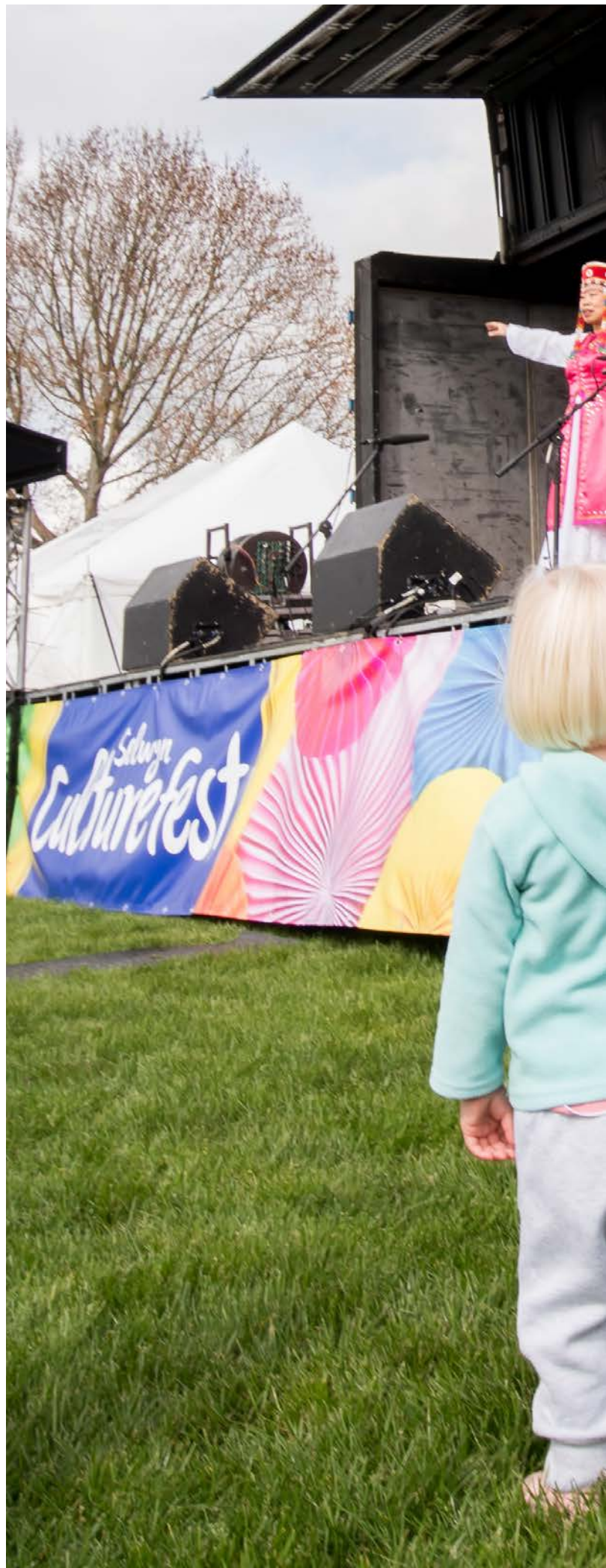
COMMUNITY EVENTS

Ran 22

YOUTH EVENTS

Provided 26

COMMUNITY
TRAINING WORKSHOPS





Key results



91%

OF RESIDENTS

THINK SELWYN IS A
GREAT PLACE TO LIVE



7%

INCREASE IN

TOURISM SPEND



12%

INCREASE IN

BIZ-ONLINE LISTINGS



73%

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

In total the Community Development Team delivered 73 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, Culture Fest, Outdoor Movies, and Youth Events Team. A Community Services Active Recreation Planning Group has been established consisting of staff from facility and recreation teams who are developing initiatives based on community need and research.

The Council facilitated 26 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'.

The Council continues to work promoting tourism to attract visitors to the Selwyn District. Guest arrivals in Selwyn increased by 7.3% compared to last year and domestic and international tourism spend in Selwyn increased by 7%. 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, unique experiences in the district and food and wine. A new tourism website was launched to showcase the range of activities, accommodation and our landscape. Joint ventures with Christchurch NZ 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.

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.

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. Sport New Zealand Rural Travel Fund is also administered by Council. This fund is designed to help subsidise rural travel for junior teams aged between 5-19 years. It helps school and club sports teams participate in local sporting competitions.

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 74% (2016: Achieved 69%)
	Percentage of Selwyn residents a member of a sports and / or community group.	≥60%	Achieved 60% (2016: Achieved 73%)
	Percentage of Selwyn residents who are volunteers.	≥70%	Not achieved 54% (2016: Not achieved 50%)
	Number of community events delivered/ facilitated.	22 events	Achieved 73 events held (2016: Achieved 50 events)
	Number of events targeted at youth.	40 youth events	Not achieved 22 events held (2016: Not achieved 24 events)
	Community organisation training programmes held.	12 community workshops	Achieved 26 events held (2016: Achieved 22 events)
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 51 new businesses registered for Biz-Online during the year. An increase of 12% on 2016. (2016: Achieved 25% increase)
	Host training for businesses on productive use of the internet and ultrafast broadband.	2 workshops provided	Achieved 2 workshops provided. (2016: Achieved)
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 2017. (2016: Achieved)

Community services funding impact statement

	2017	2017	2016	Movement
	Actual	LTP	LTP	Actual vs
	\$'000	\$'000	\$'000	LTP 2017
SOURCES OF OPERATING FUNDING				
General rates	2,734	2,644	2,520	
Targeted rates	-	-	-	
Subsidies and grants for operating purposes	66	83	104	
Fees and charges	156	40	55	
Internal charges and overheads recovered	-	-	-	
Other operating funding	6,917	-	-	Note 1
Total operating funding (A)	9,873	2,767	2,679	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	8,986	2,177	2,190	Note 2
Finance costs	-	-	-	
Internal charges applied	339	309	304	
Other operating funding applications	64	37	36	
Total application of operating funding (B)	9,389	2,523	2,530	
Surplus / (deficit) of operating funding (A-B)	484	244	149	
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	120	210	493	
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	13	80	76	
Increase / (decrease) of investments	351	(46)	(420)	
Total applications of capital funding (D)	484	244	149	
Surplus / (deficit) of capital funding (C-D)	(484)	(244)	(149)	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 Other operating funding is higher than the LTP due to cost recoveries associated with the Port Hill fire being received during the year.

Note 2 Payments to staff and suppliers is higher than the LTP due to the \$7 million costs associated with the Port Hill fire.

Democracy

This year the Council...

Supported 83

COMMUNITY COMMITTEES

**Administered
\$268,239**

IN DISCRETIONARY GRANTS

**Received 189
submissions
241 responses**

ON THE 2017/18 ANNUAL PLAN





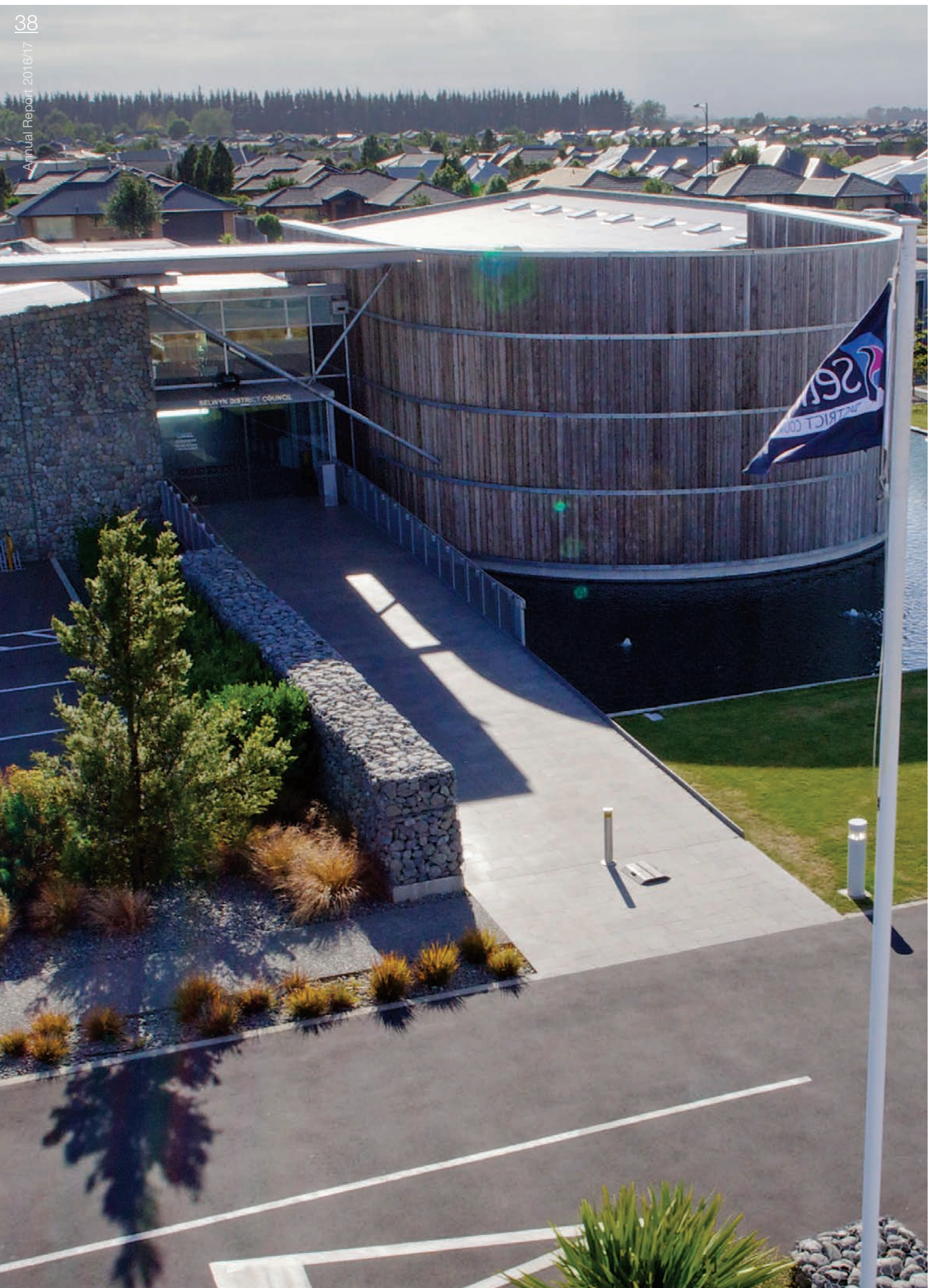
Key results



70%

OF RESIDENTS

ARE SATISFIED WITH
COUNCIL'S OVERALL
PERFORMANCE



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 as it believes, by conducting its business once a month it can achieve better and faster results for the community.

In addition, the Council has a Community Board in 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.

	2017 Actual	2016 Actual
Banks Peninsula trotting	1,014	2,257
Community special events	50,000	33,189
Discretionary fund - Wards	76,951	62,300
Discretionary fund - Councillors	14,551	9,181
Education bursaries	18,000	9,750
Ellesmere Heritage Park	20,000	-
Lincoln Envirotown Trust	34,235	33,400
Mayoral fund	21,795	21,746
Summit Road protection authority	4,411	4,343
Waihora Ellesmere trust	22,282	22,300
Total grant funding	268,239	198,466

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 \$467,544 (2016: \$436,569).

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 189 formal submissions, while 241 people completed the online survey on the Council's consultation document for the 2017/18 Annual Plan. We appreciate the time and thought that went into each of them. We were pleased to get a wide range of people participating in the consultation and sharing their views on our proposals – this provided valuable input into the Council's deliberations. 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 2017/18 Annual Plan was formally adopted on the 14 June 2017.

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 2015/16 annual report is prepared within statutory timeframes and with an unmodified audit opinion.	Achieved The 2015/16 annual report was adopted on 26 October 2016 with an unmodified audit opinion. (2016: Achieved)
	The annual plan is prepared within statutory timeframes.	The 2017/18 annual plan is prepared within statutory timeframes.	Achieved The 2016/17 annual plan was adopted on the 14 June 2017. (2016: Achieved)
	The proportion of residents rating the overall performance of Council in the Resident Survey as good or very good.	≥65%	Achieved 70% (2016: Achieved 65%)

Democracy funding impact statement

	2017	2017	2016	Movement
	Actual	LTP	LTP	Actual vs
	\$'000	\$'000	\$'000	LTP 2017
SOURCES OF OPERATING FUNDING				
General rates	3,311	2,895	2,835	
Targeted rates	728	861	816	
Subsidies and grants for operating purposes	50	56	-	
Fees and charges	112	8	-	
Internal charges and overheads recovered	-	-	-	
Other operating funding	6	5	5	
Total operating funding (A)	4,207	3,825	3,656	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	1,772	1,765	1,672	
Finance costs	-	-	-	
Internal charges applied	2,346	2,049	2,054	
Other operating funding applications	131	123	119	
Total application of operating funding (B)	4,249	3,937	3,845	
Surplus / (deficit) of operating funding (A-B)	(42)	(112)	(189)	
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	(31)	2	2	
Increase / (decrease) of investments	(11)	(114)	(191)	
Total applications of capital funding (D)	(42)	(112)	(189)	
Surplus / (deficit) of capital funding (C-D)	42	112	189	
Funding balance (A-B) + (C-D)	-	-	-	

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



Environmental services

This year the Council...

Processed 666

RESOURCE CONSENT APPLICATIONS

Issued 2,527

BUILDING CONSENTS

Registered 12,609

OF THE DISTRICT'S DOGS





Key results



98%
OF RESOURCE
CONSENTS ISSUED ON TIME



93%
OF RESOURCE
CONSENT APPLICANTS
SATISFIED WITH PROCESS



89%
OF BUILDING
CONSENTS ISSUED ON TIME



100%
OF KNOWN
DOGS REGISTERED

Environmental services

Overview

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

Building control

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

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

District plan administration

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

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

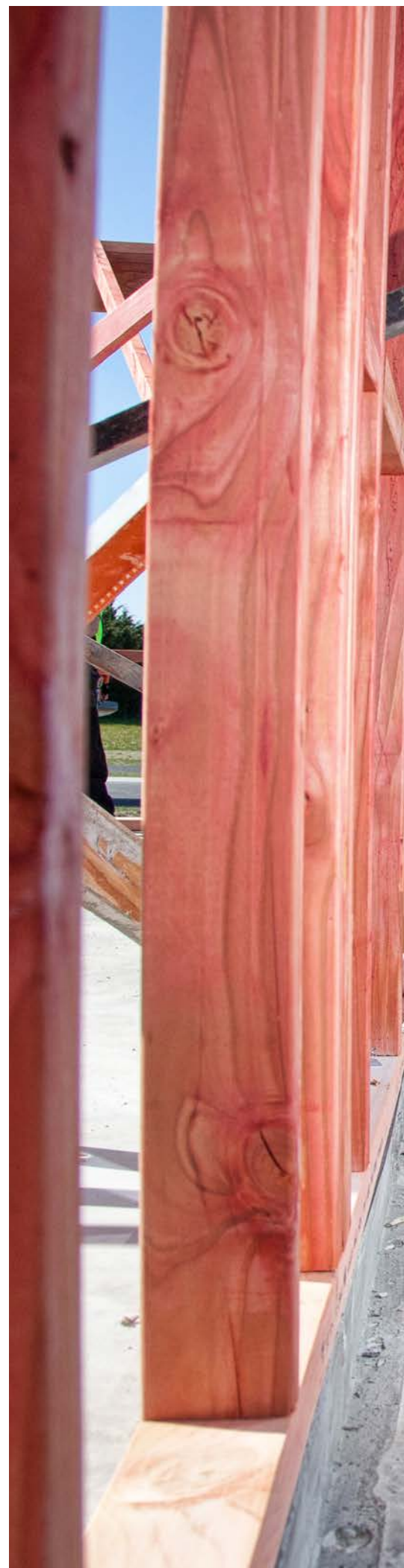
Environmental health

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

Monitoring

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

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





Strategy and policy

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

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

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

Animal control

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

Activity goal

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

Council contribution to community outcomes

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

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

Negative effects of the activity

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

Statement of service performance

The Council met twenty three out of twenty five performance measures in the 2016/2017 year for the environmental services activity.

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

Animal control

Service performance in the animal control activity continues to be high with all known dogs registered by the end of June and 100% of urgent callouts were attended to within 4 hours and 100% of non-urgent callouts within 72 hours.

Building

Building and resource consent activity has continued to show high demand over the past year. In the year to June 2017, a total of 2,527 building consents were issued. The number of resource consent applications processed was also high at 607. 98% of resource consent applications received in the past year were processed within 20 working days. The Council processed 89% of building consents within statutory timeframes of 20 working days. The average time taken to process building consents was 14 working days (2016: 11 working days).

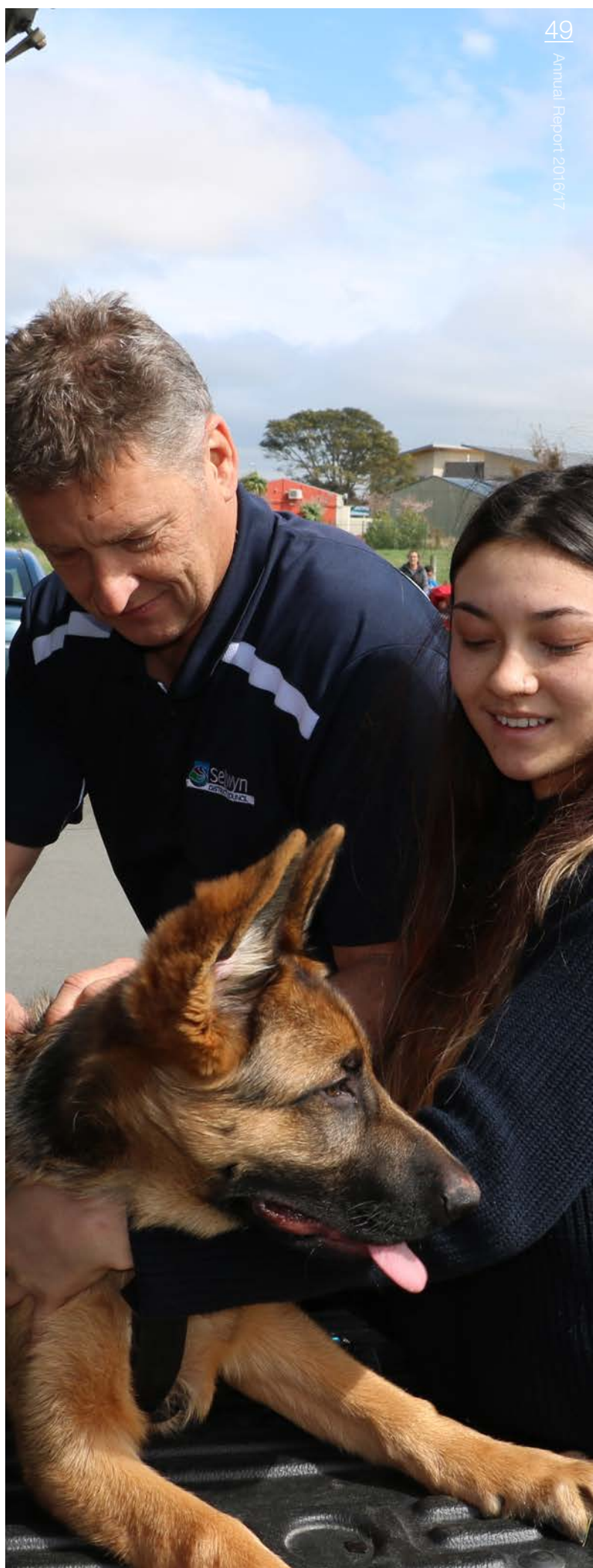
Environmental health and sale of liquor

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 Licensing Agency (DLA) can assume no opposition and issue the licence. The timing of these reports influences the ability of the Council to issue liquor licences within our targeted timeframes.

Policy and strategy

The policy and strategy function of the Council develops policies and plans that encourage high-quality development, ensuring sustainable growth in the District, whilst minimising adverse effects on the environment and preserving its rural character. A programme of plan changes to enhance the District plan is prepared and approved by the Council on a regular basis. Development also progressed through private plan changes, all of which were processed by the Council within statutory timeframes this year. 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% (2016: Achieved)
	Private plan changes have a decision made on them within 2 years of notification.	100%	Achieved 100% (2016: Achieved)
	Applications for new designations or amendments to existing designations are processed within statutory timeframes	100%	Achieved 100% (2016: 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 (2016: 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% (2016: Achieved 98%)
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 2 Environment Court Appeals settled during the year. (2016: Achieved no appeals)
	Proportion of Resource Consent Applicants very satisfied or satisfied.	80%	Achieved 93% (2016: Achieved 92%)
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 89% (2016: Not achieved 97%)
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 99.71% (2016: Achieved 99%)
	Proportion of Building Consent Applicants satisfied or very satisfied.	90%	Not achieved 80% (2016: Achieved 74%)
ANIMAL CONTROL			
Registration of all known dogs.	Registration of all known dogs by 30 June each year.	100%	Achieved 100% (2016: 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% (2016: Achieved 100%)
	Percentage of non-urgent callouts attended to within 72 hours.	100%	Achieved 100% (2016: Achieved 100%)

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% (2016: Achieved 100%)
	Complaints received only in writing will be actioned within 3 working days depending on any human risk involved.	100%	Achieved 100% (2016: Achieved 100%)
	All registered premises to be inspected and assessed at least once annually between the months of 1 July and 31 December.	100%	Achieved 100% (2016: Achieved 100%)
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% (2016: Achieved)
	Complaints received in writing will be actioned within 3 working days depending on any human risk involved.	100%	Achieved 100% (2016: Achieved 100%)
	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% (10 complaints were received) (2016: Achieved)
	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% (103 notified diseases) (2016: Achieved 100%)
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% (2016: Achieved 100%)
	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% (2016: Achieved 100%)
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% (2016: Achieved 90%)
	Proportion of all other uncontested licences issued within 20 working days of the receipt of a complete application.	90%	Achieved 90% (2016: Achieved 90%)

Statistics for resource and building consents

for year ended 30 June 2017

Indicator	Number processed	Working days target	Target % within working days	% achieved within working days target	Average processing days
Subdivision consents – notified (with hearing)	6	130	100%	100%	93
Subdivision consents – notified (no hearing)	3	50	100%	100%	25
Subdivision consents – limited notification (with hearing)	5	100	100%	100%	79
Subdivision consents – limited notification (no hearing)	7	65	100%	100%	41
Subdivision consents – non-notified (no hearing)	146	20	100%	98%	13.70
Land use consents – notified (with hearing)	4	130	100%	100%	78
Land use consent – notified (no hearing)	2	50	100%	100%	22
Land use consent – limited notification (with hearing)	13	100	100%	100%	73
Land use consent – limited notification (no hearing)	9	65	100%	100%	45
Land use consent – non-notified (no hearing)	412	20	100%	98%	10.50
Building consents	2,527	20	100%	89%	14.55
Full code of compliance certificates	2,428	20	100%	99.71%	0.67

for year ended 30 June 2016

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

	2017	2017	2016	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2017
SOURCES OF OPERATING FUNDING				
General rates	5,480	4,708	4,364	
Targeted rates	-	-	-	
Subsidies and grants for operating purposes	155	99	102	
Fees and charges	7,960	6,968	7,174	Note 1
Internal charges and overheads recovered	-	-	-	
Other operating funding	-	-	-	
Total operating funding (A)	13,595	11,775	11,640	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	10,989	10,312	10,204	Note 2
Finance costs	-	-	-	
Internal charges applied	1,464	1,329	1,320	
Other operating funding applications	1	5	5	
Total application of operating funding (B)	12,454	11,646	11,529	
Surplus / (deficit) of operating funding (A-B)	1,141	129	111	
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	7	-	-	
Total sources of capital funding (C)	7	-	-	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	38	21	20	
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	(325)	4	4	
Increase / (decrease) of investments	1,435	104	87	
Total applications of capital funding (D)	1,148	129	111	
Surplus / (deficit) of capital funding (C-D)	(1,141)	(129)	(111)	
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 Payments to staff and suppliers is higher than the LTP largely due to the level of building activity in the District, offset by operating projects related to be the District Plan review being carried forward for completion in future years.

Transportation

This year the Council...

Repaired 5,340

POTHOLES

Resealed 62.5km

OF ROAD

**Improved drainage
on 67km**

OF RURAL ROADS

**Opened a new
2.6km cycleway**

BETWEEN COALGATE AND GLENTUNNEL

Maintained 2,600km

OF ROADING NETWORK





Key results



50%
OF RESIDENTS
SATISFIED WITH URBAN
ROADS 30% *NEUTRAL*



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



54%
OF RESIDENTS
SATISFIED WITH CYCLEWAYS
27% *NEUTRAL*



92%
OF FOOTPATHS
MEET SERVICE STANDARDS



93%
OF SEALED ROADS
MEET QUALITY STANDARD



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 62.5km of roads.
- Completing work to remove high roadside edges on 67kms 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 3,717km of kerb and channel along roadsides to improve road drainage.
- Completing road edge repairs along 49km of roads and dig out repairs on 22,907 square metres of road surface.
- Grading 11,142km of unsealed roads and placing gravel on unsealed roads.
- Repairing 5,340 potholes on sealed roads.
- Creating 2.6km of new cycleway between Coalgate and Glentunnel and 530 metres of new footpaths.
- 28km of new roads and 14km 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 district's 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 2016/17 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.

Urban roads received a performance rating in the residents' survey of 50% good or very good, below our target of 60%. The Council resurfaced 62km of our existing sealed roads during the year, below our target level of 70km. Rural roads received a rating of 32% good or very good compared with our target of 30%. The 2016/17 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 55% 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 4 (2016: 2) deaths and 34 (2016: 32) serious casualties in the 2016/17 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 two out of two 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.	Achieved 83% of service requests were responded to within 5 days. (2016: Not achieved 66%)
	The proportion of residents rating the performance in the Resident Survey as good or very good.	Urban Roads ≥60%	Not achieved 50% (2016: Not achieved 58%)
		Rural Roads ≥30%	Achieved 32% (2016: Achieved 39%)
		Footpaths ≥55%	Achieved 55% (2016: Achieved 56%)
		Cycleways ≥35%	Achieved 54% (2016: Achieved 54%)
	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 2016.</i>	Urban roads ≥90%	Achieved 93% (2016: Achieved 93%)
		Rural roads ≥95%	Achieved 98% (2016: Achieved 99%)
		All roads ≥95%	Achieved 97% (2016: Achieved 98%)
	Maintenance of a sealed local road network: The percentage of the sealed local road network that is resurfaced. (Mandatory Performance Measure)	≥6.3% (70km)	Not achieved 62km (2016: Achieved 76.2km)

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 92% (2016: Achieved 85%)
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%	Achieved 6 of 8 (75%) planned projects* were completed during the year. (2016: Not achieved 67% 4 of 6 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.	Not achieved 4 deaths and 34 serious injuries. (2016: Achieved 2 deaths and 32 serious injuries)
	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 54% (2016: Not achieved 53%)
	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 40% (2016: Achieved 47%)
Contribute to an integrated and responsive local and regional transportation system.	Attendance at relevant Regional Transport Committee (RTC) and Regional Transport Officers Group (TOG) meetings and forums.	≥95%	Achieved 2 out of 2 attended (100%). (2016: Not achieved 90%)

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

Transportation funding impact statement

	2017	2017	2016	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2017
SOURCES OF OPERATING FUNDING				
General rates	5,554	6,751	4,885	
Targeted rates	1,177	1,143	1,092	
Subsidies and grants for operating purposes	3,584	2,709	2,780	Note 1
Fees and charges	-	-	-	
Internal charges and overheads recovered	-	-	-	
Other operating funding	207	183	180	
Total operating funding (A)	10,522	10,786	8,937	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	6,742	6,554	6,571	
Finance costs	185	820	928	Note 2
Internal charges applied	1,628	1,496	1,450	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	8,555	8,870	8,949	
Surplus / (deficit) of operating funding (A-B)	1,967	1,916	(12)	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	2,586	4,179	3,063	Note 1
Development and financial contributions	2,147	1,119	1,260	Note 3
Increase / (decrease) in debt	1,511	2,184	9,231	Note 4
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	6,244	7,482	13,554	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	2,177	3,512	3,210	Note 5
Capital expenditure to improve the level of service	1,862	1,267	1,234	Note 6
Capital expenditure to replace existing assets	5,487	5,350	5,343	
Increase / (decrease) in reserves	1,867	226	216	
Increase / (decrease) of investments	(3,182)	(957)	3,539	
Total applications of capital funding (D)	8,211	9,398	13,542	
Surplus / (deficit) of capital funding (C-D)	(1,967)	(1,916)	12	
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.

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 being higher than forecast.

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

Note 5 Capital expenditure to meet additional demand is lower than the LTP due to the timing of completion of some roading projects including projects carried over for completion in the 2017/18 financial year.

Note 6 Capital expenditure to improve the level of service is higher than the LTP due to additional work completed extending the council's footpath network during the year.

Solid waste management

This year the Council...

Collected from
over **19,000**
households

Collected
from kerbsides

6,000 TONNES OF RUBBISH

4,100 TONNES OF ORGANICS

4,900 TONNES OF RECYCLING

Processed
27,150 tonnes

OF ALL WASTE TYPES THROUGH THE
RESOURCE RECOVERY PARK





Key results



96%
OF RESIDENTS
SATISFIED WITH RUBBISH
COLLECTION



95%
OF RESIDENTS
SATISFIED WITH
RECYCLING COLLECTION



89%
OF RESIDENTS
SATISFIED WITH
ORGANICS COLLECTION



46%
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 19,000 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 and private collectors 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 potentially 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 organic waste). It manages all aspects of the activity including the managing of private providers/contractors, who carry out the following, under contract to the Council.

Waste collection services

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

Residual waste disposal facilities

Residual waste (rubbish) is taken to Pines Resource Recovery Park in Rolleston where it is compacted into large containers and transported to Kate Valley Regional Landfill. This landfill has resource consents in place for approximately twenty more years.

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

Working in collaboration with others

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

Activity goal

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

Council contribution to community outcomes

This activity contributes the following outcomes:

- A clean environment
- A healthy community

Statement of service performance

The Council met its performance measures in the solid waste activity other than for the amount of residual waste to landfill compared with the previous year. There was in fact an increase in the amount of residual waste per head of population compared with the previous financial year. This is due to new home construction, and demolition 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 with the Council's rubbish, recycling and organic waste kerbside collection services attracted ratings of good or very good of 96%, 95%, and 89% respectively. In addition 46% of surveyed residents independently use the Resource Recovery Park. The number of residents using the RRP increased in 2017 compared with 35% in 2016 and 42% in 2015. The higher level of usage at the RRP reflects the growth of Rolleston in particular.

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 96% (2016: Achieved 94%)
		Recycling $\geq 85\%$	Achieved 95% (2016: Achieved 92%)
		Organic waste collection $\geq 65\%$	Achieved 89% (2016: Achieved 86%)
The Council protects the environment from illegal dumping.	The proportion of households using the Pines Resource Recovery Park.	25%	Achieved 46% (2016: Achieved 35%)
The solid waste service is effective and efficient.	Number of formal complaints received per annum related to solid waste service.	≤ 15	Achieved 2 formal complaint were received during the year. (2016: Achieved 1 formal complaint was received during the year.)
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. (2016: Achieved no changes)
Waste minimisation is achieved by reducing the amount of residual waste.	The annual reduction in the amount of residual waste per head of population.	5% reduction in kg per head of waste to landfill compared with the previous year.	Not achieved 1.5% increase due to increase in new home construction. (2016: Not achieved 4.6% increase)

Solid waste management funding impact statement

	2017	2017	2016	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2017
SOURCES OF OPERATING FUNDING				
General rates	-	-	-	
Targeted rates	5,922	5,765	5,241	
Subsidies and grants for operating purposes	-	15	15	
Fees and charges	2,612	2,189	1,998	Note 1
Internal charges and overheads recovered	-	-	-	
Other operating funding	-	-	-	
Total operating funding (A)	8,534	7,969	7,254	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	6,723	6,963	6,377	
Finance costs	-	-	-	
Internal charges applied	361	367	352	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	7,084	7,330	6,729	
Surplus / (deficit) of operating funding (A-B)	1,450	639	525	
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	248	718	517	Note 2
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	26	72	-	
Increase / (decrease) in reserves	-	-	-	
Increase / (decrease) of investments	1,176	(151)	8	
Total applications of capital funding (D)	1,450	639	525	
Surplus / (deficit) of capital funding (C-D)	(1,450)	(639)	(525)	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 Fees and charges revenue is higher than the LTP due to higher than forecast 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 2017/18 financial year.

5 waters services

This year the Council...

Supplied
6.5 million cubic metres
OF WATER TO HOUSEHOLDS

Treated
3 million cubic metres
OF WASTEWATER

Maintained
1,140km OF WATER MAINS
330km OF WASTEWATER MAINS



Key results



74%
OF RESIDENTS
SATISFIED WITH WATER
SUPPLIES



74%
OF RESIDENTS
SATISFIED WITH SEWERAGE
& WASTEWATER



51%
OF RESIDENTS
SATISFIED WITH URBAN
STORMWATER



99.2%
COMPLIANCE WITH DRINKING
WATER STANDARDS



5 waters services

Activities covered

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

Overview

The availability of clean safe to drink water and the safe disposal of waste water are fundamental to the health and welfare of the Selwyn community. The 5 Waters service provides clean safe to drink water for households and removal of sewage and rain water in a way that protects the health of the population and natural environment. The 5 Waters service also provides river water for livestock and drains certain land so that it is usable. These services are provided through 81 separately rated water based schemes within the District. The 5 Waters assets are valued at \$628 million with water supplies valued at \$149 million, sewerage schemes \$242 million, stormwater \$57 million, land drainage \$43 million and water races \$137 million.

Drinking water is provided by the Council to over 74% of the population of the District, around 42,700 people. By comparison, wastewater services are provided to approximately 31,000 people (63%). The largest consented wastewater treatment and disposal area is the Eastern Selwyn Sewer Scheme (ESSS) 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 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 wastewater asset continues to increase rapidly, with the Eastern Selwyn Sewerage Scheme (ESSS) being upgraded in stages to meet the continued demand from development. Stormwater assets have been, and will continue to be, developed to meet the increased standards reflected in the Regional Council's Land and Water 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 99.2% 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)

70% 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 0.43m³ of water per person a day in the 2016/17 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

74% of residential properties in Selwyn are serviced with water and 63% 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 \$310 per year for water and \$349 per year for wastewater both below our targeted costs for these services.

Compliance with resource consents

During the 2016/17 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 3 gravity reticulation overflows and 9 which were related to minor leaks from air release valves. The final result was 1.1 overflows per 1000 rated properties.

Water Sustainability and Availability

Sustainable water management continues to be a focus for the Selwyn District Council. Council are actively implementing a Water Demand Management Strategy which includes the installation of water meters and implementation of volumetric water charging. Council is aware of the potential impact climatic cycles and trends has on its five waters and is activity monitoring and planning for this.

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 45% (2016: Achieved 44%)
	The number of complaints received about the performance of the Land Drainage system, expressed per 1000 rated properties.	Less than 10	Achieved 3.37 (2016: Achieved 1.71)
Water services are provided in a cost effective manner.	Total average operating cost per serviced property for Land Drainage.	≤\$95	Achieved \$74 (2016: Achieved \$79)
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) (2016: Achieved Nil)
Nuisance effects of water services are minimised.	Proportion of residents rating the stormwater system good or very good.	≥40%	Achieved 51% (2016: Achieved 54%)
	The number of complaints received about the performance of the stormwater system, expressed per 1000 rated properties. (Mandatory Performance Measure)	Less than 10	Achieved 4.87 (2016: Achieved 6.19)
	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 (2016: Achieved Nil)
	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 (2016: Achieved Nil)
	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 (2016: Achieved Nil)
	Total average operating cost per serviced property for Stormwater.	≤\$80	Achieved \$73 (2016: Achieved \$78)

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) (2016: Achieved Nil)
Nuisance effects of water services are minimised.	Proportion of residents rating the wastewater system good or very good.	≥60%	Achieved 78% (2016: Achieved 74%)
	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 3.22 (2016: Achieved 3.33)
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 (30 minutes) (2016: Achieved 0 hours) Achieved (2 hours 36 minutes) (2016: Achieved 2 hours)
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 63% (2016: Achieved 58%)
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 1.1 (3 gravity system surcharge, 9 minor air release valve leakages) (2016: Not achieved 1.3)
Water services are provided in a cost effective manner.	Total average operating cost per serviced property for wastewater.	≤\$380	Achieved \$349 (2016: Achieved \$346)
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) (2016: Achieved Nil)

Objective	Performance measure	Service target	Achievement
Nuisance effects of water services are minimised.	Proportion of residents rating the water supplies good or very good.	≥65%	Achieved 74% (2016: Achieved 73%)
	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 11.14 (2016: Achieved 5.47)
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 1 hour (2016: Achieved 40 minutes) b) Achieved 23 hours 24 minutes (2016: 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 32 minutes (2016: Achieved 34 minutes) b) Achieved 2 hours 17 minutes (2016: 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 82% (2016: Achieved 77%)
	The percentage of real water loss from the water reticulation system in urban schemes. (Mandatory Performance Measure)	Value to be reported.	16.4% (2016: 19.4%)
	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 70% (2016: Achieved 64%)
	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 0.43m ³ per day (2016: Achieved 0.5m ³ per day)

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)	≥98% of monitoring samples comply, at both the treatment plant and within the reticulation, across the district	Achieved Treatment: 99.8% Reticulation: 99.2% Self-administered properties not monitored by Council. (2016: Achieved Treatment: 99.8% Reticulation: 99.9%)
	The extent to which the drinking water supplies comply with the drinking water standards for protozoal compliance. (Mandatory Performance Measure)	≥55% of the treatment plant sites are compliant across the district.	Achieved 50% (2016: Achieved 52%)
Water services are provided in a cost effective manner.	Total average operating cost per serviced property for water supply.	≤\$340	Achieved \$310 (2016: Achieved \$324)

WATER RACES

Nuisance effects of water services are minimised.	Proportion of residents rating the water race system good or very good.	≥30%	Achieved 44% (2016: Achieved 50%)
	The total number of complaints received about continuity of supply, expressed per 1000 rated properties.	Less than 150.	Achieved 29.66 (2016: Achieved 30)
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 4 minutes (2016: Achieved 2 hours 23 minutes) b) Achieved 3 hours 20 minutes (2016: 3 hours 53 minutes)
Water services are provided in a cost effective manner.	Total average operating cost per serviced property for water races.	≤\$190	Achieved \$139 (2016: Achieved \$161)
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) (2016: Achieved Nil)

Community water supplies funding impact statement

	2017	2017	2016	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2017
SOURCES OF OPERATING FUNDING				
General rates	-	-	-	
Targeted rates	5,632	5,590	5,081	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	94	-	-	
Internal charges and overheads recovered	1,172	1,172	1,136	
Other operating funding	28	-	-	
Total operating funding (A)	6,926	6,762	6,217	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	3,212	2,813	3,787	
Finance costs	-	-	-	
Internal charges applied	2,344	2,344	2,272	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	5,556	5,157	6,059	
Surplus / (deficit) of operating funding (A-B)	1,370	1,605	158	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	1,737	2,305	2,420	Note 1
Increase / (decrease) in debt	-	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	1,737	2,305	2,420	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	1,334	10,653	2,400	Note 2
Capital expenditure to improve the level of service	1,223	979	878	
Capital expenditure to replace existing assets	1,964	847	1,352	Note 3
Increase / (decrease) in reserves	150	(5,781)	1,667	
Increase / (decrease) of investments	(1,564)	(2,788)	(3,719)	
Total applications of capital funding (D)	3,107	3,910	2,578	
Surplus / (deficit) of capital funding (C-D)	(1,370)	(1,605)	(158)	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 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 2 Capital expenditure to meet additional demand is lower than the LTP due to timing of completing water supply upgrades in Rolleston, Lincoln and Prebbleton.

Note 3 Capital expenditure to replace existing assets is higher than the LTP largely due to the timing of completion of renewal work in Edendale, Malvern Hills, Dunsandel and Hororata.

Community wastewater funding impact statement

	2017	2017	2016	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2017
SOURCES OF OPERATING FUNDING				
General rates	-	-	-	
Targeted rates	5,538	5,287	4,495	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	613	164	203	Note 1
Internal charges and overheads recovered	806	660	640	
Other operating funding	-	-	-	
Total operating funding (A)	6,957	6,111	5,339	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	3,059	2,834	3,860	
Finance costs	1,040	2,922	2,403	Note 2
Internal charges applied	1,613	1,320	1,280	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	5,712	7,076	7,543	
Surplus / (deficit) of operating funding (A-B)	1,245	(965)	(2,205)	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	8,911	6,427	7,190	Note 3
Increase / (decrease) in debt	(3,442)	13,000	4,300	Note 4
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	5,469	19,427	11,490	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	4,922	17,989	7,726	Note 5
Capital expenditure to improve the level of service	482	-	1,754	Note 6
Capital expenditure to replace existing assets	413	1,005	991	Note 7
Increase / (decrease) in reserves	764	16	859	
Increase / (decrease) of investments	133	(548)	(2,045)	
Total applications of capital funding (D)	6,714	18,462	9,285	
Surplus / (deficit) of capital funding (C-D)	(1,245)	965	2,205	
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 unbudgeted trade waste revenue totalling \$250,000 being received during the year.

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

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

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

Note 5 Capital expenditure to meet additional demand is lower than the LTP due to the timing of completion of expansions to the Eastern Selwyn Sewerage Scheme.

Note 6 Capital expenditure to improve the level of service is higher than the LTP due to work being completed on upgrading the Lincoln pump station with additional storage.

Note 7 Capital expenditure to replace existing assets is lower than the LTP due to projects being carried forward for completion in the 2017/18 financial year.

Community stormwater funding impact statement

	2017	2017	2016	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2017
SOURCES OF OPERATING FUNDING				
General rates	-	-	-	
Targeted rates	751	793	735	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	-	-	-	
Internal charges and overheads recovered	-	-	-	
Other operating funding	-	-	-	
Total operating funding (A)	751	793	735	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	763	634	709	
Finance costs	122	160	160	
Internal charges applied	244	243	237	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	1,129	1,037	1,106	
Surplus / (deficit) of operating funding (A-B)	(378)	(244)	(371)	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	689	179	209	
Increase / (decrease) in debt	(143)	-	-	
Gross sales proceeds from sale of assets	-	-	-	
Total sources of capital funding (C)	546	179	209	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	556	-	985	Note 1
Capital expenditure to improve the level of service	655	10	1,360	Note 2
Capital expenditure to replace existing assets	-	22	42	
Increase / (decrease) in reserves	30	194	(303)	
Increase / (decrease) of investments	(1,073)	(291)	(2,246)	
Total applications of capital funding (D)	168	(65)	(162)	
Surplus / (deficit) of capital funding (C-D)	378	244	371	
Funding balance (A-B) + (C-D)	-	-	-	

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

Note 1 Capital expenditure to meet additional demand is higher than the LTP due to work being completed to improve the stormwater system in Lincoln.

Note 2 Capital expenditure to improve the level of service is higher than the LTP due to work being completed to upgrade Leeston township flood diversion.

Water races and land drainage funding impact statement

	2017	2017	2016	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2017
SOURCES OF OPERATING FUNDING				
General rates	44	44	43	
Targeted rates	2,001	2,110	1,981	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	285	315	294	
Internal charges and overheads recovered	334	335	325	
Other operating funding	-	-	-	
Total operating funding (A)	2,664	2,804	2,643	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	2,426	2,192	2,175	
Finance costs	-	-	-	
Internal charges applied	668	669	650	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	3,094	2,861	2,825	
Surplus / (deficit) of operating funding (A-B)	(430)	(57)	(183)	
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	4	-	-	
Capital expenditure to improve the level of service	578	-	1,241	Note 1
Capital expenditure to replace existing assets	152	-	10	
Increase / (decrease) in reserves	211	561	-	
Increase / (decrease) of investments	(1,375)	(618)	(1,434)	
Total applications of capital funding (D)	(430)	(57)	(183)	
Surplus / (deficit) of capital funding (C-D)	430	57	183	
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 higher than the LTP largely due to the timing of work to complete capital work on a fish screen at the Upper Kowai intake.



Izone Southern Business Hub

Progress this year...

STAGES 8 and 9 RELEASED

21 SMALL LOTS





Key results



31
HECTARES SOLD



MORE THAN

75

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 2016/17. Demand continues to be strong with high sales activity during 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 31 h.a. of land was sold during the year with 6.4 h.a sold in 2015/16 and 28 h.a. sold in 2014/15. On average the Council has sold 21.8 h.a per year over the last three years. (2016: Achieved 17.2 h.a.)

Izone Southern Business Hub funding impact statement

	2017	2017	2016	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2017
SOURCES OF OPERATING FUNDING				
General rates	-	-	-	
Targeted rates	-	-	-	
Subsidies and grants for operating purposes	-	-	-	
Fees and charges	43	31	31	
Internal charges and overheads recovered	-	-	-	
Other operating funding	-	-	-	
Total operating funding (A)	43	31	31	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	1,282	1,502	1,615	
Finance costs	-	-	-	
Internal charges applied	-	-	-	
Other operating funding applications	-	-	-	
Total application of operating funding (B)	1,282	1,502	1,615	
Surplus / (deficit) of operating funding (A-B)	(1,239)	(1,471)	(1,584)	
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	34,419	14,440	10,774	Note 1
Total sources of capital funding (C)	34,419	14,440	10,774	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	2,541	-	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	30,639	12,969	(18,610)	
Total applications of capital funding (D)	33,180	12,969	9,190	
Surplus / (deficit) of capital funding (C-D)	1,239	1,471	1,584	
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 higher than the LTP due to the timing of the sale of commercial property at the Izone Southern Business Hub. There were two significant sales completed during the year.

Note 2 Capital expenditure to meet additional demand is higher than the LTP due to the timing of construction of Stage 7.





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

	2017	2017	2016	MOVEMENT
	ACTUAL	LTP	LTP	ACTUAL VS
	\$'000	\$'000	\$'000	LTP 2017
SOURCES OF OPERATING FUNDING				
General rates	(7,825)	(7,662)	(7,270)	
Targeted rates	560	562	562	
Subsidies and grants for operating purposes	-	133	130	
Fees and charges	1,735	2,489	1,742	
Internal charges and overheads recovered	13,823	12,294	12,084	
Other operating funding	10,024	8,681	7,996	Note 1
Total operating funding (A)	18,317	16,497	15,244	
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	12,144	11,270	11,020	
Finance costs	140	781	494	
Internal charges applied	1,598	1,433	1,427	
Other operating funding applications	119	148	144	
Total application of operating funding (B)	14,001	13,632	13,085	
Surplus / (deficit) of operating funding (A-B)	4,316	2,865	2,159	
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	
Development and financial contributions	-	-	-	
Increase / (decrease) in debt	2,284	(232)	9,785	Note 2
Gross sales proceeds from sale of assets	62	-	-	
Total sources of capital funding (C)	2,346	(232)	9,785	
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	550	564	715	
Capital expenditure to improve the level of service	-	-	-	
Capital expenditure to replace existing assets	-	-	-	
Increase / (decrease) in reserves	51	79	76	
Increase / (decrease) of investments	6,061	1,990	11,153	
Total applications of capital funding (D)	6,662	2,633	11,944	
Surplus / (deficit) of capital funding (C-D)	(4,316)	(2,865)	(2,159)	
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 than forecast. Dividend revenue is also higher than forecast in the LTP.

Note 2 Debt has increased due to the use of debt to fund working capital requirements.

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 2017 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

25 October 2017

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.

	2017	2017	2016	2016
	ACTUAL	ANNUAL PLAN	ACTUAL	ANNUAL PLAN
	\$'000	\$'000	\$'000	\$'000
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charge, rate penalties	16,140	15,735	14,960	14,542
Targeted rates	30,194	29,608	27,464	26,894
Subsidies and grants for operating purposes	4,009	3,107	3,117	3,249
Fees and charges	15,479	15,884	15,450	14,957
Interest and dividends from investments	9,997	8,873	13,343	7,996
Other operating funding	7,185	642	657	192
Total operating funding (A)	83,004	73,849	74,991	67,830
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	68,328	67,178	58,404	61,854
Finance costs	2,159	4,114	3,081	4,898
Other operating funding applications	411	623	334	444
Total application of operating funding (B)	70,898	71,915	61,819	67,196
Surplus / (deficit) of operating funding (A-B)	12,106	1,934	13,172	634
SOURCES OF CAPITAL FUNDING				
Subsidies for capital expenditure	3,107	3,672	3,505	3,063
Development and financial contributions	19,539	12,426	22,042	13,753
Increase / (decrease) in debt	(15)	45,381	(19,864)	29,519
Gross sales proceeds from sale of assets	36,356	16,709	9,795	19,287
Total sources of capital funding (C)	58,987	78,188	15,478	65,622
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	26,013	67,030	26,592	55,210
Capital expenditure to improve the level of service	9,385	18,618	4,317	16,100
Capital expenditure to replace existing assets	9,219	8,864	7,682	9,688
Increase / (decrease) in reserves	(1,531)	(12,365)	(6,358)	1,854
Increase / (decrease) of investments	28,007	(2,025)	(3,583)	(16,596)
Total applications of capital funding (D)	71,093	80,122	28,650	66,256
Surplus / (deficit) of capital funding (C-D)	(12,106)	(1,934)	(13,172)	(634)
Funding balance (A-B) + (C-D)	-	-	-	-

Financials – financial highlights

Introduction

Selwyn District Council continued to experience high levels of growth during the 2016/17 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 land sales in the Izone Southern Business hub ahead of budget.

Expenditure

Expenditure for the year was \$105.0 million compared with the budget of \$94.6 million. The main variances compared with budget were:

- Finance costs \$2.9 million below budget, due to a reduced borrowing requirement as some capital projects have not yet been completed.
- The unbudgeted costs associated with the Port Hills fire.
- Cost of sales \$7 million higher than budget due to the sale of land in the Izone Southern Business Hub being significantly ahead of budget.

Revenue

Revenue for the year was \$169.8 million compared with the budget of \$120.9 million. The main variances compared with budget were:

- Dividend revenue \$0.8 million above budget due to higher dividend revenue received from our investments in Orion New Zealand Limited and Transwaste Canterbury Limited.
- Rates revenue was \$1.0 million above budget 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 \$7.1 million above budget 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 \$5.5 million higher than budget 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.
- Land sales revenue was ahead of budget by \$24.8 million due to the sale of land in the Izone Southern Business Hub being significantly ahead of budget.
- The Port Hills fire recovery costs of \$6.9 million received during the year.

Cashflow

The Council has a positive **operating** cash flow of \$50 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 \$110 million for the year ended 30 June 2017.
- The increase was due to the surplus of \$64.6 million, infrastructure valuation increase \$23.9 million, Orion valuation increase of \$15.7 million and Sicon valuation increase of \$9.3 million.
- The value of the Council's net assets is \$1.503 billion (2016: \$1.389 billion).

Assets

- **Cash** and cash equivalents held at year end is higher than budgeted by \$4 million.
- **Inventory** is lower than budgeted by \$1.2 million due to the timing of sale of land at Izone.
- **Other financial assets** which includes term deposits held by council, are higher than budget by \$47.1 million largely due to strong revenues including sales of land at Izone.
- **Property held for sale** is higher than budget by \$1.8 million due to the timing of sale of land held for sale.
- **Investment in council controlled organisations** is higher than budget by \$14.3 million largely due to the increase in the value of the Council's investment in Orion New Zealand and Sicon Limited & Group.
- **Investment property** is lower than budgeted by \$15.7 million as the budget included the purchase of an investment property not yet purchased.
- **Property, plant and equipment** is higher than budget by \$5.9 million due to higher levels of vested assets received and a larger increase in property values as a result of the Council's infrastructure valuation.

Liabilities

- **Borrowings** are lower than budget by \$51.3 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 2017

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 2013/14 comparative graphs have been updated accordingly.

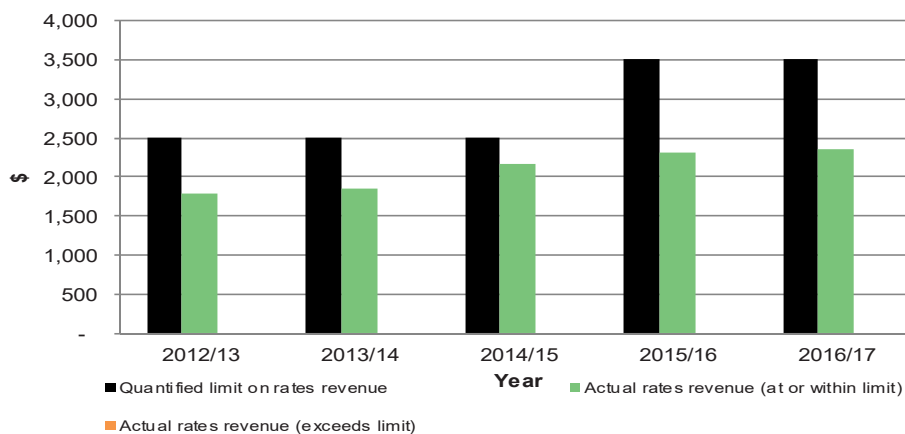
Rates affordability benchmark

The council meets the rates affordability benchmark if –

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

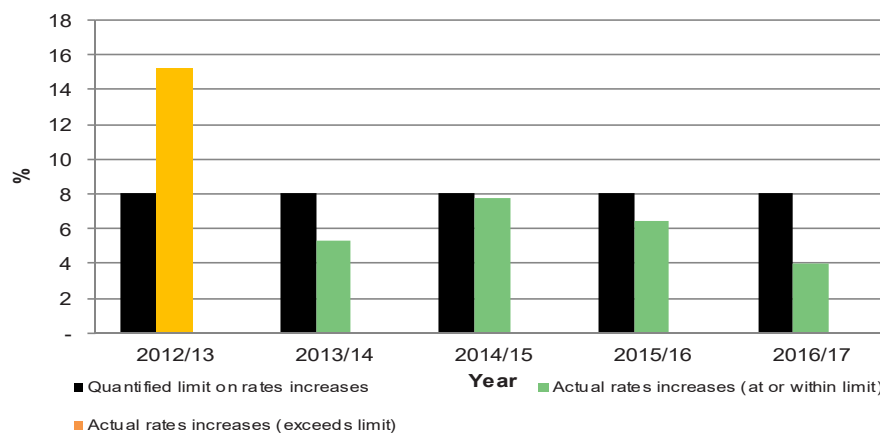
Rates (revenue) affordability

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



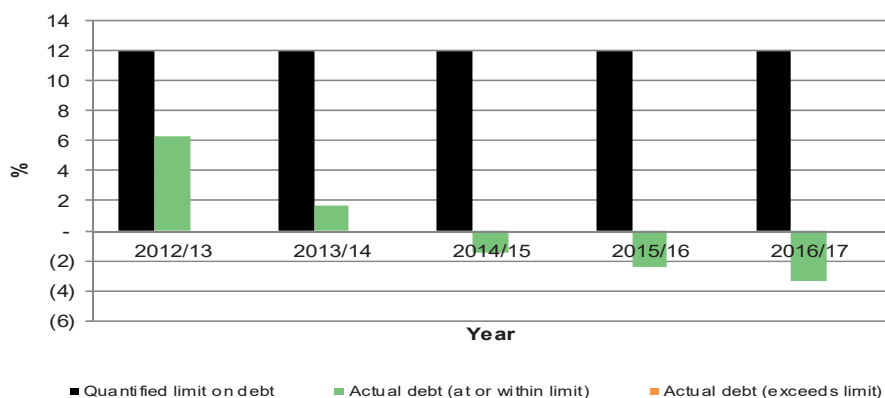
2012/13 – The Council exceeded the quantified limit on rates increases in 2013 as a result of the introduction of a one-off \$135 earthquake rate per rating unit to help meet the costs associated with the 4 September 2010 earthquake damage.

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

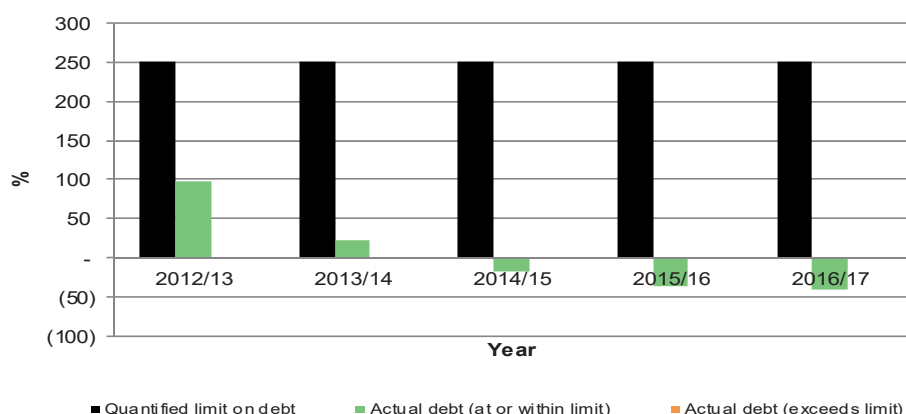
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net borrowing as a percentage of equity will be less than 12%.



2014/15 to 2016/17 –The Council is in a net investment position with investments now exceeding borrowing levels.

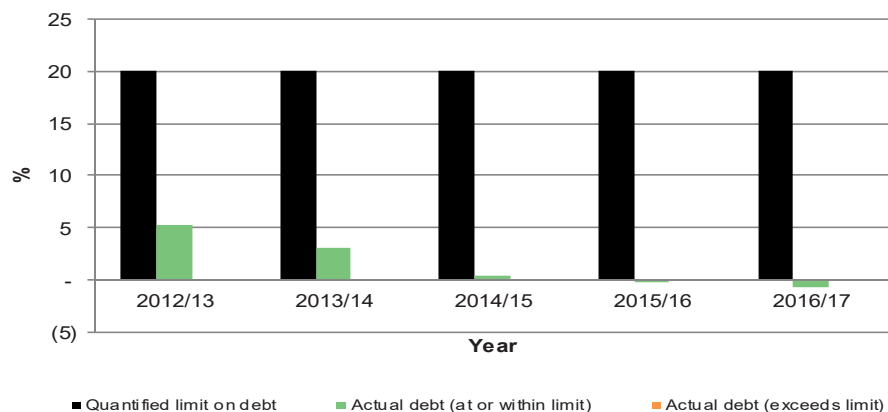
Net borrowing as percentage of revenue

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%.



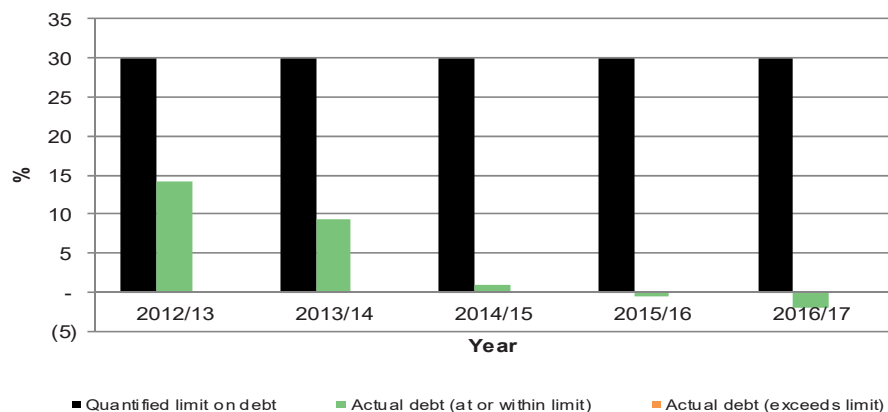
Net interest as percentage of revenue

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

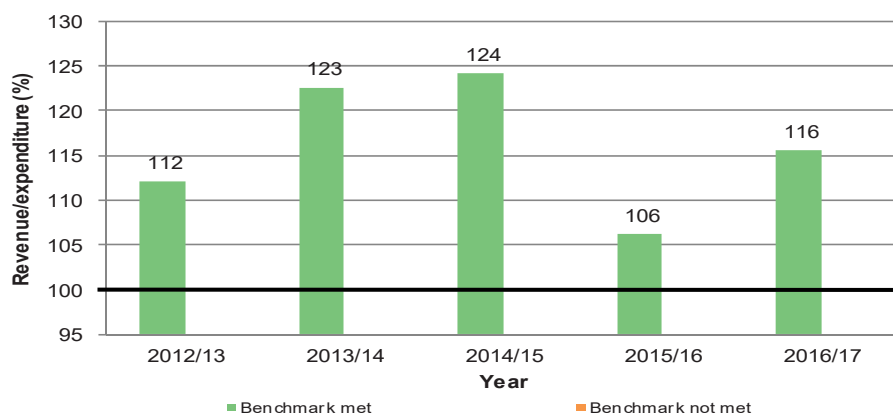
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net interest as a percentage of rates revenue will be less than 30%.



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.



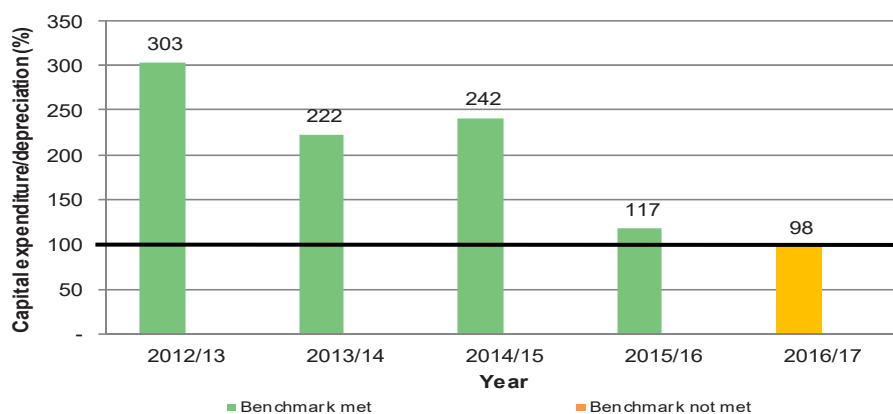
2012/13 – The Council met the balanced budget benchmark largely because of a one off special dividend received from Selwyn Investment Holdings Limited totalling \$11.0 million during the financial year.

2013/14 – The Council met the balanced budget benchmark largely 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.

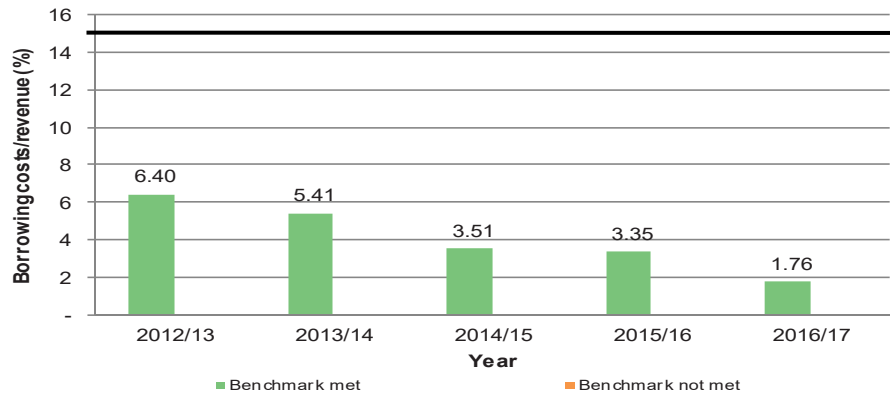
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

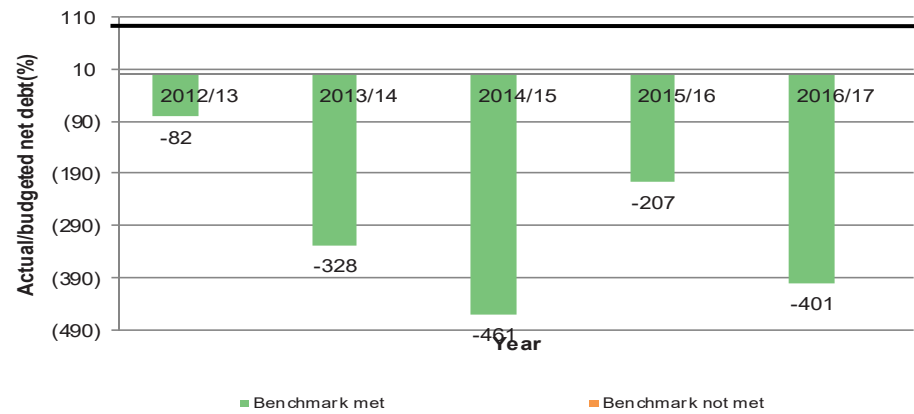
Because Statistics New Zealand projects the Council's population will grow faster than the national population growth rate, it means the debt servicing benchmark if it's borrowing costs equal or are less than 15% of its revenue.



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).

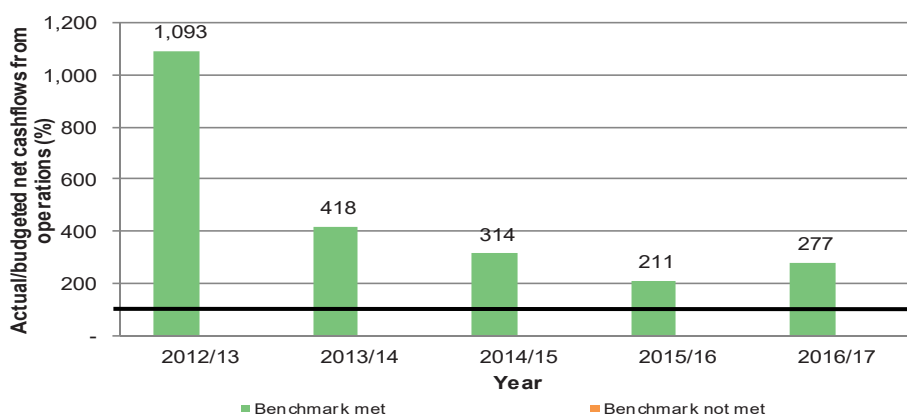
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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: 26,254
- The total capital value of rating units within the district at the end of the preceding financial year: \$21,292 million
- The total land value of rating units at the end of the preceding financial year: \$11,409 million

Insurance of assets

- The total value of all assets that are covered by insurance contracts: \$835.8 million
- The maximum amount to which assets are insured: \$468 million.
- The maximum amount to which assets are covered by financial risk sharing arrangements: \$200 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 \$835.8 million. \$567 million of these assets are underground assets which are covered by \$200 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 \$200 million with 40% or \$80 million provided by the insurance policy and 60% or \$120 million provided by Central Government.

Council also has 2 self-insurance funds as follows:

- Earthquake self-insurance reserve as at 30 June 2017 \$11.6 million.
- General insurance reserve as at 30 June 2017: \$0.6 million.

Financials – statement of comprehensive revenue and expense for the year ended 30 June 2017

	Note	Council 2017 \$000	Council Budget \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Revenue						
Rates	2	46,334	45,343	42,424	46,330	42,419
Fees and charges	3	15,479	15,884	15,450	15,269	15,250
Development and financial contributions		19,539	12,426	22,042	19,539	22,042
Subsidies and grants		7,116	6,779	6,622	7,116	6,622
Other revenue	4	79,464	30,298	57,224	117,296	73,989
Gains	5	1,872	10,208	91	2,222	453
Release to profit from fair value through equity	21	-	-	5,000	-	5,000
Total revenue	1	169,804	120,938	148,853	207,772	165,775
Expenditure						
Employee benefit expenses	6	18,702	19,675	17,295	30,254	25,783
Depreciation and amortisation expense	7	24,845	24,110	22,647	27,586	23,918
Other expenses	8	60,412	46,750	43,648	80,929	49,540
Finance costs		1,210	4,114	3,283	1,279	3,283
Total operating expenditure	1	105,169	94,649	86,873	140,048	102,524
Surplus / (deficit) before taxation		64,635	26,289	61,980	67,724	63,251
Income taxation expense / (benefit)	9	40	-	(85)	1,147	965
Surplus / (deficit) after taxation		64,595	26,289	62,065	66,577	62,286
Surplus after taxation from discontinued operation	33	-	-	-	-	242
Surplus after taxation and discontinued operation		64,595	26,289	62,065	66,577	62,528
<i>Surplus / (deficit) attributable to:</i>						
Selwyn District Council		64,595	26,289	62,065	66,750	62,528
Minority interest		-	-	-	(173)	-
Surplus after taxation and discontinued operation		64,595	26,289	62,065	66,577	62,528
Other comprehensive revenue and expense						
<i>Items that will be reclassified to surplus / (deficit)</i>						
Financial assets at fair value	21	25,032	1,823	3,522	15,782	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	23,980	-	25	23,980	25
Gain / (loss) on land and building revaluation	15	-	9,080	17,199	65	17,199
Deferred taxation on revaluation	9	-	-	(8)	-	(8)
Total other comprehensive revenue and expense		49,012	10,903	15,738	39,827	12,738
Total comprehensive revenue and expense		113,607	37,192	77,803	106,404	75,266
<i>Total comprehensive revenue and expense attributable to:</i>						
Selwyn District Council		113,607	37,192	77,803	106,577	75,266
Minority interest		-	-	-	(173)	-
Total comprehensive revenue and expense		113,607	37,192	77,803	106,404	75,266

The accompanying notes form part of these financial statements.

Financials – statement of changes in equity for the year ended 30 June 2017

	Note	Council 2017 \$000	Council Budget \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Balance at 1 July		1,389,248	1,356,233	1,311,445	1,390,400	1,315,134
Total comprehensive revenue and expense for the year		113,607	37,192	77,803	106,404	75,266
Contributions from minority interest		-	-	-	3,750	-
Balance at 30 June	20-23	1,502,855	1,393,425	1,389,248	1,500,554	1,390,400
<i>Total comprehensive revenue and expense for the year is attributable to:</i>						
Selwyn District Council		113,607	37,192	77,803	106,577	75,266
Minority interest		-	-	-	(173)	-
Total comprehensive revenue and expense		113,607	37,192	77,803	106,404	75,266

The accompanying notes form part of these financial statements.

Financials – statement of financial position as at 30 June 2017

	Note	Council Actual 2017 \$000	Council Budget 2017 \$000	Council Actual 2016 \$000	Group Actual 2017 \$000	Group Actual 2016 \$000
Current assets						
Cash and cash equivalents		6,818	2,816	15,799	8,410	22,460
Receivables	10	12,319	13,060	10,405	17,517	11,510
Inventory	12	6,242	7,414	12,410	7,224	13,165
Other financial assets	13	84,040	972	52,910	84,040	52,910
Income taxation receivable	9	-	-	1	-	25
Property held for sale		1,809	-	1,970	1,903	2,016
Investment in joint venture		-	-	-	7	-
Total current assets		111,228	24,262	93,495	119,101	102,086
Non-current assets						
Receivables	10	300	289	329	300	329
Other financial assets	13	9,971	45,917	3,453	9,971	3,453
Investment in council controlled organisations	13	112,026	97,768	86,995	89,776	73,995
Investment property	14	12,975	28,671	11,725	12,250	11,065
Forestry assets		162	142	162	162	162
Property, plant and equipment	15	1,311,591	1,305,704	1,245,270	1,328,312	1,252,599
Inventory	12	-	-	-	-	-
Deferred tax	9	-	-	-	405	212
Intangible assets	15a	156	268	206	3,205	247
Total non-current assets		1,447,181	1,478,759	1,348,140	1,444,381	1,342,062
Total assets		1,558,409	1,503,021	1,441,635	1,563,482	1,444,148
Current liabilities						
Payables and deferred revenue	16	16,271	21,070	12,390	19,216	12,849
Employee benefit liabilities	17	1,664	-	1,536	2,900	2,376
Other provisions	18	270	-	200	729	200
Income taxation payable	9	22	-	-	400	-
Derivative financial instruments	11	534	-	851	534	851
Borrowings	19	20,000	19,807	14	22,200	14
Total current liabilities		38,761	40,877	14,991	45,979	16,290
Non-current liabilities						
Employee benefit liabilities	17	118	-	118	126	125
Other provisions	18	423	392	394	423	394
Deferred tax	9	153	-	153	301	208
Derivative financial instruments	11	899	1,666	1,531	899	1,531
Borrowings	19	15,200	66,661	35,200	15,200	35,200
Total non-current liabilities		16,793	68,719	37,396	16,949	37,458
Equity						
General funds	20	851,979	798,467	781,869	859,173	786,908
Fair value through other comprehensive revenue	21	65,577	46,144	40,545	52,326	36,544
Special funds	22	63,074	50,912	67,319	63,074	67,319
Asset revaluation reserve	23	522,225	497,902	499,515	522,404	499,629
Minority interest	34	-	-	-	3,577	-
Total equity		1,502,855	1,393,425	1,389,248	1,500,554	1,390,400
Total liabilities and equity		1,558,409	1,503,021	1,441,635	1,563,482	1,444,148

The accompanying notes form part of these financial statements.

Financials – statement of cash flows for the year ended 30 June 2017

	Note	Council Actual 2017 \$000	Council Budget 2017 \$000	Council Actual 2016 \$000	Group Actual 2017 \$000	Group Actual 2016 \$000
Operating activities						
<i>Cash was provided from:</i>						
Receipts from customers		114,275	79,708	95,356	149,452	117,756
Agency receipts		1,810	1,375	1,796	1,810	1,796
Interest received		3,332	2,642	3,080	3,417	3,259
Dividends received		7,265	6,231	9,486	6,665	7,486
Goods and services taxation (net)		88	-	54	(7)	(34)
		126,770	89,956	109,772	161,337	130,263
<i>Cash was applied to:</i>						
Payments to suppliers and employees		72,749	66,425	64,870	103,062	82,634
Agency payments		1,810	1,376	1,796	1,810	1,796
Income taxation		17	-	3,259	841	4,200
Interest paid		2,159	4,114	3,119	2,228	3,123
		76,735	71,915	73,044	107,941	91,753
Net cash flow from operating activities	24	50,035	18,041	36,728	53,396	38,510
Investment activities						
<i>Cash was provided from:</i>						
Sale of property, plant & equipment		1,962	2,269	810	2,780	5,664
Sale of property intended for sale / investment property		-	14,440	-	-	-
Proceeds from investments		59,220	23,971	80,894	59,220	80,977
		61,182	40,680	81,704	62,000	86,641
<i>Cash was applied to:</i>						
Purchase of property, plant and equipment		37,358	94,511	35,128	40,329	39,463
Purchase of intangible assets		57	-	77	57	77
Purchase of investments and goodwill		82,769	9,518	54,743	82,769	54,743
		120,184	104,029	89,948	123,155	94,283
Net cash flow from investing activities		(59,002)	(63,349)	(8,244)	(61,155)	(7,642)

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 2017 (continued)

	Note	Council Actual 2017 \$000	Council Budget 2017 \$000	Council Actual 2016 \$000	Group Actual 2017 \$000	Group Actual 2016 \$000
Financing activities						
<i>Cash was provided from:</i>						
Loans raised		-	45,381	5,000	-	5,000
		-	45,381	5,000	-	5,000
<i>Cash was applied to:</i>						
Settlement of loans	14	-	-	24,864	14	24,864
Purchase of acquisition assets	-	-	-	-	8,477	-
	14	-	-	24,864	8,491	24,864
Net cash flow from financing activities	(14)	45,381	(19,864)	(8,491)	(19,864)	(19,864)
Net increase / (decrease) in cash and cash equivalents	(8,981)	73	8,620	(16,250)	11,004	11,004
Plus: opening cash and cash equivalents		15,799	2,743	7,179	22,460	11,456
Cash, cash equivalents at the end of the year		6,818	2,816	15,799	6,210	22,460
<i>Summary of cash resources:</i>						
Cash and bank		6,810	2,816	7,557	8,402	14,218
Short term deposits maturing w ithin 3 months	8	-	-	8,242	8	8,242
Bank overdrafts	-	-	-	-	(2,200)	-
Cash, cash equivalents at the end of the year		6,818	2,816	15,799	6,210	22,460

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), Blakely Construction Limited (70%), 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 2017. The financial statements were authorised for issue by Council on 25 October 2017.

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).

Standards issued and not yet effective that have been early adopted

Impairment of Revalued Assets

In April 2017, the XRB issued Impairment of Revalued Assets, which now scopes in revalued property, plant and equipment into the impairment accounting standards. Previously, only property, plant, and equipment assets measured at cost were scoped into the impairment accounting standards.

Basis of consolidation

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

Subsidiaries

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

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

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

Associate

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

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

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

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

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

Joint venture

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

Sicon 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 venture'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 2017 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 2017 by Amy Paterson-Horner NZ Dip Eng, Dip Civil Eng Applied, CertETN a valuer at Stantec New Zealand Limited.

Land under roads

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

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

The recoverable amount as at 30 June 2017, has been determined based on a value in use calculation using estimated cash flow projections. The projection are based on 0.5% growth rate for the first five years then nil growth rate beyond that. The post-tax discount rate applied to cash flow projections is 2.6%.

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.

Mining Licences

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

Brand Name / Customer List & Customer Contracts

Brand Name, Customer List & Customer Contracts are finite life intangibles recorded at their fair value on acquisition less accumulated amortisation and impairment. They are amortised on a straight line basis over their assumed useful life. The fair values have been established by reference to Former BCL revenue, discounted cash flows and contracts on BCL books at time of acquisition.

These valuations use assumptions including future revenue, margins, risk and appropriate discount rates.

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 and mining licences 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%
Wanganui mining	24.04 years	4.16%
Brand Name	10 years	10%
Customer Relationships	3 years	33%
Customer Contracts	As profit realised	

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

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

Forestry assets

Forestry assets are independently revalued 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 2017.

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.

Impairment of goodwill

BCL determines whether goodwill is impaired on an annual basis. This requires an estimation of the recoverable amount of the single cash-generating unit of BCL, using a value in use discounted cash flow methodology, to which the goodwill is allocated. The Directors of BCL estimated the forecast trading performance of BCL and determined that the goodwill of the business was not impaired.

Intangible assets – Brand name and customer list

Determining the cost of the brand name and customer list intangible assets acquired in the purchase of the trade and assets of BCL, required an estimation of the discounted future cash flows expected from the established brand name and customer relationships. The Directors of BCL have assumed that cash flows associated with the brand name and customer relationships will continue over 15 years and 3 years respectively.

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 and landfill after care costs.

Financials – notes to the financial statements

Note 1: Summary of cost of service

	Council 2017 \$000	Council Budget \$000	Council 2016 \$000
Revenue			
Democracy	895	903	827
Community facilities	18,856	14,377	19,396
Community services	7,139	143	554
Environmental services	6,317	5,676	6,161
Transportation	9,871	8,846	9,721
Solid waste management	8,534	8,868	7,964
Community water supplies	7,522	7,583	6,453
Community waste water supplies	15,579	12,359	16,156
Stormwater	1,440	943	884
Water races and land drainage	2,286	2,453	2,394
Izone southern business hub	34,685	9,829	8,917
Total activity revenue	113,124	71,980	79,427
General rates	15,853	15,747	14,670
Rates penalties	287	240	290
Other corporate revenue	12,904	10,822	19,664
Vested assets	27,636	22,149	34,802
Total revenue	169,804	120,938	148,853
Expenditure			
Democracy	4,248	4,505	3,692
Community facilities	20,458	21,765	17,817
Community services	9,667	2,886	2,809
Environmental services	10,770	11,323	9,927
Transportation	20,474	19,467	20,393
Solid waste management	8,306	8,339	6,799
Community water supplies	7,813	8,326	7,436
Community waste water supplies	8,859	9,554	8,884
Stormwater	1,886	1,829	1,586
Water races and land drainage	3,209	3,059	2,731
Izone southern business hub	10,173	1,533	3,655
Other corporate expenditure	(694)	2,063	1,144
Total activity expenditure	105,169	94,649	86,873
Total operating expenditure	105,169	94,649	86,873

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 expenditure is negative in 2017 due to reduction in the interest rate swap liability). 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 2017 \$000	Council Actual 2016 \$000	Group Actual 2017 \$000	Group Actual 2016 \$000
General rates	15,853	14,670	15,849	14,665
Rates penalties	287	290	287	290
Metered water supply	1,049	979	1,049	979
<i>Targeted rates attributable to activities:</i>				
Community facilities	7,901	6,918	7,901	6,918
Democracy	728	823	728	823
Solid waste management	5,922	5,275	5,922	5,275
Community waste water supplies	5,569	4,670	5,569	4,670
Community water supplies	5,096	5,069	5,096	5,069
Stormwater	751	694	751	694
Transportation	1,177	1,119	1,177	1,119
Water races and land drainage	2,001	1,917	2,001	1,917
Total rates	46,334	42,424	46,330	42,419

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 2017 \$000	Council Actual 2016 \$000	Group Actual 2017 \$000	Group Actual 2016 \$000
Total gross rates	46,371	42,467	46,367	42,462
<i>Rates remissions:</i>				
Earthquake related remissions	-	6	-	6
Sports bodies	16	16	16	16
Churches	17	17	17	17
Other social and cultural organisations	4	4	4	4
Total remissions	37	43	37	43
Rates (net of remissions)	46,334	42,424	46,330	42,419

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 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Building consents	4,355	4,467	4,355	4,467
Connection and irrigation fees	169	430	169	430
Dog registration	437	361	437	361
Gravel royalties	8	27	8	27
Leases	602	473	460	333
LIM revenue	327	321	327	321
Rental and hire charges	864	921	864	921
Rental income from investment properties	984	975	916	915
Resource consent fees	1,100	941	1,100	941
Selwyn Aquatic Centre	1,419	1,331	1,419	1,331
Solid waste fees and charges	2,612	2,689	2,612	2,689
Other fees and charges	2,602	2,514	2,602	2,514
Total fees and charges	15,479	15,450	15,269	15,250

Note 4: Other revenue

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Dividend revenue	6,965	10,086	6,665	7,486
Interest revenue	3,032	3,256	3,121	3,435
Land sales	34,642	8,885	34,642	8,885
Petroleum tax	207	188	207	188
Port Hills complex fire recovery	6,910	-	6,910	-
Vested land and infrastructure from property development	27,636	34,802	27,636	34,802
Other income - Council	72	7	72	7
Other trading income - Sicon Limited	-	-	38,043	19,186
Total other revenue	79,464	57,224	117,296	73,989

Note 5: Other gains

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Gain on changes in fair value of forestry	-	20	-	20
Gain on fair value of derivatives	-	10	-	10
Gain on disposal of property, plant and equipment	622	1	1,037	363
Gain on changes in fair value of investment property (Note 14)	1,250	59	1,185	59
Total gains	1,872	91	2,222	453

Note 6: Employee benefit expenses

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Salaries and wages	18,246	16,797	29,061	25,416
Employer contributions to superannuation plans	328	301	653	502
Employer contributions to other plans & benefits	-	-	16	12
Increase / (decrease) in employee liabilities	128	197	524	(147)
Total employee benefit expenses	18,702	17,295	30,254	25,783

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

Council employee numbers and remuneration

	Council 30 June 2017
Number of employees employed by Selwyn District Council	358
Number of full-time employees at Selwyn District Council	193
Full-time equivalent number of all other employees	69
<i>Number of employees receiving total annual remuneration:</i>	
Less than \$60,000	209
\$60,001 - \$80,000	72
\$80,001 - \$100,000	40
\$100,001 - \$120,000	20
\$120,001 - \$140,000	7
\$140,001 - \$200,000	7
\$200,001 - \$320,000	3
Number of employees employed by Selwyn District Council	358

	Council 30 June 2016
Number of employees employed by Selwyn District Council	312
Number of full-time employees at Selwyn District Council	168
Full-time equivalent number of all other employees	56
<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
\$140,001 - \$160,000	-
\$160,001 - \$300,000	6
Number of employees employed by Selwyn District Council	312

At balance date, the Council employed 193 (2016: 168) full-time employees, with the balance of staff representing 69 (2016: 56) 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 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Operational assets (Note 15a and 15b)	4,308	3,408	6,582	4,768
Infrastructural assets (Note 15c)	20,430	19,100	20,430	19,100
Intangible assets	107	139	574	158
Total depreciation and amortisation	24,845	22,647	27,586	23,918
Depreciation and amortisation relating to continuing operations	24,845	22,647	27,586	23,918
Total depreciation and amortisation	24,845	22,647	27,586	23,918

Depreciation and amortisation by group of activity

	Council 2017 \$000	Council Budget \$000	Council 2016 \$000
<i>Directly attributable depreciation and amortisation expense by group of activity:</i>			
Community facilities	3,639	3,807	2,787
Community services	135	215	172
Democracy	-	-	-
Environmental services	127	137	136
Internal Council services	490	711	424
Izone southern business hub	27	29	28
Solid waste management	185	205	198
Stormwater	733	541	583
Transportation	11,885	10,935	11,341
Wastewater	3,762	3,860	3,453
Water races and land drainage	449	495	448
Water supply	3,413	3,175	3,077
Total depreciation and amortisation	24,845	24,110	22,647

Note 8: Other expenses

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
<i>Fees to auditors:</i>				
- fees to Audit New Zealand for audit of the financial statements	141	118	253	175
- fees to Audit New Zealand for other services	4	4	4	4
Bad debts written off	3	27	383	27
Cost of sales	8,864	1,811	8,864	1,811
Directors' and members' remuneration	565	591	723	726
Grants	246	177	246	177
Impairment of receivables	49	42	49	42
Impairment of property, plant and equipment	-	-	12	1
Loss on changes in fair value of investment property (Note 14)	-	20	-	20
Loss on disposal of assets	1,493	339	1,516	398
Minimum lease payments under operating leases	206	188	608	523
Port Hills complex fire expenses	7,024	-	7,024	-
Refuse contract payments	2,748	2,580	2,748	2,580
Refuse transfer station operations	4,286	4,004	4,286	4,004
Roading	8,379	8,766	8,379	8,766
Valuation services	240	240	240	240
Other operating expenses	26,164	24,741	45,594	30,046
Total other expenses	60,412	43,648	80,929	49,540

Note 9: Income taxation

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Relationship between taxation expense and accounting profit				
Surplus / (deficit) before tax continuing activities	64,635	61,980	67,724	63,251
Surplus / (deficit) before tax discontinued activities	-	-	-	335
Taxation at 28%	18,098	17,354	18,963	17,804
<i>Plus / (less) tax effect of:</i>				
Permanent adjustments	(18,060)	(17,338)	(17,816)	(15,399)
Prior year adjustment	2	(101)	-	(100)
De-recognition of future income taxation benefit	-	-	-	(320)
Recognition of prior year losses	-	-	-	(927)
Taxation expense	40	(85)	1,147	1,058
Components of tax expense				
Current taxation expense	38	14	1,242	890
Prior year adjustments	2	(101)	(14)	(100)
Deferred taxation expense	-	2	(81)	268
Taxation expense	40	(85)	1,147	1,058
Taxation expense attributable to:				
Continuing operations	40	(85)	1,147	965
Discontinued operation	-	-	-	93
Total taxation expense / (benefit)	40	(85)	1,147	1,058
Amounts charged directly to other comprehensive income				
Deferred income taxation	-	8	-	8
Total	-	8	-	8
Taxation receivable / (provision)				
Opening balance 1 July	1	(3,345)	26	(3,408)
Less: current taxation expense	(38)	(14)	(1,242)	(890)
Prior period adjustments	(2)	101	(4)	100
Plus: taxation paid	17	3,259	820	4,224
Taxation receivable / (provision)	(22)	1	(400)	26

Deferred taxation assets / (liabilities)

	Opening Balance 1 July 2016 \$000	Charged to Surplus \$000	Charged to other comp- rehensive income \$000	Closing Balance 30 June 2017 \$000
Parent				
Deferred tax liabilities				
Investment property	(144)	3	-	(141)
Property, plant & equipment	(10)	(3)	-	(13)
Deferred taxation liabilities	(153)	-	-	(153)

Deferred tax assets

Deferred taxation assets	-	-	-	-
Net deferred taxation balance	(153)	-	-	(153)

	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 taxation liabilities				
Investment property	(137)	-	(7)	(144)
Property, plant & equipment	(7)	(2)	(1)	(10)
Deferred taxation liabilities	(144)	(2)	(8)	(153)

Deferred taxation assets

Deferred taxation assets	-	-	-	-
Net deferred taxation balance	(144)	(2)	(8)	(153)

	Opening Balance 1 July 2016 \$000	Charged to Surplus \$000	Charged to other comp- rehensive income \$000	Closing Balance 30 June 2017 \$000
Group				
Deferred tax liabilities				
Property, plant & equipment	(153)	-	-	(153)
Trade and other receivables	(55)	(24)	-	(79)
Retentions	-	(69)	-	(69)
Deferred taxation liabilities	(208)	(93)	-	(301)

Deferred tax assets

Property, plant & equipment	58	9	-	67
Trade and other payables	10	135	-	145
Employee benefits and other accruals	144	49	-	193
Deferred taxation assets	212	193	-	405
Net deferred taxation	4	100	-	104

Deferred taxation attributable to:

Continuing operations				104
Discontinued operation				-
Net deferred tax balance				104

Note 10: Receivables

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Rates receivables	1,794	2,050	1,794	2,050
<i>Other receivables:</i>				
- Other	3,921	2,448	9,392	4,252
- Related party receivables (Note 27)	174	136	112	34
Community loans	300	329	300	329
Dividend receivable	300	600	-	-
Port Hills complex fire National Rural Fire Authority receivable	3,063	-	3,063	-
Sundry receivables & prepayments	3,160	5,218	3,249	5,241
Gross receivables	12,712	10,781	17,910	11,906
Less: provision for impairment	(93)	(47)	(93)	(67)
Total receivables	12,619	10,734	17,817	11,839
Less: non - current community loans	(300)	(329)	(300)	(329)
Current portion	12,319	10,405	17,517	11,510
<i>Total receivables comprise:</i>				
Receivables from non - exchange transactions (this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates)	3,192	3,343	2,830	2,641
Receivables from exchange transactions (this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates)	9,520	7,438	15,080	9,265

Community loans have been valued at amortised cost, which approximates the loan's fair value. The face value of community loans is \$326,000 (2016: \$355,000).

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 (2016 \$nil).

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 2017 \$000	Impairment 2017 \$000	Council Net 2017 \$000	Gross 2016 \$000	Impairment 2016 \$000	Council Net 2016 \$000
Not past due	2,881	-	2,881	1,125	-	1,125
Past due 1 - 30 days	257	-	257	634	-	634
Past due 31 - 60 days	117	-	117	109	-	109
Past due > 61 days	2,460	(93)	2,367	2,630	(47)	2,583
Total	5,715	(93)	5,622	4,498	(47)	4,451

	Gross 2017 \$000	Impairment 2017 \$000	Group Net 2017 \$000	Gross 2016 \$000	Impairment 2016 \$000	Group Net 2016 \$000
Not past due	8,060	-	8,060	2,904	-	2,904
Past due 1 - 30 days	441	-	441	638	-	638
Past due 31 - 60 days	190	-	190	110	-	110
Past due > 61 days	2,495	(93)	2,402	2,650	(67)	2,583
Total	11,186	(93)	11,093	6,302	(67)	6,235

As of 30 June 2017 and 2016, 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 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Opening balance 1 July	(47)	(32)	(67)	(108)
Additional provisions made during the year	(49)	(42)	(429)	(42)
Provisions reversed during the year	-	-	20	56
Receivables written-off during the period	3	27	383	27
Closing balance 30 June	(93)	(47)	(93)	(67)

Note 11: Derivative financial instruments

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Current liability portion				
Interest rate swaps - cash flow hedges	534	851	534	851
Total current liability portion	534	851	534	851
Non-current liability portion				
Interest rate swaps - cash flow hedges	899	1,531	899	1,531
Total non-current liability portion	899	1,531	899	1,531
Total derivative financial instrument liabilities	1,433	2,382	1,433	2,382

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 \$23 million (2016: \$36 million) and for the group \$23 million (2016: \$36 million). As at 30 June, the Council's fixed interest rates of cash flow hedge interest rate swaps varied from 4.87% to 5.585% (2016: 4.545% to 5.585%) and the group rates varied from 4.87% to 5.585% (2016: 4.545% to 5.585%).

Note 12: Inventory and work in progress

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Current				
Gravel stocks	-	-	116	258
Izone Southern Business Hub - land held for sale	6,215	12,396	6,215	12,396
Other direct materials	-	-	280	128
Selwyn Aquatic Centre	27	14	27	14
Work in progress	-	-	586	369
Total current inventory	6,242	12,410	7,224	13,165
Total non - current inventory	-	-	-	-
Total inventory	6,242	12,410	7,224	13,165

There is no inventory pledged as security for liabilities (2016: \$nil), there is no inventory subject to retention of title clauses (2016:\$nil), nor has there been any write-down of inventory (2016: \$nil).

Note 13: Other financial assets

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Current portion				
<i>Loans and receivables</i>				
Term deposits with maturities of 4-12 months*	78,081	52,700	78,081	52,700
Finance lease receivable **	228	210	228	210
Loan receivable **	5,731	-	5,731	-
Total loans and receivables	84,040	52,910	84,040	52,910
Total fair value through surplus / (deficit)	-	-	-	-
Total held to maturity	-	-	-	-
Total current portion	84,040	52,910	84,040	52,910
Non - current portion				
Total fair value through surplus / (deficit)	-	-	-	-
<i>Loans and receivables</i>				
Finance lease receivable **	1,198	1,426	1,198	1,426
Loan receivable **	8,368	-	8,368	-
Central Plains Water Limited **	-	1,792	-	1,792
Total loans and receivables	9,566	3,218	9,566	3,218
<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 ***	87,529	71,748	87,529	71,748
Sicon Limited ***	22,250	13,000	-	-
Local Government Funding Agency ***	747	747	747	747
Central Plains Water Limited ***	405	235	405	235
Total fair value through other comprehensive revenue and expense	112,431	87,230	90,181	74,230
Total held to maturity	-	-	-	-
Total non - current portion	121,997	90,448	99,747	77,448

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 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Balance at 1 July	87,230	93,647	83,647	83,647
Purchase of new assets	169	235	169	235
Realisation of assets	-	(10,174)	-	(10,174)
Gains / (losses) in other comprehensive revenue and expense	25,032	3,522	15,782	522
Balance at 30 June	112,431	87,230	99,598	74,230

Fair value

Term deposits

The carrying value of term deposits approximates their fair value.

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 2017 completed by Ernst & Young Corporate Transaction Advisory Services Limited, Wellington. The valuation was completed using the discounted cashflow valuation methodology.

The investment in Sicon Limited is valued based on an independent valuation as at 30 June 2017 completed by Ernst and Young Corporate Transaction Advisory Services Limited, Wellington. The valuation was completed based on maintainable earnings.

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 loan agreement with Central Plains Water Limited on the 1 March 2016. The agreement allowed 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 assisted 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. The company has since repaid the loan in full. 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.

Loan receivable

The Council entered into a deferred settlement agreement for the sale of a large parcel of land at the Izone Southern Business Hub (Izone). The agreement allows for settlement to be spread over a three year period with 6 monthly instalment payments. This deferred settlement secured the sale of a substantial parcel of land at Izone. As at 30 June 2017 the face value of loan receivables was \$14.9 million. The loan is secured by a first ranking mortgage over land titles associated with the sale. The carrying value approximates fair value.

Note 14: Investment property

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Opening balance 1 July	11,725	11,670	11,065	11,010
Additions	-	16	-	16
Net fair value gains / (losses) on valuation (Note 5 & Note 8)	1,250	39	1,185	39
Closing balance 30 June	12,975	11,725	12,250	11,065

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 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Operational assets (Note 15 a & b)	273,876	255,015	290,597	262,344
Infrastructural assets (Note 15 c)	1,037,715	990,255	1,037,715	990,255
Total property, plant and equipment	1,311,591	1,245,270	1,328,312	1,252,599

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 2017 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 2017 by Amy Paterson-Horner NZ Dip Eng, Dip Civil Eng Applied, CertETN a valuer at Stantec New Zealand Limited.

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: \$13,310,000 (2016: \$8,546,000)

Value of assets constructed by Selwyn District Council: \$968,000 (2016: \$182,000)

Value of assets transferred to Selwyn District Council: \$nil (2016: \$nil)

Estimate of replacement cost: \$22,249,000 (2016: \$21,221,000)

Water supply (other assets)

Closing book value: \$91,199,000 (2016: \$98,445,000)

Value of assets constructed by Selwyn District Council: \$3,588,000 (2016: \$6,762,000)

Value of assets transferred to Selwyn District Council: \$2,867,000 (2016: \$4,193,000)

Estimate of replacement cost: \$126,906,000 (2016: \$136,057,000)

Sewerage treatment plants and facilities

Closing book value: \$45,555,000 (2016: \$48,758,000)

Value of assets constructed by Selwyn District Council: \$1,432,000 (2016: \$nil)

Value of assets transferred to Selwyn District Council: \$nil (2016: \$nil)

Estimate of replacement cost: \$61,981,000 (2016: \$63,577,000)

Sewerage (other assets)

Closing book value: \$153,557,000 (2016: \$129,000,000)

Value of assets constructed by Selwyn District Council: \$4,276,000 (2016: \$3,463,000)

Value of assets transferred to Selwyn District Council: \$4,603,000 (2016: \$7,491,000)

Estimate of replacement cost: \$180,095,000 (2016: \$150,069,000)

Stormwater drainage

Closing book value: \$51,100,000 (2016: \$41,963,000)

Value of assets constructed by Selwyn District Council: \$4,091,000 (2016: \$1,011,000)

Value of assets transferred to Selwyn District Council: \$5,034,000 (2016: \$5,485,000)

Estimate of replacement cost: \$56,675,000 (2016: \$47,255,000)

Roads and footpaths

Closing book value: \$563,086,000 (2016: \$527,504,000)

Value of assets constructed by Selwyn District Council: \$9,579,000 (2016: \$9,432,000)

Value of assets transferred to Selwyn District Council: \$10,098,000 (2016: \$16,179,000)

Estimate of replacement cost: \$728,322,000 (2016: \$683,749,000).

a. Operational Assets - Parent

Gross carrying amount:									
Balance at 1 July 2015	144,188	4,505	66,342	65	21,608	2,882	3,839	243,429	
Additions	10,382	-	2,562	-	2,156	291	1,684	17,075	
Disposals	(636)	-	(539)	-	-	-	-	(1,175)	
Net revaluation increase / (decrease)	12,804	(75)	(125)	-	(734)	-	-	11,870	
Transfers	2,125	-	802	-	738	-	(3,665)	-	
Balance at 30 June 2016	168,863	4,430	69,042	65	23,768	3,174	1,858	271,199	
Additions	16,384	-	5,229	-	1,346	322	1,524	24,805	
Disposals	(1,201)	-	(446)	-	(233)	-	-	(1,880)	
Transfers	385	-	556	-	103	-	(1,044)	-	
Balance at 30 June 2017	184,431	4,430	74,381	65	24,984	3,497	2,338	294,124	
Accumulated depreciation:									
Balance at 1 July 2015	-	-	(3,102)	(5)	(12,357)	(2,668)	-	(18,132)	
Disposals	-	-	27	-	-	-	-	27	
Net adjustments on asset revaluation	-	-	4,587	8	734	-	-	5,329	
Depreciation expense	-	-	(1,668)	(3)	(1,706)	(31)	-	(3,408)	
Balance at 30 June 2016	-	-	(156)	-	(13,329)	(2,700)	-	(16,184)	
Disposals	-	-	39	-	205	-	-	244	
Depreciation expense	-	-	(2,276)	(3)	(1,957)	(72)	-	(4,308)	
Balance at 30 June 2017	-	-	(2,393)	(3)	(15,081)	(2,773)	-	(20,248)	
Net carrying amount at 30 June 2016	168,863	4,430	68,886	65	10,439	474	1,858	255,015	
Net carrying amount at 30 June 2017	184,431	4,430	71,988	62	9,903	724	2,338	273,876	

c. Infrastructural Assets - Council & Group

	Road network \$'000	Water supplies \$'000	Storm Water \$'000	Sewerage schemes \$'000	Land drainage \$'000	Water races \$'000	Refuse disposal \$'000	Work in Progress \$'000	Total \$'000
Gross carrying amount:									
Balance at 1 July 2015	523,956	101,655	36,506	173,442	41,873	86,074	4,114	5,734	973,354
Additions	25,590	9,362	6,496	10,533	-	76	30	1,792	53,879
Net revaluation increase / (decrease)	-	-	-	-	-	-	901	-	901
Transfers	22	1,775	-	431	-	67	-	(2,295)	-
Balance at 30 June 2016	549,568	112,792	43,002	184,406	41,873	86,217	5,045	5,231	1,028,134
Additions	19,573	6,097	6,241	9,778	5	181	236	2,835	44,946
Disposal	-	-	-	-	-	-	(1,363)	-	(1,363)
Net revaluation increase / (decrease)	(6,158)	(15,709)	(1,027)	4,374	824	(15,012)	-	-	(32,708)
Transfers	104	1,329	2,884	553	-	-	-	(4,870)	-
Balance at 30 June 2017	563,087	104,509	51,100	199,111	42,702	71,386	3,918	3,196	1,039,009
Accumulated depreciation:									
Balance at 1 July 2015	(10,723)	(2,725)	(455)	(3,195)	(21)	(425)	(359)	-	(17,903)
Net adjustments on asset revaluation	-	-	-	-	-	-	(876)	-	(876)
Depreciation expense	(11,341)	(3,077)	(583)	(3,453)	(21)	(427)	(198)	-	(19,100)
Balance at 30 June 2016	(22,064)	(5,802)	(1,038)	(6,648)	(42)	(852)	(1,433)	-	(37,879)
Disposal	-	-	-	-	-	-	327	-	327
Net adjustments on asset revaluation	33,949	9,215	1,771	10,410	63	1,280	-	-	56,688
Depreciation expense	(11,885)	(3,413)	(733)	(3,762)	(21)	(428)	(188)	-	(20,430)
Balance at 30 June 2017	-	-	-	-	-	-	(1,294)	-	(1,294)
Net carrying amount at 30 June 2016	527,504	106,990	41,964	177,758	41,831	85,365	3,612	5,231	990,255
Net carrying amount at 30 June 2017	563,087	104,509	51,100	199,111	42,702	71,386	2,624	3,196	1,037,715

Note 15a: Intangible assets

	Council Computer Software \$000	Group Computer Software \$000	Group Brand Name \$000	Group Customer list & contracts \$000	Group Mining \$000	Group Goodw ill \$000	Group Total \$000
Opening cost at 1 July 2016	1,283	1,439	-	-	42	2,396	3,877
Accumulated amortisation / impairment	(1,077)	(1,229)	-	-	(5)	(2,396)	(3,630)
Opening balance at 1 July 2016	206	210	-	-	37	-	247
Additions	57	72	-	-	-	-	72
Acquired 1 February 2017	-	-	1,357	1,234	-	870	3,461
Amortisation charge	(107)	(110)	(57)	(405)	(2)	-	(574)
Impairment	-	(1)	-	-	-	-	(1)
Disposals	-	(154)	-	-	-	-	(154)
Closing balance at 30 June 2017	156	17	1,300	829	35	870	3,051
Closing cost at 30 June 2017	1,340	1,357	1,357	1,234	42	3,266	7,256
Accumulated amortisation / impairment	(1,184)	(1,186)	(57)	(405)	(7)	(2,396)	(4,051)
Closing balance at 30 June 2017	156	171	1,300	829	35	870	3,205
	Council Computer Software \$000	Group Computer Software \$000	Group Brand Name \$000	Group Customer list & contracts \$000	Group Mining \$000	Group Goodw ill \$000	Group Total \$000
Opening Cost at 1 July 2015	1,206	1,373	-	-	419	2,396	4,188
Accumulated amortisation / impairment	(938)	(1,091)	-	-	(93)	(2,396)	(3,580)
Opening balance at 1 July 2015	268	282	-	-	326	-	608
Additions	77	77	-	-	-	-	77
Amortisation charge	(139)	(149)	-	-	(9)	-	(158)
Disposals	-	(11)	-	-	(377)	-	(388)
Closing balance at 30 June 2016	206	199	-	-	(60)	-	139
Closing cost at 30 June 2016	1,283	1,439	-	-	42	2,396	3,877
Accumulated amortisation / impairment	(1,077)	(1,229)	-	-	(5)	(2,396)	(3,630)
Closing balance at 30 June 2016	206	210	-	-	37	-	247

Note 16: Payables and deferred revenue

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
<i>Payables and deferred revenue under exchange transactions</i>				
Trade payables	7,748	4,649	11,101	5,988
Deposits, retentions and accrued expenses	6,148	6,060	6,872	6,465
Amounts due to subsidiaries and associates	1,858	1,285	726	-
<i>Payables and deferred revenue under non-exchange transactions</i>				
Rates revenue received in advance	517	396	517	396
Total payables and deferred revenue	16,271	12,390	19,216	12,849

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 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Accrued pay	533	584	959	820
Annual leave	1,119	940	1,876	1,490
Long service leave	118	118	131	137
Retirement gratuities	-	-	6	6
Sick leave	12	12	54	48
Total employee entitlements	1,782	1,654	3,026	2,501
<i>Comprising:</i>				
Current	1,664	1,536	2,900	2,376
Non - current	118	118	126	125
Total employee entitlements	1,782	1,654	3,026	2,501

Note 18: Other provisions

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Current portion				
Contractual rework	-	-	88	-
Onerous contracts	-	-	371	-
Weathertightness	270	200	270	200
Total current provisions	270	200	729	200
Non-current portion				
Landfill provision	423	394	423	394
Total non-current provisions	423	394	423	394

Council and group	Contractual rework \$000	Onerous contracts \$000	Weather- tightness \$000	Landfill \$000	Maintenance provision \$000
2017					
Opening balance 1 July	-	-	200	394	-
Additional provisions made during the year	88	371	70	29	-
Amounts used during the year	-	-	-	-	-
Closing balance 30 June	88	371	270	423	-
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	-

Council*Weather tightness*

The Council is aware of one potential claim in relation to the weathertightness of homes in the area at year end (2016: 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 2017 (2016: \$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 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Current				
Bank overdraft and flexible credit facilities	-	-	2,200	-
Secured loans	20,000	14	20,000	14
Total current borrowings	20,000	14	22,200	14
Non-current				
Secured loans	15,200	35,200	15,200	35,200
Total non - current borrowings	15,200	35,200	15,200	35,200
Total borrowings	35,200	35,214	37,400	35,214

Council*Secured loans*

The Council's secured borrowings of \$35.2 million (2016: \$35.2 million) include floating rate borrowings of \$35 million and fixed borrowings of \$200,000. 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 is 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
2017					
Community facilities					
Broadfield Loan Reserve	50	(5)	-	45	-
Halkett Community Centre 25 Year Loan Reserve	44	(5)	-	39	1
Kirwee Pavilion/Hall Reserve Loan Reserve	81	(12)	-	69	4
McHughs Plantation Loan Reserve	1,367	(49)	21	1,339	80
Lincoln Library Loan	-	-	3,918	3,918	-
	1,542	(71)	3,939	5,410	85
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 Pavilion/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

Note 20: General funds

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Opening balance 1 July	781,869	712,593	786,908	717,169
<i>Transfers to:</i>				
Special funds	(14,774)	(55,571)	(14,774)	(55,571)
<i>Transfers from:</i>				
Revaluation reserve on disposal of property, plant and equipment	1,270	871	1,270	871
Special funds	19,019	61,911	19,019	61,911
Surplus for the year attributable to parent	64,595	62,065	66,750	62,528
Closing balance 30 June	851,979	781,869	859,173	786,908

Note 21: Fair value through other comprehensive revenue reserve

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Opening balance 1 July	40,545	42,023	36,544	41,022
Valuation gains / (losses) to other comprehensive revenue and expense	25,032	3,522	15,782	522
Transfers to surplus or deficit on realisation	-	(5,000)	-	(5,000)
Closing balance 30 June	65,577	40,545	52,326	36,544
<i>Represented by:</i>				
Orion New Zealand Limited	51,306	35,524	51,306	35,524
Sicon Limited	13,251	4,001	-	-
Transwaste (Canterbury) Limited	1,020	1,020	1,020	1,020
Closing balance 30 June	65,577	40,545	52,326	36,544

Note 22: Special funds

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Opening balance 1 July	67,319	73,659	67,319	73,659
Transfers to general funds	(19,019)	(61,911)	(19,019)	(61,911)
Transfers from general funds	14,774	55,571	14,774	55,571
Closing balance 30 June	63,074	67,319	63,074	67,319

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 2016 \$'000	Deposits \$'000	Withdrawals \$'000	Closing 30 June 2017 \$'000
5 Waters					
Armack Drive Water Supply Special Fund	D	8	1	-	9
Arthurs Pass Water Supply Holding Capacity	D	(16)	-	-	(16)
Bealey River River Protection Reserve	D	24	-	(1)	23
Branthwaite Drive Water Supply Reserve	A	27	1	-	28
Burnham Water Supply Reserve	A	26	1	-	27
Castle Hill Water Supply Reserve	A	2	-	-	2
Darfield Water Supply Capital Rate Reserve	A	(1,755)	282	-	(1,473)
Darfield Water Supply Water Quality Upgrade	C	600	18	-	618
District Holding Capacity	D	(83)	-	-	(83)
Doyleston Sewerage Reserve	A	183	5	(3)	185
Doyleston Water Supply Capital Contribution Reserve	A	146	5	-	151
Dunsandel Water Supply Reserve	A	73	2	-	75
Edendale Water Supply Reserve	A	95	3	-	98
Ellesmere Water Race Renewal Reserve	B	54	33	(1)	86
Greenpark Land Drainage Reserve	A	21	1	-	22
Hororata River Land Drainage Reserve	A	16	1	-	17
Irwell Land Drainage Reserve	A	1	-	-	1
Johnson Road Capital Injection Special Fund	C	7	-	-	7
Johnson Road Water Supply Reserve	A	27	-	-	27
Jowers Road Water Supply Equipment Reserve	A	7	-	-	7
Kirwee Water Supply Equipment Reserve	A	525	16	-	541
L2 River Land Drainage De-silting Reserve from Surpluses	C	106	3	-	109
L2 River Land Drainage Machinery Reserve from Surpluses	C	286	11	-	297
Lake Coleridge Quality Upgrade Special Reserve	C	119	3	-	122
Lake Coleridge Sewerage Electricorp Payment Reserve	C	55	2	-	57
Leeston Land Drainage Reserve	C	39	1	-	40
Leeston Sewerage Reserve	A	753	22	(24)	751
Leeston Sewerage to Record Surpluses	C	11	-	-	11
Leeston Stormwater Reserve	A	150	5	-	155
Leeston Stormwater Renewals Reserve	B	4	4	-	8
Leeston Water Supply Reserve	A	992	43	-	1,035
Lincoln Sewerage Reserve	A	8	-	-	8
Lincoln Stormwater Renewal Reserve	B	10	3	-	13
Lincoln Water Supply Reserve	A	228	317	(96)	449
Malvern Area Water Race Renewal Reserve	B	235	177	(34)	378
Malvern Hills Rural Water Supply Reserve	A	552	17	-	569
Osbourne Land Drainage Reserve	A	12	-	(12)	-
Osbourne Land Drainage Renewal Reserve	B	(71)	8	(14)	(77)
Paparua Water Race Renewal Reserve	B	265	140	(103)	302
Prebbleton Sewerage Reserve	A	415	12	-	427
Prebbleton Stormwater Renewal Reserve	B	13	2	-	15
Prebbleton Water Supply Reserve	A	1,257	205	(1)	1,461
Rakaia Huts Water Supply Reserve	A	34	1	-	35
Rolleston Stormwater Renewal Reserve	B	64	14	-	78
Rolleston Water Supply Reserve	A	1616	1,003	(1,123)	1,496
Selwyn Rural Water Supply Capital Rate Reserve	A	270	8	-	278
Sheffield Water Supply Reserve	A	230	7	-	237
Southbridge Sewerage Contributions	A	148	23	(9)	162
Sewerage Renewal Reserve	B	4,943	553	-	5,496
Southbridge Water Supply Reserve	A	113	14	-	127
Springfield Water Supply Capital Reserve	A	4	1	-	5
Springfield Water Supply Reserve	A	73	2	-	75
Springston Special Reserve	D	9	-	-	9
Springston/Aberdeen Subdivision Special Fund Reserve	D	67	2	-	69

	Purpose of reserve fund	Opening 1 July 2016 \$'000	Deposits \$'000	Withdrawals \$'000	Closing 30 June 2017 \$'000
Springston Stormwater Renewal Reserve	B	4	1	-	5
Springston Water Supply Reserve	A	218	6	-	224
Tai Tapu Sewerage Holding Capacity Reserve	D	(351)	180	-	(171)
Tai Tapu Sewerage Reserve	A	7	1	-	8
Tai Tapu Stormwater Renewal Reserve	B	39	1	-	40
Tai Tapu Water Supply Reserve	A	376	13	-	389
Tai Tapu/Otahuna Water Supply Reserve	A	112	3	-	115
Taumutu Culverts Land Drainage Reserve	A	48	1	-	49
Templeton/Claremont Capital Reserve	A	6	-	-	6
Templeton/Claremont Sewerage Reserve	D	(40)	-	-	(40)
Templeton/Claremont Water Supply Reserve	D	(37)	-	-	(37)
Templeton/Claremont Water Supply Reserve Surpluses	C	36	1	-	37
Wairiri Valley Land Drainage Reserve	A	4	-	-	4
West Melton Sewerage Reserve	A	(109)	-	-	(109)
Water Supplies Renewal Reserves	A	6,535	184	(787)	5,932
West Melton Water Supply Reserve	A	(74)	-	-	(74)
		19,772	3,363	(2,208)	20,927
Community facilities					
Albert Anderson Fund	D	7	-	-	7
Art Acquisition Reserve	D	52	6	(5)	53
Broadfield Loan Loan Reserve	E	(50)	5	-	(45)
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	1	-	10
Darfield Domain Reserve	A	47	1	-	48
Darfield Township Reserve	A	993	30	(1)	1022
District Reserve Contributions Reserve	A	253	4	(200)	57
Doyleston Contributions Reserve	A	-	3	-	3
Dunsandel Hall Renewal Reserve	B	201	387	(588)	-
Ellesmere Reserve Board Reserve	A	-	177	-	177
Ellesmere Cemetery Investment Reserve	D	9	-	-	9
Ellesmere RSA Reserve	D	9	1	-	10
Gallipoli Oaks Special Fund	D	4	-	-	4
Glentunnel Community Centre Reserve	A	55	1	-	56
Glentunnel/Coalgate Capital Equipment Reserve	A	35	2	-	37
Halkett Community Centre 25 Year Loan Reserve	E	(44)	5	-	(39)
Halkett Community Centre Ex Land Subdivision Reserve	C	16	1	-	17
Hororata Cross Country Course Reserve	D	55	1	-	56
Hororata Reserve Ex Land Subdivision Reserve	A	7	-	-	7
Hororata Township Reserve	A	1	-	-	1
Kimberley Reserve Timber Sales Reserve	C	35	1	-	36
Kirwee Operational Reserve	A	26	-	-	26
Kirwee Pavilion/Hall Reserve Loan Reserve	E	(81)	12	-	(69)
Ladbrooks Community Centre Investment Reserve	C	19	1	-	20
Lake Coleridge Township	A	2	-	-	2
Lakeside Community Centre Reserve	A	6	-	-	6
Leeston Progress League Reserve	D	2	-	-	2
Leeston Township Est NA Osbourne Reserve	D	73	2	-	75
Lincoln Community Centre Ex Paparua SF Reserve	A	9	-	-	9
Lincoln Library Ex Paparua Reserve	D	13	-	-	13
Lincoln Library Loan	E	-	-	(3,918)	(3,918)
McHughs Plantation Loan Reserve	E	(1367)	49	(21)	(1339)
Metal Pits Reserve	D	1226	37	-	1263
Plant Depreciation Replacement Reserve	B	12	2	-	14
Prebbleton Cell Tower Special Fund Reserve	D	67	10	(2)	75
Rakaia Huts Boat Ramp Reserve	D	64	-	(64)	-
Rolleston Com Centre Capital Fund	A	152	5	-	157
Rolleston Community Fund	D	196	6	-	202
Reserve Contrib.Malvern Ward	A	1087	455	(108)	1434
Reserve Contrib.Springs Ward	A	11,025	1,799	(1,392)	11,432
Reserve Contrib.Ellesmere Ward	A	1,730	119	(445)	1,404
Reserve Contrib.Selwyn Central Ward	A	14,316	5,711	(6,456)	13,571
Sheffield Bowling Club Donation Reserve	D	5	1	-	6
Sheffield Hall Refurbishment Fund	A	4	-	-	4
Sheffield Res Ex Land Subdivision Reserve	A	7	-	-	7
Sheffield Reserve Special Funds Reserve	A	3	-	-	3
Sheffield Bowling Club Donation Reserve	D	11	-	(11)	-
Southbridge Advisory Committee Reserve	A	25	2	-	27
Springston Cemetery Investment Reserve	D	4	-	-	4

	Purpose of reserve fund	Opening 1 July 2016 \$'000	Deposits \$'000	Withdrawals \$'000	Closing 30 June 2017 \$'000
Springston Ex Ellesmere Reserve	A	32	1	-	33
Springston Township	A	4	-	-	4
Springston Road Gravel Reserve	D	7	1	(2)	6
Tai Tapu ex Paparua Library Reserve	D	40	1	(13)	28
Tai Tapu Contributions Reserve	A	-	30	-	30
Weedons Discretionary Fund Reserve	D	3	-	-	3
Weedons Reserve Ex Paparua Investment Reserve	A	9	-	-	9
Weedons Reserve Ex Paparua Reserve	A	15	1	-	16
Weedons Reserve Loan Repayment Reserve	A	40	5	-	45
Weedons Surplus Reserve	A	72	2	-	74
West Melton Community Centre Ex Paparua Reserve	A	34	84	-	118
West Melton Community Centre Scholarship Fund Reserve	C	46	2	(2)	46
West Melton Surplus Reserve	A	94	3	-	97
Whitecliffs Reserve Ex Land Subdivision Reserve	A	1	-	-	1
		30,732	8,967	(13,228)	26,471
Community services					
Ex Ellesmere - Ellesmere Clay Loan Reserve	A	25	-	(5)	20
Ex Ellesmere - Ellesmere Golf Loan Reserve	A	7	-	(6)	1
Ex Ellesmere - Leeston Ward Cash Reserve	A	311	10	-	321
Insurance Reserve Fund Reserve	A	633	19	(1)	651
Selwyn District Education Fund Reserve	D	160	4	(8)	156
		1,136	33	(20)	1,149
Democracy					
Barnett Bequest Reserve	D	1	-	-	1
Mayoral Emergency Special Fund Reserve	D	31	-	(31)	-
		32	-	(31)	1
Environmental services					
Dog Account Surpluses	D	-	11	(411)	(400)
Weather Tightness Insurance Reserve	D	(450)	145	(70)	(375)
		(450)	156	(481)	(775)
Internal council services					
MAB Discretionary Fund Reserve	D	9	1	-	10
Earthquake Self Insurance Reserve	D	11,589	48	-	11,637
Pre 1989 Contributions Reserve	D	64	2	-	66
		11,662	51	-	11,713
Transportation					
Roading Contributions Reserve	A	1,339	2,109	(334)	3,114
Undergrounding Reserve	A	3,082	92	-	3,174
		4,421	2,201	(334)	6,288
Solid waste					
Operational Assets Replacement Fund Reserve	B	-	6	(2,717)	(2,711)
		-	6	(2,717)	(2,711)
Closing balance 30 June		67,319	14,774	(19,019)	63,074

Note 23: Asset revaluation reserves

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Opening balance 1 July	499,515	483,170	499,629	483,284
Net revaluation gains / (losses)	23,980	17,224	24,045	17,224
Less: tax effect on buildings	-	(8)	-	(8)
Transfer to general reserves on disposal	(1,270)	(871)	(1,270)	(871)
Closing balance 30 June	522,225	499,515	522,404	499,629

Property revaluation reserves for each asset class consist of:

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Land and buildings	105,637	106,907	105,816	107,021
Farm land	2,919	2,919	2,919	2,919
Roading	204,041	176,250	204,041	176,250
Water supplies	46,219	52,713	46,219	52,713
Stormwater	12,758	12,014	12,758	12,014
Sewerage	72,206	57,422	72,206	57,422
Land drainage	22,133	21,246	22,133	21,246
Water races	56,312	70,044	56,312	70,044
Closing balance 30 June	522,225	499,515	522,404	499,629

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

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Surplus after taxation and discontinued operation	64,595	62,065	66,577	62,528
<i>Add / (less) non-cash items:</i>				
Vested assets revenue	(27,636)	(34,802)	(27,636)	(34,802)
Deferred property settlement	(14,099)	-	(14,099)	-
(Gains) / losses on fair value of investment property	(1,250)	(39)	(1,185)	(39)
(Gains) / losses on fair value of forestry assets	-	(20)	-	(20)
Fair value increase of embedded derivative	-	(10)	-	(10)
Depreciation and amortisation	24,845	22,647	27,587	24,025
Non - current employee benefits	-	7	-	7
Non - current provisions	29	2	29	2
Movement in provision for doubtful debts	46	15	505	15
Land & building revaluation (increment/decrement)	-	(8)	-	(8)
Interest rate swap	(949)	202	(949)	202
Movement in deferred taxation	-	9	(100)	275
Share of joint venture (surplus) / deficit	-	-	(7)	(73)
Realisation of investment	-	522	-	522
Release to profit from fair value through equity reserve	-	(5,000)	-	(5,000)
	45,581	45,590	50,722	47,624
<i>Add / (less) movements in working capital items:</i>				
Trade and other receivables	(1,960)	(1,490)	(7,151)	351
Income tax	23	(3,345)	425	(3,432)
Inventory & work in progress	6,168	(496)	5,940	(587)
Movement in working capital acquired on acquisition	-	-	169	-
Trade and other payables	(776)	(4,127)	2,296	(5,131)
Employee benefit liabilities	128	258	515	255
	49,164	36,390	52,916	39,080
<i>Add / (less) items classified as investing or financing activities:</i>				
Net gain on sale of property, plant and equipment	871	338	480	(570)
Net cash inflow / (outflow) from operating activities	50,035	36,728	53,396	38,510

Note 25: Capital commitments and operating leases

Capital commitments

	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Community facilities	-	6,340	-	6,340
Property, plant & equipment	-	-	351	273
Transportation	1,278	1,239	1,278	1,239
Wastewater	9,509	-	9,509	-
Water supply	1,681	-	1,681	-
Total capital commitments	12,468	7,579	12,819	7,852

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

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 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Not later than one year	-	-	512	261
Later than one year and not later than five years	-	-	500	514
Later than five years	-	-	-	-
Total non-cancellable operating leases	-	-	1,012	775

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 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Not later than one year	166	915	166	915
Later than one year and not later than five years	209	322	209	322
Later than five years	496	548	496	548
Total non-cancellable operating leases	871	1,785	871	1,785

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 2016/17 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 (2016: \$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 2017, NZLGFA had borrowings totalling \$7.9 billion (2016: \$6.5 billion).

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.

Ministry of Education and Carter Holt Harvey

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Auckland Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 44 of which are located within Auckland. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

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 \$510,000 (2016 - \$550,000) are committed as at 30 June 2017.

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.

SL has a contingent liability in respect of a guarantee that it has provided for a bank facility to Blakely Construction Limited. The facility has a limit of \$3.3 million, and is subject to review by the bank on 28th February each year. The facility has the value of \$0.73 million as at 30 June 2017. There is currently no indication that the guarantee will be called.

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 2017.

Contingent assets

Council

The Council has no contingent assets as at 30 June 2017 (2016: \$nil).

Group

Sicon Limited (SL)

SL has no contingent assets at 30 June 2017 (2016: nil).

Note 27: Related party transactions

The Council is the ultimate parent of the group and controls its subsidiaries, Sicon 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.

	2017 \$000	2016 \$000
Donations received from the Trust	262	79
Accounts receivable	127	95

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 (2016: \$4,487).

There were no commitments with the Selwyn District Charitable Trust as at 30 June 2017 (2016: \$nil).

Orion New Zealand Limited

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

	2017 \$000	2016 \$000
Dividend revenue	5,899	6,971
Share buy-back	-	9,653
Rates revenue received	229	197
Accounts receivable	-	-

There were no commitments with Orion New Zealand Limited as at 30 June 2017 (2016: \$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.

	2017 \$000	2016 \$000
Rates, royalties, interest and lease revenue received	211	185
Dividend revenue	300	2,600
Contract services received from Sicon Limited	13,658	10,310
Accounts receivable	11	7
Accounts payable	1,858	1,285

There were no commitments with Sicon Limited as at 30 June 2017 (2016: \$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.

	2017 \$000	2016 \$000
Payments to suppliers on behalf of the Trust	85	60
Accounts receivable	36	34

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 2017 (2016: \$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.

	2017 \$000	2016 \$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 \$1,769 (2016: \$1,765).

There were no commitments with the Tramway Reserve Trust as at 30 June 2017 (2016: \$nil).

Transactions with key management personnel

Key Management Personnel Compensation

	2017	2016
<i>Councillors</i>		
Remuneration	\$507,000	\$498,000
Full-time equivalent members	12	12
<i>Senior Management Team, including the Chief Executive</i>		
Remuneration	\$1,402,000	\$1,629,000
Full-time equivalent members	7	9
Total key management personnel remuneration	\$1,909,000	\$2,126,000
Total full-time equivalent personnel	19	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.

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 (2016: \$nil).

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:

	2017 Base salary \$	2017 Hearing fees \$	2017 Total remuneration \$	2016 Base salary \$	2016 Hearing fees \$	2016 Total remuneration \$
<i>Council</i>						
Mayor Sam Broughton (Mayor from Oct '16)	92,715	-	92,715	34,300	-	34,300
Councillor Malcolm Lyall	38,626	-	38,626	34,300	-	34,300
Councillor Debra Hasson	34,986	620	35,606	34,300	-	34,300
Councillor Mark Alexander	34,986	-	34,986	34,300	-	34,300
Councillor Jeff Bland	34,986	-	34,986	34,300	-	34,300
Councillor John Morten	34,986	-	34,986	34,300	-	34,300
Councillor Pat McEvedy	34,986	-	34,986	34,300	-	34,300
Councillor Grant Miller	34,986	-	34,986	34,300	-	34,300
Councillor Bob Mugford	24,829	-	24,829	-	-	-
Councillor Nicole Reid	24,829	-	24,829	-	-	-
Councillor Craig Watson	24,829	-	24,829	-	-	-
Councillor Murray Lemon	24,829	-	24,829	-	-	-
Mayor Kelvin Coe (till Oct '16)	33,774	-	33,774	114,050	-	114,050
Councillor Sarah Walters (till Oct '16)	11,646	-	11,646	39,725	840	40,565
Councillor Nigel Barnett (till Oct '16)	10,157	-	10,157	34,300	-	34,300
Councillor Peter Hill (till Oct '16)	10,157	-	10,157	34,300	-	34,300
<i>Malvern Community Board</i>						
Jenny Gallagher (Chairperson)	16,830	-	16,830	16,500	-	16,500
Judith Pascoe	8,415	-	8,415	8,250	-	8,250
Kerry Pauling	8,415	-	8,415	8,250	-	8,250
Megan Hands	5,972	-	5,972	-	-	-
Karen Meares	5,972	-	5,972	-	-	-
Mary Ireland (till Oct '16)	2,443	-	2,443	8,250	-	8,250
Bob Mugford (till Oct '16)	2,443	-	2,443	8,250	-	8,250
<i>Selwyn Central Community Board (disestablished 15 Oct '16)</i>						
Diane Chesmar (Chairperson)	2,932	-	2,932	14,939	-	14,939
Alan French	2,932	-	2,932	9,900	-	9,900
Bruce Russell	2,932	-	2,932	9,350	-	9,350
Nicola Peacock	-	-	-	7,975	-	7,975

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

	2017	2016
<i>Sicon Limited</i>		
Councillor John Morten	28,667	30,000
Councillor Pat McEvedy	31,500	20,000

Chief Executive

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

The total remuneration paid to the Chief Executive position was \$306,870 (2016: \$298,192). This included a non-taxable allowance of \$nil (2016:\$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 2017, the Council made four severance payments to Council employees totalling \$72,237 (2016: four payment totalling \$36,310).

The value of each of the severance payments was \$24,737, \$17,000, \$16,000 and \$14,500 (2016: \$15,000, \$10,310, \$8,500 and \$2,500).

Note 29: Construction contracts – Group

	Group 2017 \$000	Group 2016 \$000
<i>For contracts in progress as at 30 June:</i>		
Contract costs incurred	5,976	708
Recognised profits	358	229
Progress billings	6,124	937
Gross amount due from customers	2,183	-
Retentions receivable	347	119
Retentions payable	(3)	-

Note 30: Events after balance date

Council

On the 1st July 2017 the Council transferred our rural fire assets to the newly established Fire and Emergency New Zealand (FENZ). The Council transferred assets with a carrying value of \$500,000 and have agreed to contribute \$600,000 towards the construction of a new fire station at West Melton. (2016: \$Nil).

Group

Sicon Limited and Group

Since the balance date the assets listed as held for sale have been realised for \$125,365

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 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Cash and cash equivalents	6,818	15,799	8,410	22,460
Receivables	28,144	14,162	33,342	15,267
Term deposits	78,081	52,700	78,081	52,700
Total credit risk	113,043	82,661	119,833	90,427

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. For its other financial instruments, the Council does not have high concentrations of credit risk. The loan receivable balance is secured by a first ranking mortgage over land titles associated with the sale.

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 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Counterparties with credit ratings				
<i>Cash at bank and term deposits</i>				
Continuing operations AA- & A	84,899	68,499	86,491	75,160
Total cash at bank and term deposits	84,899	68,499	86,491	75,160
Counterparties without credit ratings				
<i>Community and related party loans</i>				
Existing counterparty with no defaults in the past	300	329	300	329
Total loans to related parties	300	329	300	329

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 2017, the Council has a multi-option credit facility of \$10 million (2016: \$10 million) against which it had drawn \$nil (2016: \$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 \$3.5 million (2016: \$3.5 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 flow s \$000	Less than 1 year \$000	1 - 5 years \$000	More than 5 years \$000
Council 2017					
Payables	15,754	15,754	15,754	-	-
Secured loans	35,200	36,402	20,823	15,369	210
Net settled derivatives (interest rate sw ap)	1,433	1,818	631	1,187	-
Group 2017					
Payables	18,699	18,699	18,699	-	-
Secured loans	35,200	36,402	20,823	15,369	210
Net settled derivatives (interest rate sw ap)	1,433	1,818	631	1,187	-
Council 2016					
Payables	11,994	11,994	12,390	-	-
Secured loans	35,214	39,726	2,221	37,265	240
Net settled derivatives (interest rate sw ap)	2,382	1,643	554	1,036	53
Group 2016					
Payables	12,453	12,453	12,453	-	-
Secured loans	35,214	39,726	2,221	37,265	240
Net settled derivatives (interest rate sw ap)	2,382	1,643	554	1,036	53

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 Flow s \$000	Less than 1 year \$000	1-5 years \$000	More than 5 years \$000
Council 2017					
Cash and cash equivalents	6,818	6,818	6,818	-	-
Receivables	28,144	29,415	18,767	10,648	-
Term deposits	78,081	80,082	80,082	-	-
Group 2017					
Cash and cash equivalents	8,410	8,410	8,410	-	-
Receivables	33,342	33,760	23,112	10,648	-
Term deposits	78,081	80,082	80,082	-	-
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	-	-

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 2017				
Interest rate risk				
<i>Financial assets</i>				
Cash and cash equivalents	(68)	-	68	-
Term deposits	(781)	-	781	-
<i>Financial liabilities</i>				
Interest rate sw aps	(492)	-	468	-
Secured loans	350	-	(350)	-
Total sensitivity	(991)	-	967	-

Council 2016**Interest rate risk***Financial assets*

Cash and cash equivalents	(158)	-	158	-
Term deposits	(527)	-	527	-

Financial liabilities

Interest rate sw aps	(763)	-	729	-
Secured loans	350	-	(350)	-
Total sensitivity	(1,098)	-	1,064	-

	Surplus \$000	-100bps Other equity \$000	Surplus \$000	+100bps Other equity \$000
Group 2017				
Interest rate risk				
<i>Financial assets</i>				
Cash and cash equivalents	(84)	-	84	-
Term deposits	(781)	-	781	-
<i>Financial liabilities</i>				
Interest rate sw ap	(492)	-	468	-
Secured loans	350	-	(350)	-
Total sensitivity	(1,007)	-	983	-

Group 2016**Interest rate risk***Financial assets*

Cash and cash equivalents	(225)	-	225	-
Term deposits	(527)	-	527	-

Financial liabilities

Interest rate sw ap	(763)	-	729	-
Secured loans	350	-	(350)	-
Total sensitivity	(1,165)	-	1,131	-

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 2017 \$000	Group 2016 \$000
Profits attributable to discontinued operations		
Operating revenue	-	2,363
Interest received	-	-
Other gains / (losses)	-	605
Fair value adjustment	-	-
Total revenue	-	2,968
Operating expenses	-	2,525
Depreciation, amortisation, and impairment	-	108
Impairment of assets	-	-
Finance costs	-	-
Total expenditure	-	2,633
Surplus / (deficit) before tax	-	335
Taxation expense	-	93
Surplus / (deficit) after tax	-	242
Other comprehensive income		
Property, plant and equipment revaluation gains	-	-
Total other comprehensive income	-	-
Total comprehensive income	-	242
	Group 2017 \$000	Group 2016 \$000
Cash flows from discontinued operation		
Net cashflow s from operating activities	-	1,133
Net cashflow s from investing activities	-	3,031
Net cashflow s from financing activities	-	-
Net cash (outflow) / inflow	-	4,164

Note 34: Business combination and non – controlling interests

On 2 April 2012, Ferguson Brothers (2012) limited, a wholly owned subsidiary was incorporated with 100 shares.

On 1 February 2017, Ferguson Brothers (2012) limited purchased the trade and assets of Blakely Construction Limited and simultaneously changes its name to Blakely Construction Limited (BCL). On this day, a further 900 shares were issued, 600 of these to SL resulting in a total shareholding of 70%. BCL is a construction business, with its place of business in New Zealand. The purchase was made to add a construction capability to SL to further support both existing maintenance customers and establish SL in the construction market.

The directors have determined that SL controls BCL because it has the majority shareholding.

The following table summarises the consideration paid for the assets and business, the fair value of the assets acquired and liabilities assumed at acquisition date:

	Group 2017 \$000	Group 2016 \$000
Consideration		
Cash	8,471	-
BCL shares issued (300 shares)	3,750	-
Total consideration	12,221	-
Recognised amounts of identifiable assets acquired and liabilities assumed		
Property, plant and equipment	8,596	-
Retentions	119	-
Work in progress	60	-
Inventory	141	-
Employee entitlement liability	(156)	-
Brand name	1,357	-
Customer list	877	-
Customer contracts	357	-
Total identifiable net assets	11,351	-
Goodwill	870	-
Total	12,221	-

The goodwill is not deductible for tax purposes.

For the non-controlling interest in BCL, the group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

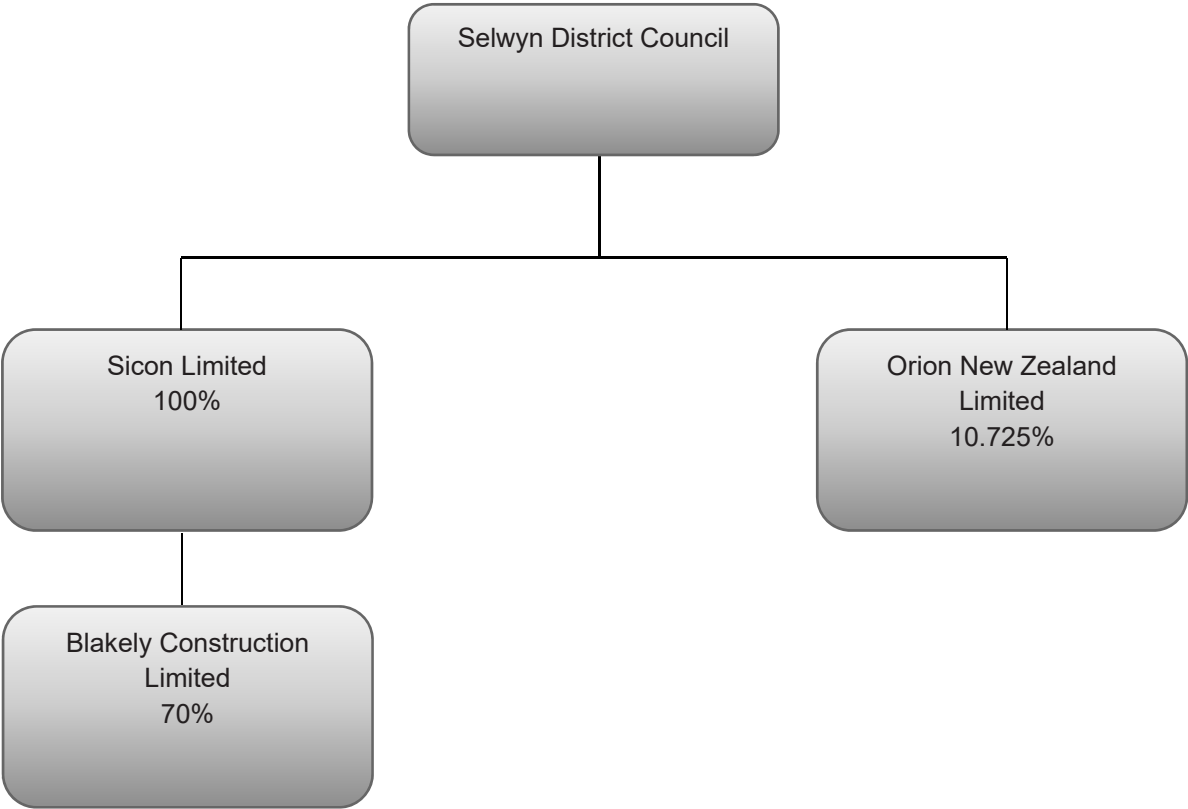
The revenue included in the consolidated statement of comprehensive income since 1 February 2017 contributed by BCL is \$9,188,000. BCL contributed a loss of \$575,000 over the same period.

Under the shareholders agreement, SL will purchase the non-controlling interest's 30% on 30 June 2018 at a price based on BCL's net earnings over the 3 years to 30 June 2018.

As at 30 June 2017 the non-controlling interest holds 30% shareholding in BCL (2016 – 0%). The following table summarises the non-controlling interest financial interest in BCL as at 30 June:

	Group 2017 \$000	Group 2016 \$000
Revenue	2,756	-
Surplus / (deficit)	(173)	-
Total comprehensive revenue and expense	(173)	-
Current assets	1,498	-
Non - current assets	3,677	-
Current liabilities	1,588	-
Non - current liabilities	-	-

Financial interests



Community Trusts Administered by the Council:

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

Financial interests – Sicon Limited and Blakely Construction 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 and Blakely Construction Limited are suppliers 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 2017 is set out below:

	Status	Actual 2017	Target 2017
Dividend paid	Achieved	\$300,000	≥\$300,000
Return after tax to opening shareholder funds	Achieved	20.8%	≥8.5%
Consolidated Equity to Total Assets	Achieved	79.7%	≥40.0%
To maintain ISO 9001:2008 Quality Standard Certification	Achieved		
To maintain ACC WSMP Certification to Tertiary Level	Achieved		
Staff retention	Not achieved	72.0%	80%
Training & development as a % of payroll costs	Achieved	4.1%	≥3.0%

Summary of financial performance

	Actual 2017 \$000	Actual 2016 \$000
Revenue	52,206	30,037
Expenditure	48,740	26,166
Surplus / (deficit) before taxation	3,465	3,871
Surplus / (deficit) from discontinued operations	-	242
Surplus / (deficit) after taxation	2,347	3,063
Ordinary dividend	300	2,600

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 2017 is set out below:

Financial performance targets:

	Status	Actual 2017	Target 2017	Note
Net profit	Achieved	\$51.8m	\$47.5m	1,2
Net profit to average shareholders' equity	Achieved	7.8%	7.3%	1,2
Debt ratio	Achieved	27%	29%	3
Equity ratio	Achieved	73%	71%	3
Equity to total assets	Achieved	58%	57%	3
Fully imputed dividends	Achieved	\$55.0m	\$52.0m	

Note 1 – the group's net profit for the year ended 31 March 2017 was \$4.3 million above its SOI target due, primarily to the following favourable variances:

	\$m Post tax
Below budget expenses	5.9
Above budget interest rate swap revaluation revenue	1.5
Below budget interest expense	1.1
Above budget revaluation through profit	1.0
Above budget prior year tax benefit	1.0
Above budget gain on investment	0.5
Below budget other revenues	(0.8)
Below budget Connetics profit	(1.5)
Below budget network distribution revenue	(4.2)
Other	(0.2)
	4.3

Note 2 – the group's net profit for the year ended 31 March 2017 was \$1.7 million below last year's net profit due, primarily to the following variances:

	\$m Post tax
Higher interest rate swap revaluation revenue	3.6
Higher revaluation through profit	1.0
Higher gain on investment	0.5
Higher expenses	(0.9)
Higher interest expense	(1.5)
Lower network distribution revenue	(1.9)
Lower network distribution revenue	(2.1)
Lower Connetics profit	(0.4)
Other	
	(1.7)

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 31 March 2017	Actual 2017*	Target 2017	Actual 2016*	Gazetted NZ Weighted Average 2016*
Orion network interruptions in minutes per year per connected customer (SAIDI):					
- Urban	168,000	34	27	32	
- Rural	30,000	335	475	585	
- Overall	198,000	80	91	113	162

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

- Urban	168,000	0.4	0.8	0.6	
- Rural	30,000	2.9	3.4	4.4	
- Overall	198,000	0.8	1.2	1.2	1.7

Important notes:

- Natural disasters and other catastrophic events can cause significant numbers and/or durations of network supply interruptions. The future occurrence and/or severity of these events cannot be predicted.
- Weather conditions were relatively benign in the year ended 31 March 2017. We are also continuing to invest to achieve improved network resilience and reliability.
- On 7/8 September 2016, a southerly storm caused interruptions to approximately 9,000 customer connections and added nine minutes to our overall SAIDI. On 5 November 2016, an extended interruption affected 1,600 customer connections in Lyttelton and the surrounding area and added six minutes to our overall SAIDI.
- The Commerce Commission has set performance limits for our network reliability, pursuant to our customised price-quality path (CPP). The Commission assesses our actual network reliability against those limits, after normalising for the impacts of 'major events'. Our targets above are consistent with our CPP limits for FY17. After applying the Commission's normalisation methodology, we achieved our network reliability limits in FY16 and FY17.
- Columns marked with an asterisk (*) are stated gross – before normalisation.
- The industry averages are weighted averages for all 29 electricity distribution networks in New Zealand.

- 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.

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

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)*.
- Work with partners to establish a publicly available electric vehicle (EV) charging network in our region. *(Status: Achieved)*
- Support the Christchurch City Council's sustainable energy strategy. *(Status: Achieved)*

Health and safety targets:

- No serious safety events impacting our employees and contractors. *(Status: Not achieved)*.
- No accidents involving members of the public. *(Status: Not achieved)*
- Continue with a local public safety education and awareness programme. *(Status: Achieved)*.

Community and employment targets:

- Follow up on the results of our employee survey. *(Status: Achieved)*
- Achieve voluntary annual staff turnover of less than 5% for Orion and less than 10% for Connetics. *(Status: Achieved)*
- Continue with our Orion engineering development programme. *(Status: Achieved)*
- Continue to develop our Connetics apprentice scheme. *(Status: Achieved)*
- Continue to support the Ara Institute of Canterbury trades innovation centre. *(Status: Achieved)*

Summary of financial performance

	Actual 2017 \$000	Actual 2016 \$000
Revenue	311,864	307,440
Expenditure	240,682	233,196
Surplus / (deficit) before taxation	71,182	74,244
Surplus / (deficit) after taxation	51,770	53,446
Ordinary dividend	55,000	63,000

Financial interests – Selwyn District Charitable Trust

Relationship to the Council

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

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 2017 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 \$293,159 (2016: \$156,844) in donation revenue. The Trust has distributed \$262,113 (2016: \$78,718) 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 \$126,650 (2016: \$95,305) 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 2017 \$000	Actual 2016 \$000
Revenue	293	157
Expenditure	293	157
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 2017 is set out below:

- *Develop methods to effectively monitor the performance of CPWL in constructing, commissioning and operating all stages of the Scheme, and communicate the results to the public.*

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

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

The Trust has established a new website so that its annual Environmental Scheme Performance Report can be effectively published for public information and comment. This is now operational: www.cpwat.org.nz.

- *To consult, and develop scheme recreational opportunities for the headrace canal and its margins; and to establish and support the Environmental Management Fund.*

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 applies the funds required for Te Waihora. The Trust established a committee required for the wider area, which decides how the Fund is spent.

- *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 by 30 June and will report the financial results.*

Financial statements were provided to the settlors for the quarters ending 31 December and 30 June. The Trust prepared a statement of intent and provided this to the settlors.

Summary of financial performance

	Actual 2017 \$000	Actual 2016 \$000
Revenue	48	56
Expenditure	48	56
Surplus / (deficit) before taxation	-	-

Financial interests – Tramway Reserve Trust

Relationship to the Council

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

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 2017 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 2017 \$000	Actual 2016 \$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 2017.

The Auditor General is the auditor of Selwyn District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 25 October 2017. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 102 to 171:
 - present fairly, in all material respects;
- the District Council and Group's financial position as at 30 June 2017;
- the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand 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's annual plan;
- the statement of service provision (referred to as "significant activities") on pages 19 to 89:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2017, 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; and
- the statement about capital expenditure for each group of activities on pages 28 to 89, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- 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's Long term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 96 to 101, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's Long term and annual plans.

Basis for opinion on the audited information

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

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 enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Long-term and annual plans.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the significant activities, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 17 and 94 to 95, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out engagements an independent assurance review of the District Council's Debenture Trust Deed, which is compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.

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

Council information

Mayor and Councillors contact details

Mayor		Deputy Mayor	
Sam Broughton	(C) 027 223 8345 sam.broughton@selwyn.govt.nz	Malcolm Lyall	(C) 027 433 9964 malcolm.lyall@selwyn.govt.nz
Selwyn Central Ward		Springs Ward	
Mark Alexander	(C) 027 526 6388 (H) 03 347 6393 mark.alexander@selwyn.govt.nz	Debra Hasson	(C) 027 435 5055 (H) 03 329 5445 debra.hasson@selwyn.govt.nz
Jeff Bland	(C) 027 399 9206 (H) 03 347 4070 jeff.bland@selwyn.govt.nz	Grant Miller	(C) 027 381 7032 grant.miller@selwyn.govt.nz
Nicole Reid	(C) 027 548 6157 nicole.reid@selwyn.govt.nz		
Craig Watson	(C) 027 807 2097 craig.watson@selwyn.govt.nz		
Malvern Ward		Ellesmere Ward	
John Morten	(C) 027 200 2578 (H) 03 317 9001 john.morten@selwyn.govt.nz	Pat McEvedy	(C) 027 430 3818 pat.mcevedy@selwyn.govt.nz
Bob Mugford	(C) 021 216 5722 bob.mugford@selwyn.govt.nz	Murray Lemon	(C) 027 541 3305 murray.lemon@selwyn.govt.nz

Community Board Members contact details

Malvern Community Board			
Jenny Gallagher (Chairperson)	(C) 027 552 7403 (H) 03 318 1784 jenny.gallagher@selwyn.govt.nz	Judith Pascoe	(C) 021 152 2900 judith.pascoe@selwyn.govt.nz
Megan Hands	(C) 021 665 160 megan.hands@selwyn.govt.nz	Kerry Pauling	(C) 021 0225 5974 kerry.pauling@selwyn.govt.nz
Karen Meares	(C) 021 147 1824 karen.meares@selwyn.govt.nz		

Where to go for more information

The annual plan 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)	Blakely Construction Limited (70% owned by Sicon Limited)
3 South Terrace PO Box 40 DARFIELD 7541 Phone: (03) 318 8320 Fax: (03) 318 8578 Email: sicon@sicon.co.nz Website: www.sicon.co.nz	PO Box 36-322, Merivale, CHRISTCHURCH 8146 Phone: (03) 342 9853 Email: info@blakely.co.nz Website: www.blakely.co.nz
Board Peter Carnahan (<i>Chairperson</i>) Grant Lovell John Morten Pat McEvedy	Board Peter Carnahan (<i>Chairperson</i>) David Wilson Edward Blakely Steven Grave

Other council organisations

Central Plains Water Trust (50% owned by Selwyn District Council)	Izone Southern Business Hub Council committee established to develop an industrial park at Rolleston
PO Box 90 ROLLESTON 7643 Phone: (03) 347 2800 Fax: (04) 347 2799	PO Box 90 ROLLESTON 7643 Phone: (03) 347 2800 Fax: (03) 347 2799 Website: www.izone.org.nz
Trustees Denis O'Rourke (<i>Chairperson</i>) Doug Catherwood Richard Davison Viv Smart Olive Webb	Chief Executive RD Hughes Developments Limited Attention: Robin Hughes Phone: (03) 379 2609
	The Council Manager responsible Douglas Marshall – Property and Commercial Manager

