

SELWYN DISTRICT COUNCIL

Summary Annual Report

for the year 2013/2014



Message from the Mayor and Chief Executive

Dear Selwyn ratepayers and residents,

The past twelve months have seen our population continue to grow. Council services have made an important contribution to our district's prosperity and the wellbeing of residents.

Selwyn continues to be the fastest growing district in New Zealand and also the area with the strongest economic performance. With the continuing development of Izone and the start of the construction of the Central Plains Water Scheme, this growth is likely to continue into the future.

Our building and resource consent team have remained busy keeping up with the demand for consents. In the year to June 2014 we have processed 2,790 building consents. Of these, 1,613 were new dwelling consents – a big increase on the 616 new dwelling consents we issued two years earlier and the 1,084 last year. In the past year the performance of our new online building consent process has been acknowledged by Local Government New Zealand (LGNZ) with the system recognised as a finalist in their awards.

2014 has seen the opening of a new library at Lincoln – and it is pleasing to see that many new residents have become members of the library since it opened. The Selwyn Aquatic Centre, which opened in June 2013, has also completed a busy first year. Over a quarter of million visits were made to the new centre and over 1,200 children are currently enrolled in swim lessons at the centre.

The Eastern Selwyn Sewerage Scheme was completed last year and connects Springston, Prebbleton, Lincoln, Rolleston and West Melton to the newly redeveloped Pines Wastewater Treatment Plant. The scheme is the biggest and most complex project the Council has completed to date. The performance of the scheme to date has exceeded expectations and in 2014 it was recognised by the Institute of Public Works Engineering Australasia with an engineering award.

Earthquake repairs to Council infrastructure




have now been mostly completed with only some further repairs to cemeteries and some community centres/ halls. Selwyn residents have also been working together to improve community resilience. Many local volunteers have come forward to help their communities in an emergency and over 5,000 households are signed up to the Selwyn Gets Ready website.

Planning for our district's future continues to be an important part of the Council's role. In 2014 we released Selwyn 2031 for consultation. The plan will provide a framework for future planning and development. Construction of Foster Recreation Park has also started and is the first part of wider development plans for the Rolleston town centre. In Darfield,

consultation on McHughs Plantation has been undertaken and a new community park has also opened in Prebbleton.

The past year has been a busy and successful time for the Council. We would like to acknowledge and thank all the district's elected representatives, Council staff but most of all the people of Selwyn for helping to make this a great year.


David Ward
Chief Executive


Kelvin Coe
Mayor

Welcome to Selwyn District Council's Summary Annual Report 2013/2014

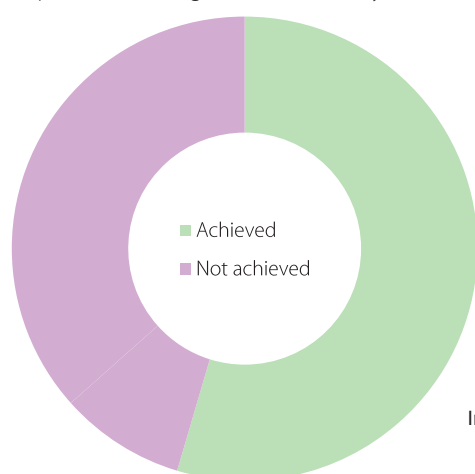
This summary provides an overview and summary of Selwyn District Council and group's activities and services for the year ended 30 June 2014. The information has been extracted from the full annual report for the year ended 30 June 2014 adopted by the Council on 22 October 2014. The summary has been 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 22 October 2014 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.

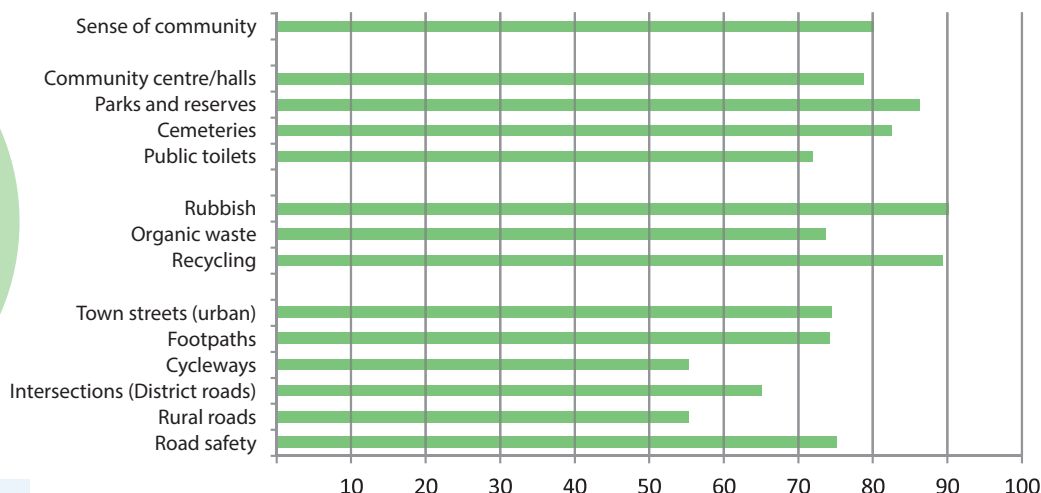
How we performed

The following graph illustrates how well the Council has performed during the 2014 financial year:



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.



Significant performance measures

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

- ✓ 76% of residents have used or visited a public park in the past 12 months.
- ✓ 75% of townships where all residents are serviced by a reserve within 400 metres.
- ✓ 5.44 swims per capita of District population.
- ✗ 99% of all urgent dog callouts were attended to within 4 hours.
- ✗ 55% of registered library users as a percentage of the population.
- ✓ The 2013 annual report and 2014/15 annual budget was adopted on time.
- ✗ 97% of building consents issued within statutory time frames. (Service target 100%).
- ✓ 96% of resource consent applicants very satisfied or satisfied.
- ✗ 2,539 public service requests received for road maintenance, works and operations. (Service target < 2,100).
- ✗ 49km of annual pavement resealing. (Service target > 75km).
- ✓ No written complaints were received in relation to the solid waste service.
- ✗ 98% 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.
- ✓ 7.6 hectares of Izone land sold.
- ✓ Total average water operating cost per serviced property was \$308 per annum. (Service target < \$335).
- ✗ 1,300 litres of water consumed per residential property on average. (Service target < 1,000).

Annual report disclosure statement summary for the year ended 30 June 2014

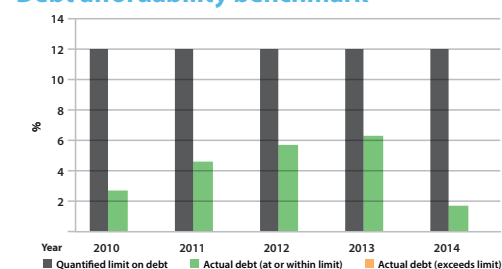
The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

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.

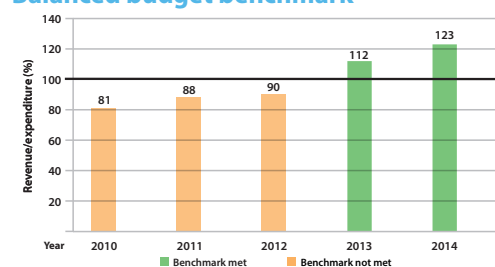
Rates affordability benchmark



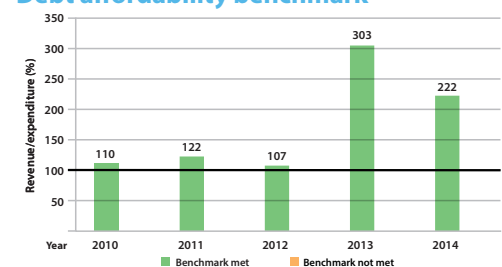
Debt affordability benchmark



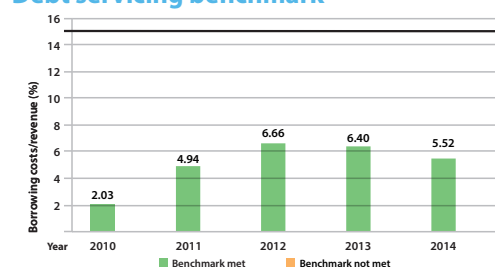
Balanced budget benchmark



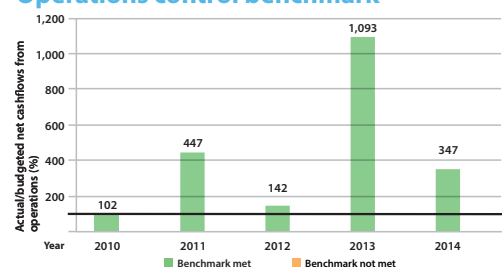
Debt affordability benchmark



Debt servicing benchmark



Operations control benchmark



Rating base information

- ▶ The number of rating units within the district at the end of the preceding financial year: 22,069
- ▶ The total capital value of rating units within the district at the end of the preceding financial year: \$15,046 million
- ▶ The total land value of rating units at the end of the preceding financial year: \$8,393 million

Summary financial statements

Selwyn District Council has continued to experience unprecedented growth during the 2014 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, plus the accounting recognition of profits released from equity in relation to the Council's liquidation of Selwyn Investment Holdings Limited (SIHL).

The Council's financial position remains sound, and reflects a number of extraordinary factors including the rapid and sustained population growth in the District.

Operational expenditure for the year was \$75.6 million compared with the budget of \$77.9 million.

Consolidated income for the year was \$150.6 million, compared with budget of \$78.2 million. This figure includes a number of technical and non-cash revenue items.

Development contributions revenue was \$25 million, \$17.6 million above budget of \$7.4 million as the level of population growth in the district was much 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 income was \$30.3 million, \$23.3 higher than budget of \$7 million, due to the higher than expected level of subdivision activity. Vested assets are predominantly infrastructure, such as roads and water services, established by developers then transferred to the council for ongoing ownership and management. This is a non-cash item and is not available to reduce rates.

A **non-cash accounting adjustment** of \$24.9 million was also recognised, as a result of Council liquidating its former investment in Selwyn Investment Holdings Limited last year. 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.



Summary statement of comprehensive income for the year ended 30 June 2014

	Council	Council	Council	Group	Group
	2014	Budget	2013	2014	2013
	\$000	\$000	\$000	\$000	\$000
Total income	150,590	78,177	104,105	158,097	133,048
Other expenditure	(72,101)	(71,410)	(64,434)	(103,935)	(103,144)
Finance costs	(3,536)	(6,459)	(3,038)	(3,732)	(3,375)
Operating surplus / (deficit) before taxation	74,953	308	36,633	50,430	26,530
Share of associates surplus / (deficit)	-	-	-	-	-
Surplus / (deficit) before taxation	74,953	308	36,633	50,430	26,530
Income taxation expense (benefit)	1	-	(53)	1	68
Surplus / (deficit) after taxation	74,952	308	36,686	50,429	26,462
Surplus after taxation from discontinued operation	-	-	-	133	1,864
Surplus after taxation and discontinued operation	74,952	308	36,686	50,562	28,326
Surplus / (deficit) attributable to:					
Selwyn District Council	74,952	308	36,686	50,562	27,592
Non - controlling interest	-	-	-	-	733
Surplus after taxation and discontinued operation	74,952	308	36,686	50,562	28,326
Other comprehensive income					
Items that will be reclassified to surplus / (deficit)					
Financial assets at fair value	13,279	1,802	(2,524)	13,612	-
Items that will not be reclassified to surplus / (deficit)	(24,932)	-	-	-	-
Gain on infrastructure assets revaluation					
Gain on land and building revaluation	(16,487)	109,790	49	(16,487)	49
Impairment of property plant and equipment	-	-	23,107	60	23,900
Deferred taxation on revaluation	-	-	(18)	-	(18)
Total other comprehensive income	-	-	-	-	-
Other comprehensive income (discontinued operation)	(28,140)	111,592	20,614	(2,815)	23,931
Total comprehensive income	46,812	111,900	57,300	47,747	52,256
Total comprehensive income attributable to:					
Selwyn District Council	46,812	111,900	57,300	47,747	51,523
Non - controlling interest	-	-	-	-	733
Total comprehensive income	46,812	111,900	57,300	47,747	52,256



Summary statement of cash flows for the year ended 30 June 2014

	Council	Council	Council	Group	Group
	2014	Budget	2013	2014	2013
	\$000	\$000	\$000	\$000	\$000
Net cash flow from operating activities	33,758	9,726	40,853	33,912	31,018
Net cash flow from investing activities	(18,859)	(45,907)	(62,509)	(18,294)	(48,361)
Net cash flow from financing activities	(14,966)	34,107	6,864	(14,975)	3,149
Net increase / (decrease) in cash and cash equivalents	(67)	(2,074)	(14,792)	643	(14,194)
Cash, cash equivalents at the end of the year	3,462	10,483	3,529	4,850	4,207

Summary overall funding impact statement for the year ended 30 June 2014

	2014	2014	2013	2013
	Actual	Budget	Actual	Budget
	\$'000	\$'000	\$'000	\$'000
Total operating funding (A)	56,104	52,988	61,640	46,952
Total application of operating funding (B)	55,341	56,598	48,360	51,786
Surplus / (deficit) of operating funding (A-B)	763	(3,610)	13,280	(4,836)
Total sources of capital funding (C)	27,952	60,035	41,536	100,107
Total applications of capital funding (D)	28,715	56,425	54,816	95,272
Surplus / (deficit) of capital funding (C-D)	(763)	3,610	(13,280)	4,836
Funding balance (A-B) + (C-D)	-	-	-	-

Summary statement of changes in equity for the year ended 30 June 2014

	Council	Council	Council	Group	Group
	2014	Budget	2013	2014	2013
	\$000	\$000	\$000	\$000	\$000
Balance at 1 July	1,195,968	1,166,643	1,138,668	1,195,968	1,164,882
Total comprehensive income for the year	46,812	111,900	57,300	47,747	52,256
Realisation of assets	-	-	-	-	(21,170)
Balance at 30 June	1,242,780	1,278,543	1,195,968	1,243,715	1,195,968
Components of equity:					
General funds	653,253	584,837	588,489	654,927	613,782
Fair value through other comprehensive income reserve	42,023	60,337	53,676	41,022	27,410
Special funds	64,163	34,501	50,863	64,163	50,863
Asset revaluation reserve	483,341	598,868	502,940	483,603	503,913
Non - controlling interest	-	-	-	-	-
Total equity	1,242,780	1,278,543	1,195,968	1,243,715	1,195,968

Summary statement of financial position as at 30 June 2014

	Council	Council	Council	Group	Group
	2014	Budget	2013	2014	2013
	\$000	\$000	\$000	\$000	\$000
Current assets	80,647	26,240	38,043	88,381	76,934
Non - current assets	1,261,209	1,401,271	1,267,928	1,260,936	1,236,571
Total assets	1,341,856	1,427,511	1,305,971	1,349,317	1,313,505
Current liabilities	62,622	15,051	37,219	66,112	41,705
Non - current assets	36,454	133,917	72,784	39,490	75,832
Total liabilities	99,076	148,968	110,003	105,602	117,537
Selwyn District Council	1,242,780	1,278,543	1,195,968	1,243,715	1,195,968
Non - controlling interest	-	-	-	-	-
Total Equity	1,242,780	1,278,543	1,195,968	1,243,715	1,195,968
Total liabilities and equity	1,341,856	1,427,511	1,305,971	1,349,317	1,313,505

Events after balance date

Eastern Selwyn Sewerage Scheme (ESSS)

Subsequent to balance date the Council refunded a total of \$6.5 million in development contributions. Provision for this refund has been provided for in the current and previous financial years.

Cash flow

The Council has a positive operating cash flow of \$33.8 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 \$46.8 million for the year ended 30 June 2014.

The increase was due to; the surplus of \$75 million, less the realisation of prior year gains in SIHL \$24.9 million, a decrease in the value of the Council's infrastructural assets of \$16.5 million and an increase in the value of the Council's investment in Orion and Sicon Ferguson following valuation of \$13.3 million.

The value of the Council's net assets is \$1.243 billion.

Current assets

Cash held at year end is lower than budgeted by \$7.0 million largely due to the utilisation of existing cash reserves to fund capital expenditure as opposed to borrowing during the year.

Property held for sale is higher than budgeted by \$10.9 million due to the decision to sell property located in Rolleston, and a higher level of Izone development land available for sale than originally budgeted. Assets held for sale were previously classified as non—current assets.

Other financial assets which includes term deposits held by council, are higher than budget by \$14.4 million largely due to the rapid population growth in the District

Non – current assets

Investment in council controlled organisations is higher than budgeted by \$16.8 million largely due to the increase in value of CCO's following valuation.

Investment property is lower than budgeted by \$11.2 million as the budget included the purchase of an investment property not yet purchased.

Development property is lower than budget by \$14.9 million due to higher sales and Izone land being classified as held for sale at year end.

Liabilities

Borrowings are lower than budget by \$54.6 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 \$6.9 million largely due to a refund provision made to refund the difference between the current charge and the revised ESSS development contributions charge.

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 over 2,400 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 191 reserves and playgrounds, and 35 recreation reserves. 76% 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 258,000 in its first year
- ▶ Providing and maintaining 24 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, Rolleston and a mobile library and assisting a volunteer library. The percentage of registered library users is 55% of the total population. This is an increase of 5% on the previous financial year, and just below our target of 59%
- ▶ 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 11 days. 87% of customers found the Council's new online consenting application process clear and easy to complete.

The Selwyn Aquatic Centre Opened

The Selwyn Aquatic Centre has completed a busy first year.

The Aquatic Centre had 258,000 admissions in its first year, exceeding its target of 250,000 admissions. 4,450 enrolments have been taken for the centre's learn to swim programme, with 98% of swim school pupils coming from Selwyn. 55% of residents visited a swimming pool during the year, up from 12% in 2013.

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

Selwyn retains top spot in economic rankings

For the second year running, Selwyn has been named as the district with the strongest economy in New Zealand.

According to regional economic rankings released by Business and Economic Research Limited (BERL), Selwyn was the top economic performer of 2013 and the fastest growing area in New Zealand.

Selwyn ranked third overall for employment growth in New Zealand, and ranked in the top five places for GDP and business unit growth, giving the district the highest overall ranking of any local authority area in New Zealand. Two other Canterbury districts, Waimakariri and Ashburton were ranked in second and third place overall.

Last year Selwyn's population grew by 4.5%, more than five times the national average of 0.8%. Employment grew by 6% in Selwyn, while nationally employment increased by 0.2%.

Employment growth looks set to continue in the future, with the continued development of the Izone Business Park in Rolleston and the construction of the first stage of the Central Plains water scheme underway this year.

The Council is investing in infrastructure and community facilities to support the growing population. In the past 12 months a new Selwyn Aquatic Centre and Lincoln library have opened.

In 2013, the Eastern Selwyn Sewerage Scheme was completed

The scheme, designed by MWH New Zealand Limited, connects Springston, Prebbleton, Lincoln, Rolleston and West Melton to the newly redeveloped Pines Wastewater Treatment Plant through a pipe network with pump stations at Lincoln and Rolleston.

In 2014 the scheme won an award for engineering excellence from the Institute of Public Works Engineering Australasia. To date the scheme's performance has exceeded expectations.

Earthquake repairs to Council infrastructure are now mostly complete

All roads, bridges, water and waste water systems have been repaired with only four community facilities waiting to be fixed. The Council is half way through its programme to fix cemetery headstones that were damaged in the earthquakes and will continue this work over the next two years.

Funding for repairs has come from a number of sources including insurance, the Earthquake Commission, New Zealand Transport Agency and Central Government. \$2 million was also raised from an Earthquake levy on Selwyn ratepayers which helped fund work which could not have otherwise been completed.

We continue to issue record numbers of Building and Resource Consents

Our building and resource consent staff continue to be extremely busy. In the year to June 2014, a total of 2,790 (2013: 2,390) building consents were issued – a 17% increase on last year and 45% higher than 2012. The number of resource consent applications processed also increased by 22% – up from 518 to 633. 99% of resource consents were issued on time and the average time it took to process a building consent in the past year was 11 working days compared to the statutory timeframe of 20 working days. 95% of the people who use consent services were satisfied with the service they received.

The introduction of an electronic building consent processing system which allows people to lodge building consents online has continued to provide improvements to processing times. The new system was recognised as a finalist in the Local Government New Zealand Excellence Awards in the economic contribution category.



A new library for Lincoln has been completed

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. Construction of the Lincoln Library and Service Centre was completed and supports the Council's "libraries for life strategy". The new library has had a record number of new members join since it opened its doors on 4 February 2014. In its first month the library issued almost 8,000 books and other items, up from 5,200 in February last year. The number of new members joining was more than three times as many as the same month in 2013.



Selwyn 2031: District Development Strategy

The Council has continued to focus on planning for our future. Consultation closed in June on Selwyn 2031 – Draft District Development Strategy. Selwyn's population is expected to grow from around 45,000 now to over 74,000 by 2031.

The strategy looks at a range of issues across the district including commercial and residential land supply, and considers what Council facilities, infrastructure and services are needed to ensure the district remains prosperous and people are able to continue to enjoy a high quality of life in a strong and resilient community.

Foster Recreation Park

Earthworks also began this year at Foster Recreation Park in Rolleston, signalling the start of the construction of Selwyn's largest park. The park will be designed to be used for a range of activities including sports training and games, community events and concerts as well as exercising dogs, picnics and walking and cycling.

The development of Foster Recreation Park is part of a wider plan to develop Rolleston Town Centre which was consulted on during 2013. The plan focuses on developing a town centre and a main street as the heart of Rolleston, attracting people to shop and work in the town and to provide new facilities and public places for people to enjoy. The plan includes the development of a new library, community and technology centre, a town square and road layout changes in the town centre.

**Independent Auditor's Report
To the readers of
Selwyn District Council's
summary annual report
for the year ended 30 June 2014**

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

The summary annual report was derived from the annual report of the Selwyn District Council (the District Council) for the year ended 30 June 2014. 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:

We have audited the following summary statements reported in the summary annual report:

- ▶ the summary statement of financial position as at 30 June 2014;
- ▶ the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014;
- ▶ the notes to the summary financial statements that include accounting policies and other explanatory information; and
- ▶ the summary statement of service provision (made up of "the year in review" and "how we performed") of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 22 October 2014.

Opinion

In our opinion:

- ▶ 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.

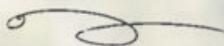
The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council.

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.



John Mackey
Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand
22 October 2014



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Council (June 2014)

Kelvin Coe (Mayor)	Malcolm Lyall
Sarah Walters (Deputy Mayor)	Mark Alexander
Debra Hasson	Nigel Barnett
Grant Miller	Pat McEvedy
Jeff Bland	Peter Hill
John Morten	Sam Broughton

Community Boards (June 2014)

Malvern	Selwyn Central
Jenny Gallagher (Chairperson)	Diane Chesmar (Chairperson)
Bob Mugford	Alan French
Judith Pascoe	Bruce Russell
Kerry Pauling	Nicola Peacock
Mary Ireland	