SELWYN DISTRICT COUNCIL Summary Annual Report for the year 2012/2013



Message from the Mayor and Chief Executive

Dear Selwyn ratepayers and residents,

The past year has been a busy and successful one for Selwyn District Council.

Selwyn has been the fastest growing district in New Zealand over the past five years. In 2012 we also experienced the strongest economic growth in New Zealand, and 1,200 new jobs were created in our district.

Surveys of newcomers to Selwyn indicate that people find our district to be a friendly place to move to, and our community can take pride in the warm welcome they give to new residents.

Over the past year, our building and resource consent staff have been busier than ever. 2,390 building consents were issued, 24% more than the previous year. Resource consent numbers also increased by 44% to 518, and 99% of resource consents were issued within 20 working days.

Other Council services are also becoming busier. For example our libraries received 340,000 visits. More than twice the number they received five years ago. 30% more liquor food and health licences were also issued last year than five years ago.

To keep up with this population growth and provide improved services to our residents we are investing in new infrastructure. The new Selwyn Aquatic Centre was opened in June 2013, and received over 30,000 visits in the first six weeks it was operating. The Eastern Selwyn Sewerage Scheme has been completed and construction also began on a new library for Lincoln. In total over \$68 million has been invested in capital works projects over the past year.

The Council provides a very wide range of services, from roading, water and rubbish collection, to libraries, community centres, emergency response and issuing building and resource consents.

The Council continues to manage ratepayers' funds in a responsible and prudent manner. This year we faced a \$1 million shortfall in funding for roading and transportation.



Community consultation has indicated that residents do not want to see the standard of our roads decline. Additional funds were found this year to cover the shortfall but we will need to continue to look for cost savings in the future to maintain our roading network to the current standard.

Looking to the future we intend to continue to work to improve our services. For example in September 2013 staff began visiting Leeston and Darfield service centres to offer a range of services like building and resource consent advice. We also want to continue to explore shared services with other Councils and

continue to improve our customer service.

We would like to acknowledge and thank the district's elected representatives, Council staff, and the people of Selwyn for helping to make this a great year.

David WardChief Executive

Kelvin Coe Mayor

Welcome to Selwyn District Council's Summary Annual Report 2012/2013

This summary provides an overview and summary of Selwyn District Council and group's activities and services for the year ended 30 June 2013. The information has been extracted from the full annual report for the year ended 30 June 2013 adopted by the Council on 30 October 2013. The summary has been prepared in accordance with generally accepted accounting practice in New Zealand as it relates to summary financial statements. The Council has designated itself and the group as public benefit entities for the purpose of New Zealand equivalents to International Financial Reporting Standards.

The summary cannot be expected to provide as complete an understanding of the Council's performance as the full annual report. The full annual report has been audited and an unmodified opinion issued. The summary was authorised for issue on 30 October 2013 by the Chief Executive and has been prepared in accordance with Financial Reporting Standard 43: Summary Financial Statements.

The summary financial statements have been prepared in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Council and its subsidiaries and associate is New Zealand dollars.

A copy of our full 2013 annual report is included in the attached CD.

- ▶ Expenditure for the year was \$67.5 million.
- ▶ Income for the year was \$104.1 million.
- ▶ \$28.6 million of rates revenue was collected during the year.
- ▶ \$12.5 million of development contribution revenue was received during the year.
- ► The Council has a positive net operating cash flow of \$40.8 million.
- ▶ \$68 million capital works completed during the year.

How we performed

The following graph illustrates how well the Council has performed during the 2013 financial year:



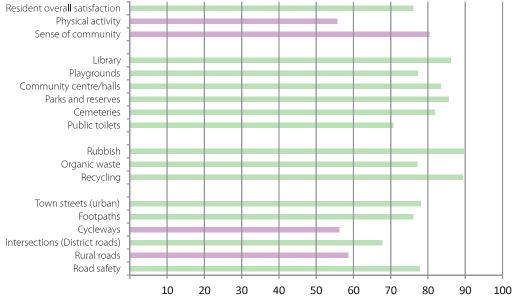
Significant performance measures

The following is a selection of our performance measures from our significant activities.

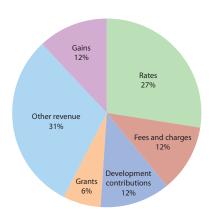
- 73% of residents have used or visited a public park in the past 12 months.
- √ 71% of townships where all residents are serviced by a reserve within 400 metres.
- 0.77 swims per capita of District population.
- ✓ 100% of all urgent dog callouts were attended to within 4 hours.
- 56% of residents engaging in 30 minutes of moderate intensity physical activity 5-7 times a week.
- ✓ The 2012 annual report and 2013/14 annual budget was adopted on time.
- **★** 87.5% of building consents issued within statutory time frames.
- ✓ 95% of resource consent applicants very satisfied or satisfied.
- 1,450 public service requests received for road maintenance, works and operations.
- ✗ 56.5km of annual pavement resealing.
- ✓ 37% of households used the Pines Resource Recovery Park throughout the year.
- ★ 99% compliance with national standards for water leaving and in the distribution network
- 63% of the urban fire district area is within 135m of one hydrant and 270m of two.
- ✓ 15.3 hectares of Izone land sold.
- ✓ Total average water operating cost per serviced property was \$259 per annum.
- ★ 1,470 litres of water consumed per residential property on average.

How satisfied were our residents?

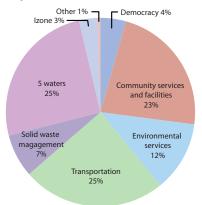
Some of our performance targets used to measure the level of service provided by the Council rely on a biennial residents' survey. The survey involves an independent survey of 1,000 households in the Selwyn District. The results are expressed as a rating out of 100.



Income \$104 million



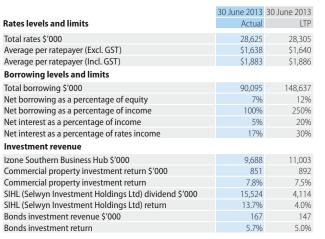
Expenditure \$68 million



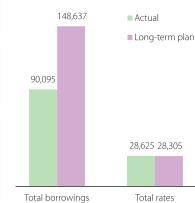
Financial strategy review

The financial strategy guides the way the Council makes decisions over income, expenditure, borrowing and investments. It helps explain how it plans to balance the books and summarises the implications of these plans for ratepayers. In doing so it links the decisions the Council makes on what services to provide and how they will be paid for.

The following table summarises how the Council has performed against its financial strategy set as part of the formal budget setting process. The report compares rates, rate increases, public debt (borrowing) levels and the return on investment with the levels set out in the Council's financial strategy. The Council's financial strategy is published in the Long Term Plan 2012/2022.



Rates and borrowing levels and limits



Summary financial statements

The Council achieved a surplus of \$36.7 million in the 2012/13 financial year compared with a budgeted surplus of \$6.8 million. This high surplus is a reflection of a number of extraordinary circumstances, including the very rapid population growth in the District plus the receipt of a special dividend from Selwyn Investment Holdings Limited. If income from vested assets (the non-cash value of assets provided by sub-dividers), development contributions income and the special dividend are excluded from the result, the Council made a small deficit of \$608,000. Overall, income for the year was \$25.4 million above budget and expenditure was \$4.4 million lower than budgeted. The main differences between the actual and budgeted results are set out below.

Expenditure

Operating expenditure for the year was \$67.5 million compared with a budget of \$71.9 million. The main variances were:

Finance costs were \$3.9 million lower than budgeted. This is partly because the Council's strong cash flows, particularly from development contributions, meant less borrowing was required than anticipated, and partly because of a reduction in the valuation of the Council's interest rate swap liability. The interest rate swap liability is a non-cash item that represents the difference between actual and market interest rates for the Council's interest rate swaps at the end of the financial year.

Depreciation and amortisation expenditure is \$1.1 million below budget, mainly due to the delay in the timing of some capital projects.

Income

Income for the year was \$104.1 million compared with a budget of \$78.7 million. The main variances were:

Special dividend of \$11 million was received from Selwyn Investment Holdings Limited. The dividend represents part of the proceeds from the sale of Selwyn Planation Board's assets and although appropriately accounted for as income, it is akin to the realisation of an investment and does not increase the Council's overall equity.

Development contributions revenue was \$6.8 million above budget of \$5.7 million as the level of population growth in the district was more rapid than expected. Development contributions are used to fund the new sewerage, water systems, roads and reserves required to cater for new residents.

Vested asset income was \$3 million higher than budget of \$10.8 million due to the higher than expected level of sub-division activity.

Fees and charges were \$1.9 million above budget of \$10.1 million, again reflecting the level of population growth in the district as developers and new residents paid for building and resource consents.

Grants of \$1.2 million towards the Selwyn Aquatic Centre were received in the year.

Additional earthquake insurance proceeds of \$0.8 million were recognised in the year.

Summary statement of comprehensive	Courtil	Council	Courtil	Crown	C ******
Summary statement of comprehensive	Council	Council	Council	Group	Group
income for the year ended 30 June 2013	2013	Budget	2012	2013	2012
Total income	\$000	\$000	\$000	\$000	\$000
	104,105	78,675	81,565	133,048	114,272
Other expenditure	(64,434)	(64,894)	(60,753)	(103,144)	(94,322)
Finance costs	(3,038)	(6,958)	(7,325)	(3,375)	(7,740)
Operating surplus / (deficit) before taxation	36,633	6,823	13,487	26,529	12,211
Share of associates surplus / (deficit)	- 26.622	- 6 022	12.407	- 26 520	12.211
Surplus / (deficit) before taxation	36,633	6,823	13,487	26,529	12,211
Income taxation expense (benefit)	(53)		(44)	68	4 42 227
Surplus / (deficit) after taxation	36,686	6,823	13,532	26,461	12,207
Surplus after taxation from discontinued operation	- 25.505	-	- 42.522	1,864	1,693
Surplus after taxation and discontinued operation	36,686	6,823	13,532	28,325	13,900
Surplus / (deficit) attributable to:	25.505		42.522	27.502	12.050
Selwyn District Council	36,686	6,823	13,532	27,592	12,958
Non - controlling interest	-	-	-	733	942
Surplus after taxation and discontinued operation	36,686	6,823	13,532	28,325	13,900
Other comprehensive income	(0.00.1)				
Items that will be reclassified to surplus / (deficit)	(2,524)	2,335	94	-	-
Financial assets at fair value	-	-	-	-	-
Items that will not be reclassified to surplus / (deficit)	49		-	49	-
Gain on infrastructure assets revaluation	23,107	7,781	-	23,900	-
Gain on land and building revaluation	-	-	(375)	-	(375)
Impairment of property plant and equipment	(18)	-	-	(18)	-
Deferred taxation on revaluation	-	-	-	-	-
Total other comprehensive income	20,614	10,115	(281)	23,931	(375)
Other comprehensive income (discontinued operation)	-	-	-	-	757
Total comprehensive income	57,300	16,938	13,251	52,256	14,282
Total comprehensive income attributable to:					
Selwyn District Council	57,300	16,938	13,251	51,523	13,340
Non - controlling interest	-	-	-	733	942
Total comprehensive income	57,300	16,938	13,251	52,256	14,282

Financial summary

			■ Total income
\$104.1 million	\$67.5 million	\$36.7 million	■ Total expenditure
			■ Surplus before taxation

Summary overall funding impact statement	2013	2013	2012	2012
for the year ended 30 June 2013	Actual	Budget	Actual	Budget
, , , , , , , , , , , , , , , , , , , ,	\$'000	\$'000	\$'000	\$'000
Total operating funding (A)	61,640	46,951	51,352	43,219
Total application of operating funding (B)	48,360	51,787	45,714	47,971
Surplus / (deficit) of operating funding (A-B)	13,280	(4,836)	5,638	(4,754)
Total sources of capital funding (C)	41,536	100,108	58,866	62,185
Total applications of capital funding (D)	54,816	95,272	64,504	57,432
Surplus / (deficit) of capital funding (C-D)	(13,280)	4,836	(5,638)	4,754
Funding balance (A-B) + (C-D)	-	-	-	-







Summary statement of cash flows	Council	Council	Council	Group	Group
for the year ended 30 June 2013	2013	Budget	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000
Net cash flow from operating activities	40,853	3,739	12,157	31,018	11,716
Net cash flow from investing activities	(62,509)	(65,838)	(25,844)	(48,361)	(40,529)
Net cash flow from financing activities	6,864	65,335	30,150	3,149	29,632
Net increase / (decrease) in cash and cash equivalents	(14,792)	3,236	16,463	(14,194)	819
Cash, cash equivalents at the end of the year	3,529	18,087	18,321	4,207	18,401

Total borrowings \$90.1 million

Izone and internal services \$9,447

Transport \$13,230

5 waters \$48,926

Community facilities \$18,491

Total borrowings (\$000)







Summary statement of changes in equity Council Council Council Group for the year ended 30 June 2013 2013 Budget 2012 2013 2012 \$000 \$000 \$000 \$000 \$000 1,139,519 1,150,600 Balance at 1 July 1,138,668 1,125,417 1,164,882 Total comprehensive income for the year 16,938 52,256 57,300 13,251 14.282 Realisation of assets (21.170)Balance at 30 June 1,195,968 1,156,457 1,138,668 1,195,968 1,164,882 Components of equity: General funds 588.339 563,400 613.782 27,410 56,200 Fair value through other comprehensive income reserve 53.676 51.330 27.410 Special funds 50.863 27 456 37,770 50.863 37,770 Asset revaluation reserve 502,940 489,332 481,298 503,913 472,664 Non - controlling interest 20.437 Total equity 1,195,968 1,156,457 1,138,668 1,195,968 1,164,882

Summary statement of financial position	Council	Council	Council	Group	Group
as at 30 June 2013	2013	Budget	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000
Current assets	38,043	33,004	44,189	76,934	115,927
Non - current assets	1,267,928	1,286,627	1,196,978	1,236,571	1,164,670
Total assets	1,305,971	1,319,631	1,241,167	1,313,505	1,280,597
Current liabilities	37,219	12,964	30,103	41,705	36,500
Non - current assets	72,784	150,210	72,396	75,832	79,215
Total liabilities	110,003	163,174	102,499	117,537	115,715
Selwyn District Council	1,195,968	1,156,457	1,138,668	1,195,968	1,144,445
Non - controlling interest	-	-	-	-	20,437
Total Equity	1,195,968	1,156,457	1,138,668	1,195,968	1,164,882
Total liabilities and equity	1,305,971	1,319,631	1,241,167	1,313,505	1,280,597

Events after balance date

Selwyn Investment Holdings Limited was placed in solvent liquidation on 4 September 2013. The Directors of Selwyn Investment Holdings Limited appointed Rhs Cain and Bruce Gemmell as liquidators of the company. Assets transferred through to the Council by the liquidators include:

- ▶ 8,580,000 ordinary shares in Orion New Zealand Limited with a value of \$67.8 million
- ▶ 3,294,350 ordinary shares in Sicon Ferguson Limited with a value of \$10.3 million
- ▶ McHughs Plantation in Darfield with a value of \$1.6 million
- ▶ Cash and cash equivalents totalling \$30.3 million
- Financial assets with a value of \$1.1 million.

Cash flow

The Council has a positive operating cash flow of \$40.8 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 changes 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 \$57 million for the year ended 30 June 2013.

The increase was due to; the surplus of \$36.7 million, a decrease in the value of the Council's investment in SIHL of \$2.5 million and an increase in the value of the Council's land and building assets following valuation of \$23.2 million.

The value of the Council's net assets is \$1,196 billion

Current assets

Cash held at year end is lower than budgeted by \$3.5 million largely due to the utilisation of existing cash reserves to fund capital expenditure as opposed to borrowing during the year.

Trade and other receivables is lower than budget by \$2.7 million due to the timing of payments.

Property held for sale is higher than budgeted by \$11.2 million due to the decision to sell property located in Rolleston and Springfield, plus a higher level of Izone development land available for sale than originally budgeted. Assets held for sale were previously classified as non—current assets.

Non – current assets

Other financial assets are higher than budget by \$9.6 million largely due to the delay in the realisation of the Council's investment through SIHL in Selwyn Plantation Board Limited.

Investment property is lower than budgeted by \$10.7 million as the budget included the purchase of an investment property not yet purchased.

Development property is lower than budget by \$18.9 million due to higher sales and Izone land being classified as held for sale at year end.

Liabilities

Borrowings are lower than budget by \$58.5 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.

Provisions are higher than budgeted by \$2.6 million largely due to a refund provision made to refund the difference between the current charge and any revised charge that is adopted as a result of an amendment to the Council's development contribution's policy.

The Year In Review

Our services

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

- ▶ Maintaining 2,397 kilometres of roads.
- ▶ Providing a rubbish and recycling service to more than 12,000 households. 90% of people using this service rated this service as good or very good.
- ▶ Providing and maintaining 154 reserves and playgrounds, and 29 recreation reserves. 73% of people living in Selwyn visited a park last year.
- ▶ Providing and running the Selwyn Aquatic Centre and eight community pools. The Aquatic Centre was visited by over 30,000 people in its first six weeks of operation.
- ▶ Providing and maintaining 27 community centres and halls. 62% of Selwyn residents have visited at least one of these facilities in the past year.
- ▶ Running libraries in Darfield, Lincoln, Leeston, and Rolleston, a mobile library and assisting two volunteer libraries. Our libraries received 340,000 visits last year, or an average of 8 visits per resident.
- ▶ Issuing building and resource consents. 99% of resource consents are issued on time and the average time it took to process a building consent in the past year was 14 days. Over 90% of the people who use consent services were satisfied with the service they received.

The Selwyn Aquatic Centre Opened

The Selwyn Aquatic Centre has been busy since it was officially opened in June. The complex includes an eight-lane 25 metre pool, a hydrotherapy pool with spa area, a learn-to-swim pool and a leisure pool with a lazy river. Over 1,000 children have also attended swim school classes since it opened.

The construction of the new complex is part of the wider Aquatic Strategy for the District, which has seen the Council provide more financial and technical support to community pools. The centre employs around 50 staff in full-time and part-time roles which include swim coaches, lifeguards, aqua-fitness instructors and administration roles.





Our performance rating for parks and reserves was 86/100 in the biennial residents' survey.



We issued a record number of Building and Resource Consents

Our building and resource consent staff are the busiest they've ever been. In the year to June 2013, a total of 2,390 building consents were issued – a 24% increase on last year. The number of resource consent applications processed also increased by 44% - up from 361 to 518. 99% of resource consent applications received in the past year were processed within 20 working days. The Council average time taken to process building consents was 14 working days.

In the past year we improved our service to customers by introducing an electronic building consent processing system which allows people to lodge building consents online. Council staff also now visit offices in Leeston and Darfield each week to provide building and resource consent services, making it easier for residents to use our services.







The Eastern Selwyn Sewerage Scheme was finished

The Eastern Selwyn Sewerage Scheme has been completed. The scheme connects Springston, Prebbleton, Lincoln, Rolleston and West Melton to the Pines Wastewater Treatment Plant to the west of Rolleston through a pipe network with pump stations at Lincoln and Rolleston. The new scheme was designed to cater for population growth in the east of Selwyn and will ensure that wastewater is treated in an environmentally sustainable manner.

We've invested in improving our water network

The Council provides drinking water to three quarters of people living in the Selwyn District.

Over the past year we have undertaken planning work looking at how water supplies in Rolleston, Lincoln and Prebbleton townships can be developed in the future to cater for additional demand as the population of these areas grows.

A second deep bore was drilled to supply the Darfield water scheme. The bore will provide an alternative groundwater source for Darfield Township. The water is sourced from 190 metres below ground. When water is drawn from deep water wells like this one and the one which provides the town's main supply the risk of contamination is extremely low and it is safe to drink without needing to be chlorinated or treated.

The Council has also completed design work on a new reservoir and pump station for Darfield which will be built next year. The new pump station and reservoir will have the capacity to cope with increased demand for water as the population of Darfield grows.

We worked with others to get better results for our residents

We continue to work in partnership with other organisations to improve our services and our efficiency. Last year 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 have also been working with other Canterbury Councils on a shared procurement and service agreement for GIS electronic mapping services.

Continuing to invest in our transportation network

Last year we completed the Springston Rolleston Road seal widening which provides a safer roading link between Rolleston and Lincoln. Our contractors were busy working to maintaining 2,397 kilometres of roads in our district and also resealed 56 kilometres of roads.

The Council also carried out a range of road safety campaigns which highlighted issues like safety at intersections and winter driving.

Izone is creating more jobs

Izone is the largest business park in New Zealand. Businesses in Izone continue to be a major employer in the District with more jobs being created for Selwyn residents as the park grows.

Demand for sections at Izone has been strong. 15.3 hectares of land at Izone was sold during the year for \$16.1 million resulting in a gain on sale of \$9.7 million. The Council brought forward the development of Stage 6 in 2012 and high sales activity are expected in the next year.

Lincoln library

Construction of a new library in Lincoln began in April. The existing library is too small to service this fast growing area and a bigger facility is needed. The new library will be completed in early 2014.

Selwyn libraries are also becoming increasingly popular. Last year they received 340,000 visits, more than twice the number they received five years ago. 62% of people living in Selwyn visited a library last year. Libraries offer a great range of services including internet access and Wi-Fi, toddler time sessions, school holiday activities and book clubs.

63% of our **performance targets** were **achieved** during the year.

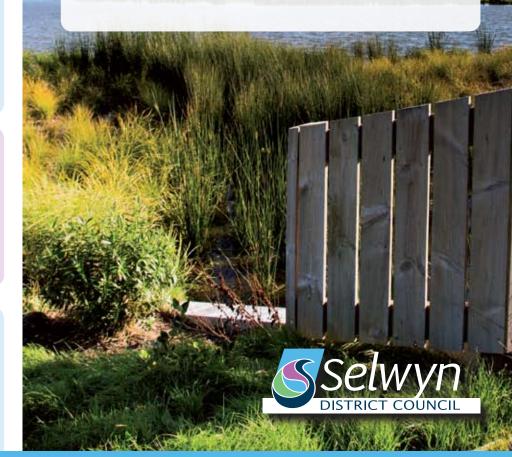
2,390 building consents
were issued during the year
with an average processing time
of 14 days.

\$68 million capital works was completed during the year.

\$12.5 million of Development contributions

revenue was received during the year.

Expenditure for the year was **\$68 million** compared with the budget of \$72 million.



Independent Auditor's Report To the readers of Selwyn District Council and group's summary annual report for the year ended 30 June 2013

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

The summary annual report was derived from the annual report of the Selwyn District Council (the District Council) and group for the year ended 30 June 2013. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report:

- ▶ the summary statement of financial position as at 30 June 2013;
- ▶ the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2013;
- ▶ the notes to the summary financial statements that include other explanatory information;
- b the summary statement of service provision (made up of 'The year in review' and 'How we performed') of the District Council and group; and
- ▶ the funding impact statement of the District Council

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 30 October 2013.

Opinion

In our opinion:

- b the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- ▶ the summary statements comply with FRS-43 (PBE): Summary Financial Statements.

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with FRS-43 (PBE): Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with FRS-43 (PBE): Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council or any of its subsidiaries.

lan Lothian

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

30 October 2013

