





SELWYN DISTRICT COUNCIL ANNUAL REPORT 2010/11

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ANNUAL REPORT 2010/11

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WELCOME

...to the Annual Report 2010/11

Welcome to Selwyn District's Annual Report 2010/11

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

The financial statements and performance information presented in this report are reporting against year two of the Selwyn Community Plan (LTCCP) 2009-19 that was adopted in June 2009.

Joint Report of the Mayor and Chief Executive

Dear Selwyn ratepayers and residents,

Firstly, we want to thank you for standing by your communities in times of great need this year. We saw the best in people who rallied round and supported their neighbours in all sorts of ways after September 4 and the even bigger response after February 22.

Despite the disruption of the earthquake, the majority of projects and services provided by the Council to its residents were successfully delivered. While the earthquake-related repairs and response costs were incurred in this year, the financial impact will be in the 2011/12 year with the levying of the \$135 earthquake rate.

The good news is that, in Selwyn, the recovery is progressing well and the evidence is there that progress is being made. We identified early that, in areas of recovery where we do not have direct control, it is vital that we ensure that the Council process hastens not hinders progress and that we have a role to play helping our residents connect with organisations that can help them.

To that end:

- We have streamlined our earthquake-related building consent processes. The latest figures show we had issued 136 earthquake consents, each with an average processing of three days.
- We have started laying the first pipes for the \$80.7million Eastern Selwyn Sewerage Scheme. We are expecting that we should start having new sewerage connections available by the end of this year.
- This in turn has meant we have been able to process consents for new subdivisions that were previously held up because they had no connections. So now we have hundreds of residential lots ready and waiting for people who need them.
- We have also had Jenny Harkers helping families and hosted a series of business recovery workshops.
- Selwyn District Council has put \$5.4million into earthquake-related repairs to the Council's facilities, infrastructure, roading and support for the community. A further \$2million to \$2.5million will probably still be spent in that area and a significant proportion will be recovered from insurance and the Crown.

In June we approved the Selwyn Growth Model which shows, that taking into account conservative estimates of residential growth due to people relocating into Selwyn after the earthquakes, we are going to almost double our size in the next 30 years. And that will take some planning. So make sure you take a look at the next Selwyn Community Plan 2012 – 2022 (Long Term Plan) which will be out for public consultation next April.

We have just initiated the tender process for the new \$13.7million Selwyn Aquatic Centre which will be open in January or February 2013. The Rolleston-based facility will be the first all year round indoor centre in Selwyn and will give our young (and older) residents somewhere to gather, learn to swim, relax and exercise. The Warren and Mahoney designs are appropriate for our community and leave open the possibility for future expansion. Now we are keen for our community groups and organisations to get behind the centre and initiate some local fundraising.

Some of the major projects worth singling out were the completion of the Rolleston Youth Park – a much appreciated venue for the younger residents; the opening of the Lincoln Event Centre – already well utilised only a couple of months after completion; and the purchase of the Rolleston Recreation Precinct which will house the new Selwyn Aquatic Centre and will also allow for the growth of recreational facilities in the future.

These are just some of the hundreds of projects, programmes and services that Council staff undertake every year on your behalf. We feel very proud of what we have been able to complete in this past very difficult year. Once again we want to give you, our residents and ratepayers, our thanks for what you have done to make our community a great place to Live, Work and Play.

On your behalf,



Mayor Kelvin Coe



Chief Executive Paul Davey

Statement of compliance and responsibility

Compliance

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

Responsibility

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

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

In the opinion of the Council and management of Selwyn District Council, the annual Financial Statements for the year ended 30 June 2011 fairly reflect the financial position and operations of the Selwyn District Council.



Mayor
Kelvin Coe
26 October 2011



Chief Executive
Paul Davey
26 October 2011



Manager Corporate Services
Douglas Marshall
26 October 2011

The year in review

In June 2009 the Council adopted the Selwyn Community Plan. This is a plan to ensure Selwyn remains a great place to live, work and play. It sets out what the Council intends to do over the coming 10 years to meet the needs and wishes of Selwyn's residents. The plan recognises that the district is changing from a largely rural district to one that also has an urban heart. It shows how the Council intends to respond to the challenge of more demand on our water, sewerage and transportation networks as well as increasing expectations for community facilities.

We are now two years into this 10 year programme. We have made a solid start on implementing our plans with some significant projects completed and others underway. This section of the annual report summarises the progress we have made so far against the priorities set out in the Selwyn Community Plan and also reports on the impact of the Canterbury earthquakes.

Canterbury earthquakes

For most of us the earthquakes of 4 September 2010 and 22 February 2011 were the defining moments of the past year. The first quake had the biggest impact in terms of damage for the Selwyn District but the devastation caused in Christchurch by the second quake had a huge emotional and practical impact on our people.

The earthquakes brought out the best in people. The response from the emergency services, Council staff and local residents meant that we coped remarkably well and together we kept local services and the local economy running. We are now in the recovery phase and as we know already, this will be a long and challenging process for the Canterbury region as a whole.

The impact of the earthquake in terms of damage to the Council's assets was relatively modest. We estimate that total costs will be in the region of \$7.2 million. In addition we also incurred costs of \$0.6 million on the immediate emergency response. Of this estimated total cost of \$7.8 million we expect that we will recover \$5.8 million from a combination of the Government subsidy, EQC cover and insurance. This will leave a cost of around \$2 million that will be met through the one-off earthquake rate of \$135 for 2011-12.

Implement the aquatic strategy

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

We spent the past 12 months developing the detailed design for the Selwyn Aquatic Centre and planning for its construction. The designs look great and emphasise the use of materials natural to the district. At this stage we expect that the new Centre will be open in early 2013. Alongside the planning for the new facility we have been working on plans for the maintenance and development of the community pools over the next 10 years. These plans will form part of the Council's 10 year Long Term Plan that will be out for community consultation in April 2012.

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

A significant proportion of residents commute from Rolleston and Lincoln and other townships into Christchurch and the CRETS projects aim to improve these busy transport links.

The Council had requested funding for these improvements from the New Zealand Transport Agency (NZTA) with the expectation that the Agency would subsidise this over a 10 year programme. Unfortunately, the NZTA revised the national funding criteria for the 2009-12 National Land Transport Programme which means funding is more difficult to obtain than originally anticipated. The Council now needs to secure approval for each individual project before it can proceed.

So far we have been successful in getting two CRETS projects approved; Kidman Street (the Byron St extension) at Rolleston, plus the Lincoln/Rolleston Road and Selwyn to Shands Road improvement project. The first project was completed during the year and the second one started. This second project will greatly improve the safety and ease of travel along this important link to Christchurch.

Construct the Eastern Selwyn Sewerage Scheme

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

To provide the additional capacity, the Council is to expand land based disposal of treated waste water next to the existing Pines treatment plant and construct new pipelines to connect Prebbleton and Lincoln to the plant. The scheme, known as the Eastern Selwyn Sewerage Scheme is the largest project that the Council has ever undertaken and the emphasis during the 2010/11 financial year was on the completion of the detailed design work. Good progress is being made and the Council has started to let contracts for the construction of the scheme. Construction will take place over the next year.

Develop our district as a high quality place to live

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

As part of this initiative the Council has already adopted Urban Design Plans (known as Structure Plans) for its main growth areas – Rolleston, Lincoln and Prebbleton. These plans will guide development and land use and help create high quality places to live. Work is underway to turn the plans into reality and the Council is currently working through a process to amend the District Plan (Plan Change 7) to allow the towns to develop in the way envisaged by the structure plans.

As part of its broad planning for the district, the Council recently launched the Future for Selwyn project, to help shape our own future economically, environmentally, socially and culturally. It is a chance to think about the important questions that will affect how we live over the next 20 to 30 years. The project has allowed lots of opportunities for local people to get involved and will include a formal consultation phase during the coming year.

Make our resource consent processes more user friendly

The Resource Consent process is complex and is often perceived as difficult for applicants to use and overly bureaucratic. Customer care is a real focus for the Council and we have introduced a number of initiatives to assist applicants when they apply for resource consents. These include changes to the web site in response to suggestions from customers, a quarterly publication called 'Selwyn Talk' for the building, construction and development community, a streamlined process for simple consents and the trialling of an approved consultant process.

Implement our Libraries for Life strategy

Libraries provide services that are highly valued and very well used by local people. They reach out to all age groups and provide education, recreation and inspiration to many. They are at the heart of a strong community.

In 2008 the Council adopted a strategic plan for its library service – 'Libraries for Life'. The strategy is to develop a library service that is good for the entire district. The strategy focuses on improving library buildings so that they are welcoming and have sufficient space to meet the community's needs.

The improved library in Leeston has been a great success and after the 2009 move, usage increased 80%, and since it opened in February this year, the new library in Darfield has also proved to be very popular.

Design work has nearly been completed for the Lincoln Library on Gerald Street and construction will get underway during the 2011/12 year. The new building will bring a huge improvement to the library facilities available to residents in Lincoln and surrounds.

Build the Lincoln Event Centre

The Lincoln Event Centre opened in April 2011. The Centre is fantastic and includes an indoor stadium, performing hall, meeting rooms and new toilet facilities for the Lincoln reserve. It has already become a new hub for the town and is heavily used each evening with a broad range of sports, events and activities taking place. It really proved its worth when hosting the Lincoln University Graduation for more than 500 students.

Plan for the possible impact of the Central Plains Water scheme

The planned Central Plains Water Scheme will have a big impact on the district and has the potential to bring substantial economic and recreational rewards.

After 10 years the resource consent process for the scheme is nearing its conclusion. The resource consent is subject to appeals that have been referred to the Environment Court's mediation process. Central Plains Water expects that final agreement is possible and that the resource consents will be issued by the end of 2011.

Once the resource consents are approved the scheme will need to raise capital to allow it to proceed to the construction stage. If the scheme proceeds, and this now looks likely, it will have an impact on the district including the economy and job opportunities, land use patterns and the Council's infrastructure. We will take account of the progress of the scheme as part of the Future for Selwyn project as well as our long-term infrastructure plans over the coming years.

Make the most of our investments

Ratepayers benefit greatly from the returns from the Council's company, Selwyn Investment Holdings Limited (SIHL). SIHL has been actively seeking ways of maximising returns to the Council over recent years, including supporting the Selwyn Plantation Board's sale of its land and forest assets, and facilitating the amalgamation of KB Irrigation Limited with SICON Limited. The sale of the Selwyn Plantation Board's assets will result in a future capital payment to the Council that can then be invested to generate income. This income will replace the income that might otherwise have been achieved from the Plantation Board's forestry and farming activities.

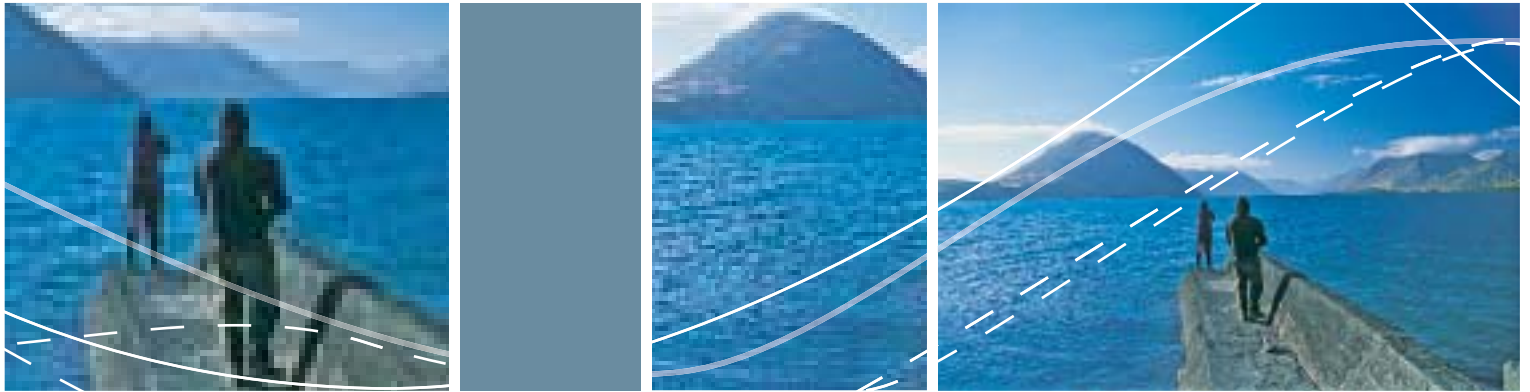
It has been another difficult year for the Council's trading companies (SICON Limited and Ferguson Brothers Limited) and investment (Orion New Zealand Limited), with the earthquake, Pike River mine disaster and tight economic conditions all having an effect on financial results. Despite this Selwyn Investment Holdings Limited was still able to provide a dividend of \$3.6 million in line with its statement of intent.

It has also been a challenging year for the Izone Southern Business Hub. Sales of industrial land slowed during the economic downturn and the Council has not been able to achieve the budgeted level of revenue from Izone in 2010/11. However, interest in land in Izone increased markedly towards the end of the financial year and indicates a more encouraging period ahead.

Manage our finances in a fair and prudent way

The 2010/11 year has been quite difficult from a financial perspective. Even without the impact of the earthquakes, underlying economic conditions remain tough. Overall the Council's financial statements show a modest surplus of \$1.0 million. This compares with a budgeted surplus of \$1.5 million. If the non-cash revenue from the value of assets vested in the Council by sub-dividers is excluded, the underlying result for the Council is a deficit of \$3.8 million. Income was \$6 million lower than budgeted, mainly due to lower than anticipated sales of industrial land in Izone. Expenditure was lower in a number of areas as project work was delayed or cancelled reducing both operating costs and the financing costs associated with capital expenditure. These deferrals have not had a significant impact on the levels of service provided by the Council.

The Council borrowed \$28 million during the year, taking its total borrowing to \$53 million. The borrowing was used to fund the construction of the Lincoln Event Centre (funded from a targeted rate in Lincoln plus development contributions), the Eastern Selwyn Sewerage Scheme (funded from development contributions) and the purchase of land for the Rolleston Recreation precinct (funded from development contributions).



HOW WE PERFORMED

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

In this section

Activities

- Community Services
- Democracy
- Environmental Services
- Transportation and Townships
- Waste Management
- 5 Waters Services (Water and Waste Water)
- Izone Southern Business Hub and Property Sales
- Internal Council Support Services

How we performed

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

In this section

Activities

Community Services
Democracy
Environmental Services
Transportation and Townships
Waste Management
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Izone Southern Business Hub and Property Sales
Internal Council Support Services

How we performed - introduction

Introduction

The Council provides a wide range of services for and on behalf of the residents of the district. For planning and reporting purposes, these services are grouped together as significant activities. The Council's plans for each significant activity for the 2010/11 financial year were set out in the Annual Budget 2010/11.

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

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

- a brief description of the activity
- the overall goal for the activity
- the community outcomes to which the activity contributes
- a statement of service performance that sets out how the Council has performed against its non-financial targets for the year
- a financial operating statement that shows the revenues and expenditure for the activity and explains variances compared with the budget and the previous year
- a capital expenditure statement that details the capital expenditure of each activity and explains variances compared with the budget and with the previous year's expenditure.

Measurement of progress towards community outcomes

Schedule 10 of the Local Government Act 2002 requires the Council to report on the results of any measurement of progress towards achieving the community outcomes detailed in the Selwyn Community Plan (LTCCP) 2009-2019. It also requires the Council to describe any identified effects that any activity has had on the social, economic, environmental or cultural well-being of the community.

The Council published a report on the community's progress towards achieving its community outcomes in June 2009. The summary of progress in that report read as follows:

'This report confirms what local residents already know; Selwyn is a great place to live. We enjoy the benefits of a strong and growing local economy, a clean natural environment, a relatively safe community and the advantage of good transport links around the district and into Christchurch.

'There are however some aspects of life in the district where we as a community can do better. Although the rural nature of the district gives us many advantages it also brings some disadvantages. Our access to health and social services is not as good as it should be and is something we need to improve. Also, the provision of recreational and arts and cultural facilities is limited compared with more urban areas. Making progress in these areas presents a challenge for the future.'

The full report is available on the Council's web site. The following section of the annual report includes information on the Council's activities and performance for the 2010/11 financial year and, where relevant, sets out information on how the activity has contributed towards achieving the community outcomes and the effects of its activities on the well-being of the community.

Residents' survey

The statement of service performance that sets out how the Council has performed against its non-financial targets for the year includes a number of performance measures taken from a survey. This was an independent telephone survey of 1000 households in the Selwyn district that included questions about some of the services the Council provides. The survey was conducted by Sigma Group Limited in May and June 2011.

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

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

How we performed – community services

Activity description

This area includes a wide range of activities that help make Selwyn a great place in which to live, work and play. It includes the following:

- community development
- reserves and domains
- library services
- property and office buildings
- rural fire protection
- civil defence
- playgrounds
- halls and community centres
- swimming pools
- public toilets
- pensioner housing and rental units
- rental housing
- cemeteries
- forestry
- business development and promotion
- tourism promotion.

Activity goal

Our goal is to:

- build strong, safe communities
- support local economic prosperity
- enhance the natural environment and landscape
- enable residents to live healthy and active lives.

The Council contribution to community outcomes

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

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

Statement of service performance

Selwyn district has had unprecedented population growth since 1990 and is 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 meant increasing demand for community activities, facilities and services.

The Council's role in community and economic development is to champion individual, group and community well-being by building and strengthening social and community services and activities and by encouraging economic growth and prosperity in the district, so that people and communities thrive and prosper. A high proportion of residents reported feeling a sense of community with their neighbourhood in the residents' survey (83%), consistent with last year's result. The Council's initiatives such as day clubs, newcomers groups and a variety of new agencies encouraged to provide health and social services in the district help achieve this sense of community. Although the Council failed to meet its target of a 1% increase in the number of new businesses established in the district, there was a national decrease of 1.7% in new business start-ups due to the economic recession and the tightening of credit. Selwyn fared comparatively well with a 0.7% decrease.

The Council encourages, promotes and facilitates a range of physical activities so that all residents can enjoy the benefits and lifestyle opportunities provided by the district. The percentage of residents engaging in regular physical activity increased to 58%, from 50%. A number of recreation opportunities have been established in the district by the Council, such as walking groups, dance and circuit classes, as well as activities for young people like holiday programmes and skate schools. In addition, many community groups which provide physical activity 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 also assists residents to enjoy healthy, active lifestyles through the provision of appropriate spaces for recreation activities and social contact. Selwyn residents enjoy more hectares of green space than the average for similarly sized local authorities, with 5.1ha per 1000 population. Two-thirds of residents had visited a public park in the past year, according to the residents' survey, with satisfaction with the district's parks and reserves remaining high at 86%, which was a slight increase on last year's performance rating. During the year, the Council purchased land for the recreation precinct in Rolleston, as well as land in Kirwee and West Melton for future sports ground developments.

Residents were also satisfied with the Council's provision of community centres and halls as local venues for recreational and social uses, scoring a 79% performance rating. The opening of the new Lincoln Event Centre was much anticipated and the centre is being well-utilised by the community, from the recreation programmes offered, to hosting major events such as the Lincoln University Graduation Ceremony and a performance by the Christchurch City Choir. New activities continue to be offered at Rolleston Community Centre and the centre is in use every day of the week, proving to be a popular option for private functions. As reported last year, 23% of community centres and halls were in an average or below average condition, which was below the target of 20%. This was based on cyclical condition inspections and the buildings have not been re-inspected since this was reported last year. Ageing and deferred maintenance as a result of funding limitations has contributed to not meeting this performance measure.

The Council supported eight operational pools in the 2010/11 year, the same as in the previous year. The number of swims per capita increased to 0.52, exceeding the target set. Plans for the new aquatic centre in the district are progressing, and tenders are currently being let for its construction.

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 percent of registered library users increased over the last 12 months to 57% of the total population, helping achieve the community outcome, 'a community which values its culture and heritage'. In addition, more than 500 people used Selwyn libraries whilst living in the district temporarily after the Christchurch earthquakes. This year saw the introduction of baby-time sessions, children's book clubs and special evening story-time sessions, all encouraging recreational reading and use of libraries from a young age. Events targeted towards our younger residents attracted more than 2,800 children, a 15% increase on the previous year. For the adults, book clubs, knitting and weaving groups, and free computer classes for older adults have been initiated. Whilst issues per patron have slightly declined compared with last year, it must be noted that many people do not take out resources, but rather use them in the library (e.g. computers). There has been a 100% growth in content in the Selwyn historical collection, available online, and the library has hosted and supported many community groups over the year. The role of the library within its community is continuing to evolve from a place to access information to fulfilling a range of educational, recreational and social needs. The highlight of the year was the opening of the new Darfield Library, a new generation of library that the district can be proud of.

The Council's ability to maintain a coordinated and effective response to, and recovery from, emergency and disaster events was ultimately tested during the September and February earthquakes. Over the last five years, the Council has been moving its Civil Defence and Emergency Management organisation towards a community centered approach of working with communities to manage a disaster event at community level. The earthquakes have accelerated communities acceptance of the need for this type of involvement, and demonstrate how the Council is achieving the community outcome of making the district, 'a safe place to live, work and play'.

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2010/2011
Residents have open spaces for physical recreation activities and social contact to benefit physical and mental wellbeing.	Percentage of residents who have used or visited a public park or reserve in the past 12 months.	Percentage 70% or better.	Not achieved 67% of residents surveyed.
	Hectares per 1000 population are above the average for similar sized district authorities (minimum 3ha/1000).	Number of hectares per 1000 head of population is greater than 5ha.	Achieved 5.1ha/1000 population.
Township reserves and streetscapes enhance the landscape character of the district and unique identity of township environments and provide places for recreation activities and social contact to benefit physical and mental well-being.	The performance rating (out of 100) for parks and reserves in the residents' survey.	Performance rating is 80/100 or better.	Achieved 86/100
	Percentage of townships where all residents are serviced by a reserve within 400m.	Percentage is 90% or better.	Not achieved 71% (the target of 90% was based on inaccurate original data on current provision).
Community centres and halls provide local venues for social, cultural, recreational and educational uses.	The performance rating (out of 100) for community centres/halls in the residents' survey.	Performance rating 60/100 or better.	Achieved 79/100
	Numbers of buildings in average condition or below based on cyclical condition inspections.	Percentage is less than 20%.	Not achieved 23% were in an average or below average condition.
Public swimming pools contribute to Selwyn district being an attractive place to live and provide places for recreation activities and social contact to benefit physical & mental wellbeing	Number of local, sub-district and district pools.	Number of pools equals 8.	Achieved 8.
	Number of swims per capita of district population per year.	Number is greater than 0.5.	Achieved 0.52 swims per capita.
Provision of public toilets helps to promote a healthy living environment for district residents and has economic benefits in supporting local businesses, visitor destinations and tourism.	The performance rating (out of 100) for public toilets in the residents' survey.	Performance rating is 60/100 or better.	Achieved 66/100
A network of cemeteries is provided to meet the district's burial and remembrance needs.	The performance rating (out of 100) for cemeteries in the residents' survey.	Performance rating is 72/100 or better.	Achieved 73/100
Provide community development services and advice to Selwyn residents.	Residents' sense of community.	Increase in percentage from baseline set in 2009/10 residents' survey	No change 2011: 83% 2010: 83%
	Percentage of Selwyn residents engaging in regular physical activity.	Increase in percentage from baseline set in 2009/10 residents' survey.	Achieved 2011: 58% 2010: 50%
	Number of new businesses established in the district.	1% increase from 2009/10.	Not Achieved 0.7% decrease in new businesses being established in Selwyn.

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2010/2011
Provide library and cultural services.	Registered library users as a percentage of total population.	48% of population.	Achieved 57% of the population are registered.
	Issues per patron per annum.	18 issues or better.	Not achieved 15.8 issues per patron per annum.

Community Services Activity Operating Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Activity revenue					
Targeted rates	3,120	3,106	2,858	1	
Development contributions	1,659	365	1,066	2	14
Vested Assets	622	-	215	3	15
Other revenue	3,488	3,011	2,444	4	16
Total activity revenue	8,889	6,482	6,583		
Operating expenditure					
Business development/district promotion	593	668	477		
Cemeteries	333	343	317		
Civil defence	713	218	198	5	17
Community centres and facilities	1,541	1,880	1,182	6	18
Community development	831	976	693		
Elderly housing	28	28	25		
Forestry	43	80	23		
Library services	1,398	1,857	1,440		19
Medical centres	19	41	18		
Property and buildings	960	950	970		
Public toilets	245	454	271		
Recreation reserves	2,532	2,796	1,632	7	20
Rural fire protection	441	396	437		
Sports and culture grants	66	67	85		
Swimming pools	268	576	216		21
Total operating expenditure	10,011	11,330	7,984		
Surplus/(deficit)	(1,122)	(4,848)	(1,401)		

Community Services Activity Capital Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Capital expenditure					
Business development/district promotion	-	-	-		
Cemeteries	35	59	36		
Civil defence	-	37	57		
Community centres and facilities	133	1,293	3,105	8	22
Library services	1,310	3,339	376	9	23
Medical centres	35	760	10		24
Property and buildings	5,676	8,259	1,328	10	25
Public toilets	197	663	57		26
Recreation reserves	8,736	9,757	1,395	11	27
Rural fire protection	411	319	170	12	
Swimming pools	526	4,250	91	13	28
Total capital expenditure	17,059	28,736	6,625		

Financial commentary (actual 2011 compared with 2010)

1. Targeted rate revenue is higher than 2010 due to increased rate levels to fund improvements to the library service plus an increase in the number of ratepayers due to population growth.
2. Development contributions revenue is higher than in 2010 due to a greater level of sub-division activity. Activity in 2010 was low due to the economic slowdown.
3. Vested assets revenue recognises the value of reserves established by land developers that transfer to the Council when a development is complete. More vested assets were received in 2011 than 2010 due to the greater level of sub-division activity.
4. Other revenue is higher than in 2010 as it includes the Government's reimbursement of some of the emergency response costs following the 4 September 2010 earthquake plus insurance revenue relating to the damage to the Council's housing stock.
5. Civil defence expenditure is higher than 2010 due to the cost of responding to the 4 September 2010 and 22 February 2011 earthquakes.
6. Community centre expenditure is higher than 2010 due to the opening of the Lincoln Event Centre (\$269,000).
7. Recreation reserves expenditure is higher than 2010 due to a number of items including the interest on Rolleston Recreation precinct purchase (\$252,000), gravel reserve development costs (\$178,000), a refund of development contributions (\$107,000) additional maintenance (\$108,000) and additional depreciation (\$106,000) due to the previous year's capital expenditure.
8. Community centres capital expenditure is lower than last year as the 2010 figures included \$2.1 million expenditure on the Lincoln Event Centre (2011 expenditure is included in the property and buildings figures in line with the budget) plus \$542,000 on the purchase of land in Darfield.
9. Library services capital expenditure is higher than 2010 as it includes \$1 million expenditure on the Darfield library improvements.
10. Property and buildings capital expenditure is higher than in 2010 as it includes \$5.1 million expenditure on the Lincoln Event Centre.
11. Recreation reserves capital expenditure is higher than 2010 as it includes the \$5.9 million purchase of the Rolleston Recreation Precinct land and \$934,000 purchase of land for gravel reserves.
12. Rural fire protection capital expenditure is higher than 2010 as it includes the \$270,000 expenditure on new fire appliances for West Melton and Hororata.
13. Swimming pools capital expenditure is higher than in 2010 as it includes the cost of preparing the detailed design for the Selwyn Aquatic Centre.

Financial commentary (actual 2011 compared with budget 2011)

14. Development contributions revenue is higher than budgeted as the level of sub-division activity was greater than anticipated. The budget included a very cautious estimate of activity due to the economic downturn.
15. Vested assets revenue is higher than budgeted as no budget was included for vested reserves due to the uncertainty of such revenue.
16. Other revenue is higher than budgeted as it includes additional revenue items including reimbursement of some Civil Defence costs relating to the earthquakes plus insurance revenue to repair damaged housing stock. This is offset by lower than budgeted revenue as a \$1.1million grant for affordable housing from the Canterbury Community Trust was not received as anticipated. This project has been delayed and the grant has yet to be claimed, but remains available.
17. Civil defence expenditure is higher than budgeted due to the cost of responding to the 4 September 2010 and 22 February 2011 earthquakes.
18. Community centre expenditure is lower than budgeted as the budget allowed for depreciation on the Lincoln Event Centre that was not completed until late in the year and therefore not depreciated.
19. Library services expenditure is lower than budgeted due to lower than expected maintenance and staff costs and a credit for payments under the Paparua membership agreement that is no longer required.
20. Recreation reserves expenditure is lower than budgeted as the Cemetery Pit redevelopment project was delayed.
21. Swimming pools expenditure is lower than budgeted as the slower than expected capital expenditure on the Selwyn Aquatic Centre resulted in lower interest costs.
22. Community centre capital expenditure is below budget as the Rolleston health and fitness centre project has been deferred.
23. Library services capital expenditure is lower than budgeted as the Lincoln Library project has been carried forward for completion in the 2011/12 financial year as it has taken time to finalise the plan for this project.
24. Medical centres capital expenditure is lower than budgeted as the Darfield Medical Centre project has been carried forward for completion in the 2011/12 financial year as it has taken time to finalise the financial arrangements for this project.
25. Property and buildings capital expenditure is lower than budgeted as the Springston sub-division project, the affordable housing project and part of the Lincoln Event Centre budget and have been carried forward for completion in the 2011/12 financial year.
26. Public toilets capital expenditure is lower than budgeted as the Springfield and Chamberlains Ford upgrades have been carried forward for completion in the 2011/12 financial year.
27. Recreation reserves capital expenditure is lower than budgeted as a number of projects have been carried forward for completion in the 2011/12 financial year, including improvements at the Rolleston, Prebbleton, Kirwee and Springston reserves plus the development of new gravel reserves.
28. Swimming pools capital expenditure is lower than budgeted as progress on the Selwyn Aquatic Centre was slower than anticipated. Work on the detailed design was completed in the 2010/11 year and construction will commence in 2011/12.

Significant capital expenditure

The significant capital projects during the year were:

- completion of the Lincoln Event Centre to provide improved recreation and community facilities - \$5.1 million (as part of the total \$10 million project)
- purchase of the Rolleston Recreation Precinct land to provide for the future sporting and recreation needs of the town - \$5.9 million
- development of the Darfield library to improve library facilities - \$1 million
- purchase of land for gravel reserves - \$907,000
- purchase of land for the extension of the West Melton Domain - \$487,000.

How we performed - democracy

Activity description

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

Activity goal

To provide effective and efficient representation for ratepayers in a fair and equitable manner.

The Council contribution to community outcomes

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

The Council's discretionary grants

The Council administers a number of discretionary grants. Information on each of the grants can be obtained from any of the Council's service centres. The Council paid the following grants in 2010/11.

Discretionary Fund - Wards	\$42,722
Discretionary Fund – Councillors	\$9,328
Mayoral Fund	\$1,581
Community special events	\$8,000
Local history groups	\$1,999
Life Education Trust	\$3,478
Banks Peninsula Trotting	\$1,344
Summit Road Society (Inc)	\$2,164
Summit Road Protection Authority	\$1,643
Waihora Ellesmere Trust	\$20,000
Other minor grants	\$7,028
Enviroschools Canterbury	\$5,000
Lincoln Envirotown Trust	\$32,460
Total grant funding	\$136,747
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	\$265,578

After the earthquake events, the Council has greatly appreciated the support of the individuals and organisations that made donations to help the community. The Mayor's Earthquake Relief Fund held \$52,645 as at 30 June 2011 that will be used to provide financial to residents in the future.

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.

Mandatory consultation and notification is required by numerous legislation and regulations relating to the Council's functions. In addition, the Council's own internal processes require staff to consider the need to consult at various stages of key projects.

The community have the opportunity to speak on matters of concern at Council meetings. Customer forums provide those who deal with the Council on a regular basis, scope to contribute ideas and offer feedback to assist the Council in continually improving its customer services.

There were 144 submissions received for the annual budget with 21 submitters wishing to speak to the Council on their submission. The reduced number of submissions received this year compared to the previous year reflects the Council's endeavours to minimise rates movements at a time when ratepayers are facing difficulties due to the current economic climate and the impacts from the earthquake events.

The Council conducted less of its business in a public excluded meeting compared to last year however it did not manage to achieve its performance measure of less than 5% of the Council business being publicly excluded. All sensitive business such as land purchases are conducted in a public excluded meeting to protect the Council's negotiating position. There were a number of items of this nature over the past year.

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

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2010/2011
Take decisions in an open and accountable manner.	All meetings of elected members are held in compliance with the Local Government (Official Information and Meetings) Act 1987.	Conduct less than 5% (by item) of the Council's business in a public excluded meeting.	Not achieved 12% of business held in a public excluded meeting.
Prepare key accountability documents in accordance with good practices that allow for easy input from ratepayers and meet statutory requirements.	The annual report, annual budget and Selwyn Community Plan meet good practice standards.	The annual report, annual budget and Selwyn Community Plan are prepared within statutory timeframes and, where relevant, with an unqualified audit opinion.	Achieved The annual report 2009/10 was adopted on 27 October 2010 with an unqualified audit opinion. The annual budget 2011/12 was adopted on 22 June 2011.

Democracy Activity Operating Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Activity revenue					
Targeted rates	429	428	418		
Other revenue	187	-	1	1	3
Total activity revenue	616	428	419		
Operating expenditure					
Mayoral	236	253	226		
Council	2,208	2,191	2,052	2	
Community boards	169	178	159		
Grants and subscriptions	474	485	455		
Total operating expenditure	3,087	3,107	2,892		
Surplus/(deficit)	(2,471)	(2,679)	(2,473)		

Financial commentary (actual 2011 compared with 2010)

1. The Council's other revenue is higher than 2010 due to \$53,000 donations to the earthquake relief fund, \$59,000 received from the Canterbury District Health Board as its contribution to the cost of the October 2010 elections and \$70,000 received in relation to the Selwyn Community Awards evening .
2. The Council's operating expenditure is higher than 2010 due to the cost of the October 2010 election (\$91,000) plus an increase in cost of providing support services (\$80,000).

Financial commentary (actual 2011 compared with budget 2011)

3. See note 1 above.

How we performed – environmental services

Activity description

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

Building control

This activity receives and processes applications for building consents, undertakes the inspection of building works and issues the necessary certificates for building related work.

District plan administration

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

Environmental health

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

Monitoring

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

Strategy and policy

The Council undertakes strategic land use and policy functions to maximise the benefits of growth for its communities and to address its negative impacts.

Animal control

This activity area registers and keeps a record of all dogs (over 3 months of age) in the district, is responsible for administering and enforcing the Dog Control Act 1996 and the Council's Dog Control Bylaw and handles all stock related complaints.

Activity goal

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

The Council's contribution to community outcomes

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

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

Statement of service performance

The Council met most of its performance measures in the 2010/11 year for environmental services.

The Council achieved nearly three-quarters of its performance measures in the 2010/11 year in the environmental services area.

Processing times for building consents and full code of compliance certificates have continued to fall to 11 days and 9 days respectively. At the same time, the percentage of these applications processed within the 20 working day target has improved to 98% for building consents and 96% for code of compliance certificates. Therefore the Council just fell short of meeting the 100% target in processing building consents and code of compliance certificates within statutory timeframes. This was due to a spike in applications in the last two months of the financial year plus a period where there were staff absences through sickness. Four-fifths of building consent applicants were satisfied with the service received from the building consent department whilst applying for their consent, similar to last year.

A number of structures in the district suffered damage as a result of the Darfield earthquake in September 2010. In response, the Council has established a fast-track process for earthquake related damage, which is resourced by the Council's staff and supplemented by consultants as the need arises. In the period from its inception after the September 2010 earthquake to June 2011, this initiative was taken up by 114 applicants.

Many structures that incurred damage are in an area of the district that has been subject to liquefaction. A geotechnical report has been commissioned which provides clear guidance and solutions for foundation designs in this area.

The Council's Earthquake Prone, Dangerous and Insanitary Building Policy was reviewed and following consultation the policy was adopted in the 2011/12 financial year. The policy introduced timeframes for upgrading earthquake prone buildings and clearly signaled 67% of full code strengthening as the target for upgrading work. This change illustrates how this activity is making residents safe at home and in the community, and contributing to the achievement of the community outcome of Selwyn being 'a safe place in which to live, work and play'.

The planning department continued to improve its processing times for resource consents with 99% of applications processed within statutory timeframes. Customer satisfaction with the service received from the planning department while applying for consent was 84%, not quite meeting the 85% target set. After the earthquakes, new Legislation was introduced which reduced the time, cost and bureaucracy involved in providing temporary accommodation for people displaced by the earthquake.

Animal control achieved all of their performance measures in the past year, translating to all known dogs being registered and all complaints with regard to dog control investigated in a timely manner. Ongoing education of the public via school visits, forums for owners and visits to community organisations have raised the awareness of both the direction of the animal control department and issues for the district. A number of procedures around investigation of complaints and good practice are being developed to create consistency in outcomes and performance.

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. In the last year this included the sustainable management of rural residential activities in the district, a commercial design guide and business development regulations, and specific projects in Darfield, Lincoln, Prebbleton and Rolleston aimed at coordinating growth and development in these townships. In addition, the Council launched 'Future For Selwyn', a project designed to work out what opportunities exist in the district and what the Council and community can do to take advantage of these opportunities and create a prosperous future in the next 30 years. Development is also progressed through private plan changes, all of which were processed by the Council within statutory timeframes this year. Residents expressed their satisfaction with the Council's efforts to plan for the district's future in the residents survey, with the majority of residents surveyed believing the Council was doing an adequate or very good job. This shows how these activities are contributing to the achievement of community outcomes, 'a rural district' and 'a prosperous community'.

A major focus for Environmental Services staff this year has been improving the service offered to our customers. Customer forums have been regularly held for more regular customers of building, planning and animal control services to keep them informed of developments in each area, educate them about the Council processes and gain feedback for improvements to our services. Suggestions from customers have led to changes in the way we do things, for example, customers can now access information about their specific building or resource consent online. The building department has improved the service delivery it offers to its customers by reducing the timeframes for inspections, guaranteeing inspections take place within a specific time after a booking is made.

Service Target – Process all resource consents, building consents and other enquiries in accordance with approved procedures, legislative requirements and time constraints.

The Council will process consents within the timeframes noted below:

Indicator	Number Processed	Working days target	Target % within working days	Achieved within working days	Average processing days
Subdivision consents – notified (with hearing)	3	70	90%	100%	61
Subdivision consents – notified (no hearing)	0	50	90%	0	0
Subdivision consents – limited notification (with hearing)	0	70	90%	0	0
Subdivision consents – limited notification (no hearing)	6	50	90%	100%	40
Subdivision consents – non-notified (with hearing)	0	40	90%	0	0
Subdivision consents – non-notified (no hearing)	90	20	90%	99%	15
Land use consent – notified (with hearing)	6	70	90%	100%	58
Land use consent – notified (no hearing)	0	50	90%	0	0
Land use consent – limited notification (with hearing)	4	70	90%	100%	63
Land use consent – limited notification (no hearing)	8	50	90%	100%	44
Land use consent – non-notified (with hearing)	0	40	90%	0	0
Land use consent – non-notified (no hearing)	206	20	90%	99%	12
Building consents	1440	20	100%	98%	11
Full code of compliance certificates	1276	20	100%	96%	9

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2010/2011
BUILDING CONTROL			
That buildings within the Selwyn district are constructed in accordance with legislative and community expectations by making timely and quality decisions on issues related to Building Consents and ensuing project construction.	Proportion of building consents issued within statutory timeframes.	100%	Not achieved 98%
	Proportion of Code of Compliance Certificates issued within statutory timeframes.	100%	Not achieved 96%
To interact with customers in a manner which results in a high level of customer satisfaction.	Proportion of building consent applicants satisfied or very satisfied.	90% or better	Not achieved 80%
PLAN ADMINISTRATION			
That activities within the Selwyn district are undertaken in line with community expectations as expressed through the district plan making timely and quality decisions on resource consents.	Proportion of resource consents issued within statutory requirements.	90% or better	Achieved 99%
	Proportion of Environment Court appeals settled or found in the Council's favour.	70% or better	Achieved 1 appeal and it was withdrawn.
To interact with resource consent applicants in a manner which results in a high level of customer satisfaction.	Proportion of resource consent applicants very satisfied or satisfied.	85% or better	Not achieved 84%
ENVIRONMENTAL HEALTH			
All registered premises are operated in a manner that minimises any adverse effects on public health.	Proportion of registered premises or premises with a food control plan inspected/audited annually.	100%	Achieved 100%
SALE OF LIQUOR			
All licence applications are processed efficiently in accordance with legislative requirements.	Proportion of special licences issued within ten working days.	100%	Not achieved 92%
	Proportion of all other licences issued within 20 working days.	90% or better	Achieved 100%
MONITORING			
That activities within the Selwyn district are undertaken in line with community expectations as expressed through the district plan and the resource consents that have been granted.	Proportion of resource consents monitored within stipulated timeframe.	100%	Achieved 100%

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2010/2011
POLICY AND STRATEGY			
Planning and providing for the sustainable management, development and protection of natural and physical resources of the district as required by Section 5 of the Resource Management Act 1991 and to develop, amend and review the Selwyn district plan to reflect the strategic direction and meet statutory requirements.	A programme of plan changes to enhance the district plan is prepared and approved by the Council each year.	A Council report with a programme of plan changes is placed on the Council agenda twice a year.	Achieved This is done each year. Updates are supplied monthly to the Council meeting for information purposes.
	Proportion of private plan changes processed within statutory timeframes.	100%	Achieved 100%
Engaging with local communities, developers and other interested parties to develop a strategic direction.	Adoption of the strategies.	Adoption of the Prebbleton Structure Plans.	Achieved Prebbleton structure plans have been adopted.
	Residents' survey level of satisfaction is maintained or increased.	Residents' satisfaction is maintained or increased.	Achieved 55/100 (2010: 52/100)
ANIMAL CONTROL			
Registration of all known dogs.	Registration of all known dogs by year end 30 June.	100%	Achieved 100%
All complaints in regard to dog control are investigated in a timely manner.	Percentage of urgent callouts attended to within four hours.	100%	Achieved 100%
	Percentage of non-urgent callouts attended to within 72 hours.	100%	Achieved 100%

Environmental Services Activity Operating Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Activity revenue					
User charges - animal control	278	282	275		
User charges - building	2,402	2,821	2,778	1	4
User charges - environmental health	74	103	122		
User charges - resource management	451	448	504		
User charges - RMA monitoring	15	38	18		
User charges - resource policy	348	194	95	2	
Total activity revenue	3,568	3,886	3,792		
Operating expenditure					
Animal control	333	377	308		
Building	3,496	3,978	3,224		5
Environmental health	169	180	167		
Resource management	1,114	1,175	1,064		
RMA monitoring	167	166	142		
Resource policy	2,165	2,127	1,606	3	
Total operating expenditure	7,444	8,003	6,511		
Surplus/(deficit)	(3,876)	(4,117)	(2,719)		

Environmental Services Activity Capital Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Capital expenditure					
Building	34	-	7		
Total capital expenditure	34	-	7		

Financial commentary (actual 2011 compared with 2010)

1. Building revenue is lower than 2010 due to a reduced level of building activity in the district.
2. Resource policy revenue is higher than 2010 due to additional revenue arising from private plan changes. This is offset by additional costs.
3. Resource policy expenditure is higher than 2010 due to additional expenditure arising from private plan changes (this is offset by additional revenue referred to in note 2 above) and the costs associated with Plan Change 7 to rezone land in the east of the district.

Financial commentary (actual 2011 compared with budget 2011)

4. Building revenue is lower than budgeted as the budget included building authorities' levies of \$660,000 that are treated as an agency transaction in the Annual Report (i.e. as being revenue collected on behalf of another organisation) and excluded from both income and expenditure totals.
5. Building expenditure is lower than budget for the reason explained in note 4 above. This is offset by an additional provision for the cost of meeting weathertightness claims (\$290,000).

How we performed – transportation and townships

Activity description

The Council provides a 2400km roading network that covers the length and breadth of the district. This local network, when combined with the State Highway network, provides a diverse range of roading linkages that enable Selwyn residents and visitors to work and play in the district.

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

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

Activity goal

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

The Council's contribution to community outcomes

The transportation and township activities contribute to the achievement of the following community outcomes:

- a clean environment
- a safe place in which to live, work and play
- an effective and accessible transport system
- a prosperous community.

Statement of service performance

Performance in the transportation and townships area was rather mixed in the 2010/11 year.

The public service helpdesk system has been heavily promoted and this, plus the impact of the earthquakes, has resulted in more public service requests for road maintenance, works and operations than anticipated. Road conditions were again reflected in the residents' satisfaction score for rural roads, at 60% rather than the target 65% or better.

Urban roads achieved a favourable performance rating in the residents' survey with 80%. The Council achieved its target number of kilometres of annual pavement resealing for the year however did not quite manage to upgrade the target four kilometers of major road routes as identified by CRETs and other upgrade schedules. Upgrading of Lincoln Rolleston Road and the Byron Street extension equaled 3.3 kilometres. The Council completed just over half of the large capital projects, instead of the 85% target set. However ten of these projects were carried forward as they were either not quite completed or there had been changes to the work programme. Twelve projects were cancelled altogether, again due to changing priorities in the work programme or reduced funding.

The Council continues to integrate sustainable transport systems in its planning for the future. The helpdesk requests regarding walking, cycling and public transport were far less in number than in other areas of transport service provision, and achieved the target set. The community rated footpaths with a 77% performance rating, exceeding this year's target. Cycleways did not achieve its 65% performance rating, which it is thought could be attributed to heightened publicity of a couple of fatal cycle accidents in the district. Another off-road cycleway project was implemented in the district, running from Ellesmere Road to River Road. School Travelwise programmes, the Rolleston walking map and another successful Selwyn Bikewise month promoted sustainable transport options. Selwyn Bikewise month was a finalist in the ASB Cycle-Friendly Awards for Best Cycling Promotion. The launch of the new Selwyn Star bus service was a highlight of the year and has enabled many more residents to have a sustainable travel option, and a real contribution to achieving the community outcome, 'an accessible district'.

The Council has worked hard to improve road safety in the district. It has continued with its intersection campaign, which has seen a 64% reduction in intersection crashes over a three year period. Selwyn was the second district in the country to implement a Young Driver Leading Learner programme to improve the skills and capability of young drivers in the district. The Council introduced new rural 40kph advisory school zone signs at nine rural school sites after Selwyn was the first district to trial this approach for safer rural school children. The Council achieved its target of using more than 90% of its New Zealand Transport Agency funding for minor safety improvements (93%). The community has recognised the Council's efforts in promoting road safety with a 75% performance rating in the residents' survey.

In spite of the work done in this area, the Council did not achieve the desired 70% or greater performance rating from the community that they were making the district's roads safer. There were also more public service requests for road safety issues than desirable, which as previously explained may have been as a result of the earthquakes or more people being aware of the public request helpline.

There were 24 serious casualties in the 2010/11 year, 40% higher than the target set of 17. Four of the crashes during the year resulted in multiple casualties. On the other hand, fatal casualties have decreased in the last five years in line with the national trend, despite the district experiencing considerable growth over the same period. This decline can be attributed to better medical care, safer vehicles, continued driver behaviour change campaigns, safer roads and roadsides and police enforcement. Behaviour change of road users is a long term process therefore future years should see the benefits of the projects the Council is currently working on in this area.

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2010/2011
Provide a well maintained, operated and affordable land transport system.	The number of public service requests received per year. Targets increase by less than the expected growth in new ratepayers who may lodge a service request.	Road maintenance, works and operations less than 1,550.	Not achieved 1,842
		Road safety less than 140.	Not achieved 169
		Walking, cycling and public transport less than 110.	Achieved 83
		Streetlighting less than 120.	Not achieved 165
	The performance rating (out of 100) in the residents' survey.	Urban roads 75 or better.	Achieved 80/100
		Rural roads 65 or better.	Not achieved 60/100
		Footpaths 65 or better.	Achieved 77/100
		Cycleways 65 or better.	Not achieved 57/100
	The length in kilometres of annual pavement resealing achieved.	75 kilometres.	Achieved 76km
Cater for any significant projected traffic increases in a sustainable manner.	The length in kilometres of the upgrade of major road routes as identified by CRETS and other upgrade schedules.	4 kilometres.	Not achieved 2.9km of Lincoln / Rolleston Road
	The percentage of individual large capital projects generally completed in the year that they were programmed to occur.	Better than 85% of projects completed.	Not achieved 52% completed 22% carried forward 26% cancelled
	The number of off-road cycleway projects implemented as identified by the Walking and Cycling Strategy Action Plan.	1 project implemented.	Achieved Ellesmere Road to River Road
	Adoption and implementation of the Greater Christchurch Travel Demand Management Strategy.	Strategy adopted and being implemented.	Achieved
Pedestrians, cyclists and motor vehicle users can safely move around the Selwyn district.	Number of serious casualties annually. Multiple casualty crashes can rapidly exceed the limits sought.	Not greater than 17.	Not achieved 24 serious casualties
	The performance rating (out of 100) in the residents' survey.	Promotion of road safety is 70/100 or better.	Achieved 75/100
		Making district roads safer roads is 70/100 or greater.	Not Achieved 63/100
	Utilisation of NZ Transport Agency Funding for minor (safety) improvements.	Utilisation is greater than 90%.	Achieved 93% \$579,058 of \$620,333

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2010/2011
Contribute to an integrated and responsive local and regional transportation system.	Allocate the appropriate staff and resources to represent the interests of the Council and the community in greater Christchurch and regional transportation planning, funding and implementation initiatives.	Greater than 90% attendance at relevant meetings and forums.	Achieved 100% attendance at relevant meetings

Transportation and Townships Activity Operating Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Activity revenue					
NZTA subsidy	7,637	4,507	4,458	1	8
Development contributions	349	976	78	2	9
Vested assets	1,903	2,355	634	3	10
Other revenue	229	215	507	4	
Total activity revenue	10,118	8,053	5,677		
Operating expenditure					
Subsidised roading	5,344	4,834	5,256		11
Non-subsidised roading	955	839	780	5	
Townships	1,500	1,465	1,554		
Roading depreciation	8,334	7,848	8,088		
Total operating expenditure	16,133	14,986	15,678		
Surplus/(deficit)	(6,015)	(6,933)	(10,001)		

Transportation and Townships Activity Capital Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Capital expenditure					
Subsidised roading	8,513	5,623	3,983	6	12
Non-subsidised roading	1,847	8,097	3,670	7	13
Townships	848	706	728		
Total capital expenditure	11,208	14,426	8,381		

Financial commentary (actual 2011 compared with 2010)

1. New Zealand Transport Agency subsidy is higher than 2010 due to subsidy provided for the cost of repairing earthquake damage to roads and bridges plus subsidy on the upgrade to the Lincoln/Rolleston Road.
2. Development contributions revenue is higher than 2010 due to a greater level of sub-division activity. Activity in 2010 was low due to the economic slowdown.
3. Vested assets revenue recognises the value of transportation assets constructed by land developers that transfer to the Council when a development is complete. More vested assets were received in 2011 than 2010 due to the greater level of sub-division activity.
4. Other revenue is lower than 2010 as the 2010 figure included a reimbursement for Rail Trail expenditure plus revenue from road stopping processes.
5. Non-subsidised roading expenditure is higher than 2010 as it includes additional interest costs arising from the use of borrowing to fund capital expenditure.
6. Subsidised roading capital expenditure is higher than 2010 as it includes expenditure on Kidman Street, Rolleston (\$583,000), the upgrade to the Lincoln/Rolleston Road (\$617,000) and earthquake restoration work (\$2.8 million).
7. Non-subsidised roading capital expenditure is lower than 2010 as the 2010 figure included expenditure on Broadlands Drive, Rolleston and the new bridge on Southfield Drive, Lincoln.

Financial commentary (actual 2011 compared with budget 2011)

8. New Zealand Transport Agency subsidy is higher than 2010 due to subsidy provided for the cost of repairing earthquake damage to roads and bridges plus additional subsidy on projects approved after the budget was set, including the upgrade to the Lincoln/Rolleston Road.
9. Development contributions revenue is lower than budget as the budget included anticipated revenue from the implementation of the Lowes Road Outline Development Plan that has been carried forward into the 2011/12 year.
10. Vested assets revenue is lower than budgeted as there was less sub-division activity than anticipated.
11. Subsidised roading expenditure is higher than budgeted as it includes expenditure on earthquake repair work (\$416,000).
12. Subsidised roading capital expenditure is higher than budgeted as it includes expenditure on earthquake restoration work (\$2.8 million).
13. Non-subsidised roading capital expenditure is lower than budgeted as the budget included vested assets (\$2.3 million) plus a number of projects that have been deferred or carried forward for completion in the 2011/12 year, including the implementation of the Lowes Road Outline Development Plan (\$1.8 million).

Significant capital expenditure

The significant capital projects during the year were:

- restoration work to repair earthquake damage - \$2.8 million
- construction of Kidman Street to improve traffic flows through Rolleston - \$790,000 (\$583,000 subsidised, \$207,000 not subsidised)
- upgrade of Lincoln/Rolleston Road - \$617,000
- extension of William Street, Lincoln - \$595,000
- cyclical renewals to maintain the roading network - \$4.3 million.

How we performed – waste management

Activity description

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

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

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

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

Activity goal

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

The Council's contribution to community outcomes

The waste management activities contribute to the achievement of the following community outcomes:

- a clean environment
- a healthy community.

Statement of service performance

The Council met six out of eight performance measures in the 2010/11 year for waste management. The two performance measures not achieved were:

- organic waste target collection score of 70% - 63% was achieved
- 5% annual reduction target of material going to landfill - a 1% increase occurred.

The 1% increase in material going to landfill occurred due to the September and February earthquakes. Both of these events increased the amount of rubbish generated and also reduced the amount of recycling received for these periods.

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 in Rolleston. Community satisfaction with the Council's rubbish, recycling and organic waste kerbside collection services attracted scores of 88%, 88% and 63% respectively. In addition 30% of surveyed residents independently use the Resource Recovery Park.

Around 90% of the district's households get their rubbish collected. The current recycle rate is about 38%, which is an increase on the previous year of 3%. One of our goals was to increase the amount of 80 litre rubbish wheelie bins and decrease the amount of 240 litre rubbish wheelie bins. This will help to reduce the amount of waste to landfill. The amount of 80 litre wheelie bins increased by 27%, while the amount of 240 litre wheelie bins increased by only 3%.

This is an example of how the Council is helping to change residents' behaviour and attitudes to waste generation which will in turn contribute to the Council achieving its waste minimisation goals and the community outcome, 'a clean environment'.

The Waste Minimisation Management Plan sets out objectives, policies and methodologies for the Council to achieve waste minimisation goals and also to be aligned with the activity goal. One of our methodologies for reducing waste is offer a kerbside organic material collection. The organic material goes to the Pines Resource Recovery Park, where it is processed by a HotRot in vessel composting system. During the last year a third vessel was added to cater for future capacity requirements, increasing available processing capacity to 3,000 tonnes per year (organics collected for the 2010-2011 year total was 1,368 tonnes).

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2010/2011
The Council provides a quality service for the community where charges cover costs.	The performance rating (out of 100) for solid waste in the residents' survey.	Rubbish collection scores 84/100. Recycling scores 85/100. Organic waste collection scores 70/100.	Achieved 88/100 Achieved 88/100 Not Achieved 63/100
The Council protects the environment from illegal dumping.	The proportion of households using the Resource Recovery Park (RRP).	22% of households use the RRP.	Achieved 30%
The solid waste service is effective and efficient.	Number of written complaints received per annum related to the solid waste service.	Less than 20 complaints per annum.	Achieved 2 complaints received
The health of the environment and community are protected.	Percentage compliance with contract specifications.	Compliance of 87% is achieved.	Achieved 100%
The Council's service is sustainable.	Numbers of customers changing to private providers.	Less than 5%.	Achieved 0%
Waste minimisation is achieved by reducing the amount of residual waste.	The annual reduction in the amount of residual waste per head of population.	Reduction of 5%.	Not achieved 1%

Waste Management Activity Operating Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Activity revenue					
Targeted rates	3,292	3,178	3,028		
Other revenue	1,078	957	847	1	
Total activity revenue	4,370	4,135	3,875		
Operating expenditure					
Refuse collection	1,516	1,771	1,493		4
Refuse disposal	2,371	2,995	1,986	2	5
Total operating expenditure	3,887	4,766	3,479		
Surplus/(deficit)	483	(631)	396		

Waste Management Activity Capital Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Capital expenditure					
Refuse collection	-	-	-		
Refuse disposal	428	505	107	3	
Total Capital Expenditure	428	505	107		

Financial commentary (actual 2011 compared with 2010)

1. Other revenue is higher than 2010 due to increased activity at the resource recovery park following the earthquakes.
2. Refuse disposal expenditure is higher than 2010 due to the greater activity at the resource recovery park following earthquakes.
3. Refuse disposal capital expenditure is higher than 2010 due to expenditure on the refurbishment of the compost plant.

Financial commentary (actual 2011 compared with budget 2011)

4. Refuse collection expenditure is lower than budgeted due to lower than anticipated waste volumes.
5. Refuse disposal expenditure is lower than budgeted due to a number of projects being carried forward to the 2011/12 year.

How we performed – 5 waters services

Activity description

The '5 Waters' services encompass:

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

The availability of clean safe to drink water and the safe disposal of waste water are fundamental to the health and welfare of the Selwyn community. The 5 Waters services provide clean safe to drink water for households and removal of sewage and rain water in a way that protects the health of the population and natural environment. The 5 Waters service also provides river water for livestock and drains certain land so that it is usable. These services are provided through 82 separately rated water based schemes within the district. The 5 Waters assets are valued at \$389 million with water valued at \$76 million and sewerage at \$124 million.

Activity goal

Our goal is to:

- provide the community with water services to a standard that protects its health and property
- provide water services in a cost effective manner
- address problems with services in a timely manner and prioritise them according to risk and need
- provide service capacity to accommodate growing communities, where this growth is sustainable.

The Council's contribution to community outcomes

The wastewater activities contribute to the achievement of the following community outcomes:

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

Statement of service performance

The Council achieved most of its performance measures in the 2010/11 year for services provided by its '5 Waters', which encompass community water supplies, wastewater schemes, water races, stormwater and land drainage.

There were no sewer and sewer pump station overflow events in the past year, which helped the Council meet its objective to provide the community with water services to a standard that protects their health and property. All urban areas are serviced by a stormwater system, greatly exceeding the 55% target set. The Council will need to review this measure's relevance. More than half of residential properties in the district are serviced by a reticulated wastewater system, however the target of 55% was not quite met. This can be attributed to the evolving character of the district, from traditionally being a rural district, to becoming increasingly urbanised. The Council recognises that it must improve the proportion of its urban fire district area with access to fire hydrants. Codes of practice pertaining to this now have increased flexibility, and the Council will need to review the measure's relevance.

In the past year, water services have proved to be reliable with no rural or urban properties affected by unplanned water supply interruptions of more than 24 hours due to the failure of the Council's infrastructure. Water services were disrupted to a few rural properties and, in these cases, onsite storage was generally sufficient until repairs were made.

The community is provided with water of a consistently high standard, measured against national standards. The Council achieved 99.3% and 98.8% compliance for EColi in water leaving the treatment plant, and water in distribution systems, respectively. These high standards have been achieved whilst continuing to provide water services in a cost effective manner. By keeping water safe to drink, the Council is achieving its community outcome of 'a clean environment'.

Selwyn residents tend to be high users of water, using an average of 1467 litres of water per residential property per day in the 2010/11 year. This can be attributed to mostly outdoor use - residents tend to have larger sections and therefore wish to maintain these sections. Whilst this was an improvement on the previous year, 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.

Performance of the 5Waters Activity was affected by the September 2010 and February 2011 earthquakes. In September 2010, significant disruptions to the rural water supplies occurred, with pipes breaking on some spur lines. Customers relied on their onsite tank storage and conserved water. Tankers of water were needed, prior to normal water supply service being reinstated.

In February 2011, severe damage to the Christchurch City network and central treatment plant resulted in a decision to discharge treated (Lincoln oxidation pond) and untreated (Tai Tapu) wastewater into the L2-Te Waihora and Halswell-Te Waihora watercourses. This was discussed with the Canterbury Regional Council and iwi, and undertaken as a last resort.

Waste water

Objective	What will the Council do to achieve the target?	How will we know if we have met the target?	Our achievement in 2010/2011
The community is provided with water services to a standard that protects their health and property.	The total number of sewer and sewer pump station overflow events (wet and dry weather).	No more than 3 overflow events in the year.	Achieved No sewer overflows occurred this year.
Service capacity is provided to accommodate growing communities where this growth is sustainable.	The proportion of residential properties serviced by a reticulated waste water system within the district expressed as a percentage of total residential properties.	55% of residences are serviced by the Council's waste water systems.	Not achieved 52%
	Urban areas serviced by a stormwater system expressed as a percentage of total urban area.	55% or urban areas are serviced by a stormwater system.	Achieved 100%

Waste Water Services Activity Operating Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Activity revenue					
Targeted rates	2,823	2,766	2,516	1	
Lump sum rates payments	-	-	-		
Development contributions	1,228	308	879	2	6
Vested assets	1,717	3,579	1,263	3	7
Other revenue	360	280	291		
Total activity revenue	6,128	6,933	4,949		
Operating expenditure					
Land drainage	250	260	173		
Stormwater	415	1,169	310		8
Sewerage	4,643	7,729	4,107	4	9
Total operating expenditure	5,308	9,158	4,590		
Surplus/(deficit)	820	(2,225)	359		

Waste Water Services Activity Capital Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Capital expenditure					
Land drainage	-	26	88		
Stormwater	99	11,306	143		10
Sewerage	10,223	11,843	1,822	5	11
Total Capital Expenditure	10,322	23,175	2,053		

Financial commentary (actual 2011 compared with 2010)

1. Targeted rates revenue is higher than 2010 due to an increase in some rate levels to fund the planned renewal of infrastructure plus an increase in the number of ratepayers.
2. Development contributions revenue is higher than in 2010 due to a greater level of sub-division activity.
3. Vested assets revenue recognises the value of wastewater assets constructed by land developers that transfer to the Council when a development is complete. More vested assets were received in 2011 than 2010 due to the greater level of sub-division activity.
4. Sewerage expenditure is higher than 2010 due to the cost of carrying out asset inspections and repairs following the 4 September 2010 earthquake (\$216,000) and interest costs relating to the Eastern Selwyn Sewerage Scheme.
5. Sewerage capital expenditure is higher than 2010 due to costs relating to the Eastern Selwyn Sewerage Scheme, including the land purchased for the expanded site (\$6.5 million).

Financial commentary (actual 2011 compared with budget 2011)

6. Development contributions revenue is higher than budgeted as the level of sub-division activity was greater than anticipated. The budget included a very cautious estimate of activity due to the economic downturn.
7. Vested assets revenue is lower than budgeted as the transfer of assets to the Council was less than anticipated.
8. Stormwater expenditure is lower than budgeted as the budget allowed for interest charges and increased depreciation expense relating to the Lincoln Integrated Stormwater Management Plan that has been carried forward to the 2011/12 financial year.
9. Sewerage expenditure is lower than budgeted as a number of projects have been cancelled. This includes the \$2.2 million waste water recycling and reuse project that, following the consent process for the Eastern Selwyn Sewerage Scheme, is no longer required. The budget also allowed for additional interest and depreciation costs relating to the capital projects that have been delayed. This is offset by the cost of carrying out asset inspections and repairs following the earthquakes (\$216,000).
10. Stormwater capital expenditure is lower than budgeted as the Lincoln Integrated Stormwater Management Plan and Leeston North Stormwater Management Plans have been carried forward to the 2011/12 year.
11. Sewerage capital expenditure is lower than budgeted as the budget includes vested assets of \$1.7 million.

Significant capital expenditure

The significant capital projects during the year were:

- Expenditure on the Eastern Selwyn Sewage Scheme, including the purchase of land for the expanded treatment plant - \$9.2 million.

Water

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2010/2011
Service capacity is provided to accommodate growing communities where this growth is sustainable.	The proportion of residential properties serviced with water within the district expressed as a percentage of total residential properties.	72% of residential properties are serviced with water.	Achieved 72%
The community is provided with water services to a standard that protects their health and property.	Compliance with national standards for bacterial (E.coli) criteria for water leaving treatment plants as reported by the Ministry of Health, for each registered drinking water supply.	80% compliance with national standards.	Achieved Water leaving treatment plants achieved 98.8% compliance for EColi (10 transgressions from 809 water samples).
	Compliance with national standards for bacterial (E.coli) criteria for water in the distribution systems as reported by the Ministry of Health, for each registered drinking water supply.	80% compliance with national standards.	Achieved Water in distribution systems achieved 99.3% compliance for EColi (7 transgressions from 977 water samples).
	The proportion of the fire district who is within 135m of one fire hydrant and 270m of two fire hydrants.	80% of the urban fire district area is within stated parameters.	Not achieved 52%
	The proportion of urban properties affected by unplanned water supply interruptions of more than 24 hours.	No more than 45% of properties.	Achieved No urban properties were affected by unplanned water supply interruptions of more than 24 hours.
	The proportion of rural properties affected by unplanned water supply interruptions of more than 24 hours.	No more than 45% of properties.	Achieved Council rural properties have not been affected by unplanned interruptions of more than 24 hours due to failure of Council infrastructure. However the earthquakes affected 44 properties to which 71 tanker loads of water were delivered.
	Number of days on which water restrictions are applied and enforced (excludes voluntary compliance).	No more than 27.	Achieved Voluntary water restrictions only were required on the Darfield water supply for a period of 14 days to ensure resource consent compliance.

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2010/2011
	Average volume of water consumed per residential property per day in the 'total water serviced area'.	1,000 litres.	Not achieved Average volume of water consumed per residential property per day in the total urban water serviced area, was 1,467 litres.
Water services are provided in a cost effective manner.	Water supply total operating cost per serviced property.	\$310 or less per annum.	Achieved \$197 per annum
Problems with water services are addressed in a timely manner and prioritised according to risk and need.	The average duration for which a serviced property in the 'total water race services area' is without supply due to unplanned interruption hours.	10 hours or less.	Not achieved

Water Services Activity Operating Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Activity revenue					
Targeted rates	4,189	4,189	3,948		
Lump sum rates payments	-	23	139		
Development contributions	562	87	463		3
Vested assets	494	970	311		
Meter charges and connection fees	551	548	444		
Other revenue	247	146	231		
Total activity revenue	6,043	5,963	5,536		
Operating expenditure					
Urban water supplies	3,401	5,043	3,262		4
Rural water supplies	563	638	480		
Water races	1,671	1,844	2,143	1	
Total operating expenditure	5,635	7,525	5,885		
Surplus/(deficit)	408	(1,562)	(349)		

Water Services Activity Capital Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Capital expenditure					
Urban water supplies	1,117	5,813	1,391	2	5
Rural water supplies	110	2,644	49		6
Water races	69	1,359	51		7
Total Capital Expenditure	1,296	9,816	1,491		

Financial commentary (actual 2011 compared with 2010)

1. Water races expenditure is lower than 2010 as the 2010 figure included the \$494,000 write off of the cost of the Council's purchase of Christchurch City Council's loan to Central Plains Water Limited.
2. Urban water capital expenditure is lower than 2010 as the 2010 figure included upgrade work on the Rolleston water supply.

Financial commentary (actual 2011 compared with budget 2011)

3. Development contributions revenue is higher than budgeted as the level of sub-division activity was greater than anticipated.
4. Urban water expenditure is lower than budgeted as the budget allowed for interest charges, increased depreciation expense and projects relating to the implementation of new Drinking Water Standards that have been deferred.
5. Urban water capital expenditure is below budget as the budget included vested assets (\$970,000) and capital projects and renewals that have been deferred, including Darfield (\$1.2 million) and Rolleston (\$1 million) water supply improvements that have been carried forward for completion in the 2011/12 year.
6. Rural water capital expenditure is below budget as the Malvern Hill Rural Water Supply integration project (\$1.6 million) has been deferred due to the deferral of the implementation of new Drinking Water Standards and renewals plus the Selwyn Rural Water Supply reservoir project (\$295,000) have been carried forward for completion in the 2011/12 financial year.
7. Water races capital expenditure is below budget as projects have been carried forward for completion in the 2011/12 year.

Significant capital expenditure

The significant capital projects during the year were:

- Darfield water supply upgrade, including land for a new well - \$847,000.

How we performed - Izone Southern Business Hub and Property Sales

Activity description

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.

Activity goal

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

The Council's contribution to community outcomes

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

Statement of service performance

The economic downturn and the earthquakes have meant another challenging year for Izone. Despite an active marketing campaign, sales of industrial land have continued to be slow and the Council has not been able to achieve the budgeted level of revenue from Izone in 2010/11. Izone had budgeted for income of \$12.2 million on potential sales which did not transpire, leaving a total income for the year of \$2.0 million.

As a result, the Council has further deferred construction of stage 6 until sales justify further development. Since the February 2011 earthquake, sales interest has improved with the expectation that stage 6 will be commenced in 2011/12. Businesses in Izone employ 460 people as at 30 June 2011, demonstrating how this activity is helping to achieve the community outcome, 'a prosperous community'.

Objective	Performance Measure	How will we know if we have met the target?	Our achievement in 2010/2011
To provide employment opportunities by selling 10 hectares of land on an annual basis.	Quantity of land sold, measured in hectares, per annum.	20 hectares of land sold.	Not achieved 2.6 hectares of land sold.
	Dividends distributed to the Council of \$1,500,000 per annum.	\$1,500,000 in dividends received for the year.	Achieved

Izone Activity Operating Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Activity revenue					
Izone Southern Business Hub sales	1,692	12,198	211	1	5
Other property gain on sale	-	-	-		
Other revenue	720	-	218	2	
Total activity revenue	2,412	12,198	429		
Operating expenditure					
Property development	2,880	2,906	2,500	3	
Izone development contributions	-	-	-		
Total operating expenditure	2,880	2,906	2,500		
Surplus/(deficit)	(468)	9,292	(2,071)		

Izone Activity Capital Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Capital expenditure					
Property development	1,956	12,560	14,310	4	6
Total Capital Expenditure	1,956	12,560	14,310		

Financial commentary (actual 2011 compared with 2010)

1. Izone revenue is higher than 2010 due to an improved level of sales reflecting a gradual pick-up in economic activity.
2. Other revenue is higher than in 2010 as it includes insurance payments relating to damage caused by the 4 September 2010 earthquake.
3. Property development expenditure is higher than 2010 as it includes expenditure on repairs to property following the earthquakes.
4. Property development capital expenditure is lower than 2010 as the 2010 figure includes the construction of the PGGW seed store building.

Financial commentary (actual 2011 compared with budget 2011)

5. Izone revenue is lower than budgeted as the economic slowdown has continued to impact on the level of sales.
6. Property development capital expenditure is lower than budgeted as stage 6 of the development was delayed due to lower than anticipated sales.

Significant capital expenditure

The significant capital projects during the year were:

- The construction of the Stevens Seeds building. This building is owned by the Council and leased for a commercial return - \$682,000
- Purchase and development of industrial land for sale - \$1.2 million.

How we performed – internal Council support services

Internal support and administration functions exist to assist the Council's significant activities in the delivery of outputs and services. The cost of support services (overheads) is allocated to the Council's significant activities where the costs incurred support the delivery of the activities.

Support Services Activity Operating Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Activity revenue					
Corporate revenue					
- Dividends	3,750	4,372	4,075	1	6
- Interest	452	564	288		
- Commercial property leases	1,506	1,725	812	2	7
Sundry revenue	1,999	1,029	1,723	3	8
Total activity revenue	7,707	7,690	6,898		
Operating expenditure					
Chief Executive's department	925	932	903		
Policy and communications unit	226	258	228		
Administration	603	751	645		
Corporate	3,555	1,493	2,481	4	9
Finance	1,184	1,307	1,237		
Information systems	1,557	1,686	1,453		
Vehicles/Infrastructure rates & insurance	187	144	86		
Asset management	3,165	3,024	2,847	5	
Total operating expenditure	11,402	9,595	9,880		
less Allocation to activity statements	(7,545)	(7,790)	(7,144)		
Surplus/(deficit)	3,850	5,885	4,162		
Plus Internal Interest	-	515	-		
Surplus/(deficit)	3,850	6,400	4,162		

Support Services Activity Capital Statement

Financial summary for the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Note Actual 2011 v Actual 2010	Note Actual 2011 v Budget 2011
Capital Expenditure					
Vehicles	255	238	105		
Information services	202	258	182		
Administration	20	27	17		
Corporate	-	-	4		
Finance	-	-	-		
Total Capital Expenditure	477	523	308		

Financial commentary (actual 2011 compared with 2010)

1. Dividend revenue is lower than 2010 due to the impact of the earthquakes and the difficult trading environment on Selwyn Investment Holdings Limited dividend income.
2. Commercial property lease revenue is higher than 2010 as it includes rental of the PGGW seed store building.
3. Sundry revenue is higher than 2010 due to the inclusion of \$1.5 million insurance revenue relating to the Canterbury earthquakes. This is offset by the \$1.2 million increase in value of investment property included in the 2010 figure.
4. Corporate expenditure is higher than 2010 as it includes the interest expense associated with the PGGW seed store building. The 2011 figure also includes a write down in the value of investment properties of \$0.9 million and a write down in the value of investments of \$0.7 million, whereas the 2010 figure included an investment write down of \$1.2 million.
5. Asset management expenditure is higher than in 2010 as it includes inflation related cost increases plus the cost of water testing plus. This cost is recharged to the relevant water and waste water schemes.

Financial commentary (actual 2011 compared with budget 2011)

6. Dividend revenue is lower than budgeted due to the impact of the earthquakes on Selwyn Investment Holdings Limited's dividend income.
7. Commercial property lease revenue is lower than budgeted as rental of the PGGW seed store building commenced later than anticipated.
8. Sundry revenue is higher than budgeted as it includes \$1.5 million insurance revenue relating to the Canterbury earthquakes. This is offset by the inclusion in the budget of an anticipated increase in the value of investment property of \$567,000 that was not achieved.
9. Corporate expenditure is higher than budgeted as it includes a write down in the value of investment properties of \$0.9 million plus a write down in the value of investments of \$0.7 million. It also includes the recognition of an increased notional liability on the value of the Council's interest rate swaps. Interest rate swaps are used to fix interest rates on long term borrowing and the liability represents the difference between interest rates at the time the Council took out the swap and the interest rates at the year end. The liability increased following the reduction in interest rates in response the 22 February 2011 earthquake and continuing economic uncertainty.

FINANCIALS

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

In this section

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



Financials

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

In this section

Financials

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

Financials - introduction

Introduction

The 2010-11 year has been quite difficult from a financial perspective. Even without the added impact of the earthquakes economic conditions were challenging. Overall the Council's financial statements show a surplus of \$1.0 million, compared with a budgeted surplus of \$1.5 million. If the non-cash revenue from the value of assets vested in the Council by sub-dividers is excluded, the underlying result for the Council is a deficit of \$3.8 million. Income for the year was \$6 million lower than budgeted and expenditure \$5 million lower. Income was below budget mainly due to lower than forecast sales of industrial land in Izone. Expenditure was lower in a number of areas as project work was delayed or cancelled reducing both operating costs and the financing costs associated with capital expenditure.

The Canterbury earthquakes increased the surplus by \$3 million. This is due to \$5.6 million revenue from Government subsidy and insurance offset by expenditure of \$2.6 million. Much of the revenue is being used to fund capital expenditure that does not get included within the surplus/deficit position. Without the income and expenditure arising from the earthquakes the Council would have incurred a deficit for the year of \$2.0 million.

The Council borrowed \$28 million during the year, taking its total borrowing to \$53 million. The borrowing was used to fund the construction of the Lincoln Event Centre, the Eastern Selwyn Sewage Scheme and the purchase of land for the Rolleston Recreation precinct.

Total ratepayers equity increased by \$298 million during the 2010-11 financial year. This was due to the revaluation of many of the Council assets including land and buildings, roads, water and wastewater systems. This large increase reflects the increase in the cost of replacing these assets over the past three years plus refinements to the Council's asset information.

Expenditure

Expenditure for the year was \$58.2 million compared with the budget of \$63.6 million. The main variances compared with budget were:

- Community services expenditure was \$1.3 million below budget, mainly due to projects being carried forward to future years and lower depreciation as the Lincoln Event Centre was not completed until later in the financial year. This is offset by earthquake response costs of \$0.6 million.
- Environmental services expenditure was \$0.6 million below budget as the budget includes agency payments that are not included in the actual expenditure.
- Transportation and townships expenditure was \$1.1 million above budget due to the cost of earthquake repairs and higher than budgeted depreciation costs.
- Waste management expenditure was \$0.8 million below budget due to lower than forecast levels of refuse and some projects being carried forward for completion in the future.
- Waste water and water expenditure were \$5.7 million below budget due to the cancellation of some projects that are no longer required and lower financing costs as capital projects have been delayed.
- Other corporate expenditure was \$2.0 million above budget mainly due to the reduction in the value of the Council's investment properties and shares in Selwyn Investment Holdings Limited.

Income

Income for the year was \$59.3 million compared with the budget of \$65.0 million. The main variances compared with budget were:

- Government subsidy and insurance income of \$5.6 million relating to the Canterbury earthquakes was not budgeted.
- Izone Southern Business Hub income from land sales was \$9.8 million below budget due to slow sales during the economic slowdown.
- Corporate income (including interest, dividends, investment property valuation and leases) was \$1.5 million below budget due to difficult economic conditions.

Statement of financial position

The value of the Council's net assets increased by \$298 million in 2010-11. The increase was due to:

- The surplus of \$1.0 million.
- An increase in the value of the Council's investment in Selwyn Investment Holdings Limited of \$4.0 million.
- A reduction in the value of assets due to earthquake damage \$3.9 million.
- An increase in the value of land and buildings \$9.4 million.
- An increase in the value of roading, water and waste water assets \$288 million.

The value of the Council's net assets is \$1,125 million. This is higher than budget due to the large increase in infrastructure assets values due to their revaluation.

Statement of cashflows

The Council has a positive net operating cash flow of \$13 million. The operating cash flow is used to fund the capital expenditure programme.



Douglas Marshall
Manager Corporate Services

Financials – statement of comprehensive income for the year ended 30 June 2011

	Note	Council 2011 \$000	Council Budget \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Income						
Rates revenue	2	23,712	22,938	22,163	23,665	22,085
Other revenue	3	33,684	29,903	23,272	73,051	62,873
Other gains / (losses)	4	1,870	12,198	1,757	2,258	2,261
Total income	1	59,266	65,039	47,192	98,974	87,219
Expenditure						
Employee benefit expenses	5	10,512	10,670	9,878	27,361	30,211
Depreciation and amortisation	6	14,187	14,597	13,864	17,150	17,482
Other expenses	7	30,345	34,148	27,219	51,527	45,633
Finance costs	8	3,198	4,171	1,294	3,804	2,027
Total operating expenditure	1	58,242	63,586	52,255	99,842	95,353
Operating surplus before tax		1,024	1,453	(5,063)	(868)	(8,134)
Share of associate surplus/(deficit)	17	-	-	-	-	-
Surplus before tax		1,024	1,453	(5,063)	(868)	(8,134)
Income tax expense	9	67	-	92	1,902	(1,046)
Surplus after tax before discontinued operation		957	1,453	(5,155)	(2,770)	(7,088)
Surplus after tax from discontinued operation	41	-	-	-	3,726	2,497
Surplus after tax		957	1,453	(5,155)	956	(4,591)
<i>Attributable to:</i>						
Council		957	1,453	(5,155)	(752)	(4,679)
Non-controlling interest		-	-	-	1,708	88
		957	1,453	(5,155)	956	(4,591)
Other comprehensive income						
Gain on infrastructure assets revaluation	20	288,159	92,482	-	288,159	-
Financial assets at fair value through other comprehensive income	28	4,086	3,647	-	2,518	-
Gain/(loss) on land and building revaluation	20	9,447	-	8	9,482	(12)
Impairment of property plant and equipment	20	(3,926)	-	-	(3,926)	-
Deferred tax on revaluation	9	-	-	(25)	-	(25)
Total other comprehensive income before discontinued operation		297,766	96,129	(17)	296,233	(37)
Total other comprehensive income from discontinued operation	41	-	-	-	(109)	(8,682)
Total other comprehensive income		297,766	96,129	(17)	296,124	(8,719)
Total comprehensive income		298,723	97,582	(5,172)	297,080	(13,310)
<i>Attributable to:</i>						
Council		298,723	97,582	(5,172)	295,372	(10,437)
Non-controlling interest		-	-	-	1,708	(2,873)
		298,723	97,582	(5,172)	297,080	(13,310)

The accompanying notes form part of these financial statements

Financials – statement of changes in equity for the year ended 30 June 2011

	Note	Council 2011 \$000	Council Budget \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Balance at 1 July		826,694	854,624	831,866	864,135	877,445
Total comprehensive income for the year		298,723	97,582	(5,172)	297,080	(13,310)
Realisation of assets		-	-	-	(10,615)	-
Dividends to non-controlling interest		-	-	-	-	-
Balance at 30 June	27-31	<u>1,125,417</u>	<u>952,206</u>	<u>826,694</u>	<u>1,150,600</u>	<u>864,135</u>
<i>Total comprehensive income for the year is attributable to:</i>						
Selwyn District Council		298,723	97,582	(5,172)	295,372	(10,437)
Non- controlling interest		-	-	-	1,708	(2,873)
		<u>298,723</u>	<u>97,582</u>	<u>(5,172)</u>	<u>297,080</u>	<u>(13,310)</u>

The accompanying notes form part of these financial statements

Financials – statement of financial position as at 30 June 2011

	Note	Actual 2011 \$000	Council Budget 2011 \$000	Actual 2010 \$000	Group Actual 2011 \$000	Actual 2010 \$000
Current assets						
Cash and cash equivalents	10	1,858	4,517	2,385	17,652	6,011
Debtors and other receivables	11	11,557	7,702	9,700	14,791	11,764
Derivative financial instruments	12	-	-	-	-	-
Inventory and work in progress	13	-	-	-	1,055	1,683
Other financial assets	15	107	-	80	107	80
Income taxation receivable	9	(46)	-	39	4,139	4,274
Property held for sale	16	7,932	1,782	6,966	7,932	6,966
Discontinued operation						
Property held for sale	16	-	-	-	35,240	58,361
Livestock	14	-	-	-	-	865
Other current assets	41	-	-	-	16,873	13,447
Total current assets		21,408	14,001	19,170	97,789	103,451
Non-current assets						
Debtors and other receivables	11	182	-	175	182	175
Derivative financial instruments	12	-	-	-	-	-
Other financial assets	15	119,231	122,705	115,381	73,868	70,851
Investment in associates	17	-	-	-	-	-
Investment property	18	20,646	21,616	20,707	20,081	20,177
Forestry assets	19	460	209	358	460	358
Property, plant and equipment	20	1,023,749	868,408	698,737	1,036,604	714,968
Development property	21	7,218	11,877	7,400	7,218	7,400
Deferred tax	9	-	-	-	-	356
Intangible assets	22	140	224	171	620	695
Total non-current assets		1,171,626	1,025,039	842,929	1,139,033	814,980
TOTAL ASSETS		1,193,034	1,039,040	862,099	1,236,822	918,431

The accompanying notes form part of these financial statements

Financials – statement of financial position as at 30 June 2011 (Continued)

	Note	Actual 2011 \$000	Council Budget 2011 \$000	Actual 2010 \$000	Group Actual 2011 \$000	Actual 2010 \$000
Current liabilities						
Creditors and other payables	23	11,404	10,412	8,378	13,778	10,993
Employee benefit liabilities	24	984	-	880	2,776	2,645
Other provisions	25	340	-	50	708	539
Derivative financial instruments	12	236	-	70	426	382
Borrowings	26	21,905	-	-	25,964	8,968
Discontinued operation						
Deposit received in advance		-	-	-	2,630	936
Other current liabilities	41	-	-	-	1,280	3,006
Total current liabilities		34,869	10,412	9,378	47,562	27,469
Non-current liabilities						
Employee benefit liabilities	24	94	-	105	165	221
Other provisions	25	379	520	362	379	362
Deferred tax	9	203	-	191	2,781	-
Derivative financial instruments	12	897	-	369	897	369
Borrowings	26	31,175	75,902	25,000	34,438	25,875
Total non-current liabilities		32,748	76,422	26,027	38,660	26,827
Equity						
General funds	27	553,962	562,468	555,822	596,674	600,243
Fair value through other comprehensive income reserve	28	56,106	-	52,020	27,410	24,892
Special funds	29	33,798	37,548	31,067	33,798	31,067
Asset revaluation reserve	30	481,551	352,190	187,785	473,223	179,531
Non-controlling interest	31	-	-	-	19,495	28,402
Total equity		1,125,417	952,206	826,694	1,150,600	864,135
TOTAL LIABILITIES AND EQUITY		1,193,034	1,039,040	862,099	1,236,822	918,431

The accompanying notes form part of these financial statements

Financials – statement of cashflows for the year ended 30 June 2011

	Note	Council Actual 2011 \$000	Council Budget 2011 \$000	Council Actual 2010 \$000	Group Actual 2011 \$000	Group Actual 2010 \$000
Operating activities						
Cash was provided from:						
Receipts from customers		45,265	40,432	38,605	85,369	82,341
Agency receipts		567	-	650	567	650
Interest received		448	564	231	499	217
Dividends received		4,186	4,372	2,305	2,197	4,097
Income taxation received		30	-	-	131	273
Net GST		883	-	(231)	883	(231)
		<u>51,379</u>	<u>45,368</u>	<u>41,560</u>	<u>89,646</u>	<u>87,347</u>
Cash was distributed to:						
Suppliers/employees		35,063	44,818	35,813	73,372	77,138
Agency payments		567	-	650	615	657
Income taxation		-	-	33	-	120
Interest paid		3,198	4,171	1,294	3,929	2,066
		<u>38,828</u>	<u>48,989</u>	<u>37,790</u>	<u>77,916</u>	<u>79,981</u>
Net cash from operating activities	32	12,551	(3,621)	3,770	11,730	7,366
Investment activities						
Cash was provided from:						
Sale of property, plant & equipment		99	15,503	119	1,954	918
Sale of property intended for sale		1,972	1,832	227	1,972	227
Proceeds from investments		-	24,600	-	-	-
		<u>2,071</u>	<u>41,935</u>	<u>346</u>	<u>3,926</u>	<u>1,145</u>
Cash was applied to:						
Purchase of property, plant and equipment		42,720	82,837	32,814	37,072	34,601
Purchase of intangible assets		65	-	75	65	77
Purchase of investments and goodwill		444	24,600	1,922	444	1,922
Discontinued operation *		-	-	-	7,835	-
		<u>43,229</u>	<u>107,437</u>	<u>34,811</u>	<u>45,416</u>	<u>36,600</u>
Net cash from investing activities		(41,158)	(65,502)	(34,465)	(41,490)	(35,455)

The accompanying notes form part of these financial statements

Note	Council Actual 2011 \$000	Council Budget 2011 \$000	Council Actual 2010 \$000	Group Actual 2011 \$000	Group Actual 2010 \$000
Financing activities					
Cash was provided from:					
Loans raised	28,080	53,362	25,000	30,524	25,000
Discontinued operation *	-	-	-	15,845	-
	<u>28,080</u>	<u>53,362</u>	<u>25,000</u>	<u>46,369</u>	<u>25,000</u>
Cash was applied to:					
Settlement of loans	-	-	-	4,968	2,398
Dividend paid	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,968</u>	<u>2,398</u>
Net cash from financing activities	28,080	53,362	25,000	41,401	22,602
Net increase/decrease in cash	(527)	(15,761)	(5,695)	11,641	(5,487)
Plus opening cash 1 July	2,385	20,278	8,080	6,011	10,541
Discontinued operation	-	-	-	-	957
Closing cash 30 June	1,858	4,517	2,385	17,652	6,011
Summary of cash resources					
Cash and bank	1,853	4,517	2,380	2,532	5,250
Short term deposits maturing within 3 months	5	-	5	15,120	761
	<u>1,858</u>	<u>4,517</u>	<u>2,385</u>	<u>17,652</u>	<u>6,011</u>

* Discontinued operation – these lines reflect group transactions with the Selwyn Plantation Board Limited that is accounted for as a discontinued operation within the financial statements. The transactions are a share buyback by Selwyn Plantation Board Limited of \$15,845,000 and a land purchase by Selwyn District Council from the Selwyn Plantation Board Limited of \$7,835,000. See note 41.

The accompanying notes form part of these financial statements

Financials – statement of accounting policies

Statement of reporting entity

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

The Selwyn District Council group (Selwyn District Council) consists of the ultimate parent Selwyn District Council and its subsidiary Selwyn Investment Holdings Ltd (100% owned) and its subsidiaries SICON Limited (100% owned), Ferguson Brothers Limited (100% owned), Selwyn Plantation Board Limited (60.68% owned), the Selwyn District Charitable Trust (100% owned) and its associate Central Plains Water Trust which is equity accounted (50% owned). KB Irrigation was amalgamated with SICON Limited on 1 July 2010. KB Irrigation was previously 100% owned by Selwyn Investment Holdings Limited.

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

The primary objective of Selwyn District Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly Selwyn District Council has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of Selwyn District Council are for the year ended 30 June 2011. The financial statements were authorised for issue by the Council on 26 October 2011.

Basis of preparation

The financial statements of Selwyn District Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand General Accepted Accounting Practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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

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

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

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Selwyn District Council is New Zealand dollars. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus or deficit.

Changes in accounting policies

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

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

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

- NZ IAS 24 Related Party Disclosures (effective 2012). The revised standard amends the definition of a related party.
- NZ IFRS 7 Financial Instrument Disclosures (effective 2012). The amendments change disclosure requirements to better enable users to evaluate an entity's exposure to risk.
- NZ IAS 1 Presentation of Financial Statements (effective 2012). The amendments clarify disclosures in relation to components of equity.

- FRS 44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (effective 2012). The purpose of the amendment is to harmonise Australia and New Zealand's accounting standards with source IFRS.

Selwyn District Council has not yet assessed the effect of the new standards.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

Subsidiaries

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

Selwyn District Council measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given and liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over Selwyn District Council's consolidated interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If Selwyn District Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the surplus or deficit.

Basis of consolidation

The purchase method is used to prepare the consolidated financial statements, this involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intra-group balances, transactions, income and expenses are eliminated on consolidation.

Selwyn Investment Holdings Ltd and Group entities that have been consolidated have a balance date of 30 June.

Associates

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

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

Selwyn District Council's share in the associate's surplus or deficits resulting from unrealised gains on transactions between Selwyn District Council and its associates is eliminated.

Selwyn District Council's investments in associates are carried at cost in the Council's own 'parent entity' financial statements.

Discontinued Operation

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

Revenue

Revenue is measured at the fair value of consideration received.

Rates revenue

Rates are set annually by a resolution from the Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

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

Other revenue

Water billing revenue is recognised on an accrual basis. Unbilled usage as a result of unread meters at year-end, is accrued on a usage basis.

Selwyn District Council receives government grants from New Zealand Transport Agency which subsidises part of Selwyn District Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

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

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Selwyn District Council are recognised as revenue when control over the asset is obtained.

Development contribution revenue is recognised when received.

Revenue from sale of goods is recognised when Selwyn District Council has transferred to the buyer the significant risks and rewards of ownership of the goods.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at year end balance date.

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Borrowing costs

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

Grant expenditure

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

Income tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

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

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

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

Deferred tax is recognised on taxable temporary differences arising on investments and subsidiaries, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised using tax rates that have been enacted or substantively enacted by balance date.

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

Cash and cash equivalents

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

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

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that they will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Inventories and work in progress

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

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

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

Livestock

Livestock is valued at its fair value less estimated point of sale costs. Livestock was valued at fair market values as at 30 June 2010 by Mr Brian Brice of Hazlett Rural, Stock and Station Agents. All livestock was sold prior to 30 June 2011.

Other financial assets

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

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

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

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

The four categories of financial assets are:

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

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

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

2. Loans and receivables.
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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

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

3. Held to maturity investments.
Held to maturity investments are assets with fixed or determinable payments and fixed maturities that Selwyn District Council has the positive intention and ability to hold to maturity.

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

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

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

This category encompasses:

- Investments that Selwyn District Council intends to hold long-term but which may be realised before maturity; and
- Shareholdings which Selwyn District Council holds for strategic purposes. Selwyn District Council's investment in its subsidiary and other equity investments that are not associates are included in this category.

After initial recognition these investments are measured at their fair value with valuations performed by an independent valuer with sufficient regularity to ensure no investments are included at a valuation that is materially different from fair value.

The investment in Selwyn Investment Holdings Ltd (SIHL) is valued based on an independent valuation as at 30 June 2009 completed by Ernst & Young Corporate Transaction Advisory Services Limited, Wellington dated 25 August 2009. The valuation has been adjusted to reflect an independent valuation of SIHL's investment in Orion New Zealand Limited as at 31 March 2011 completed by Ernst & Young Corporate Finance Limited, Chartered Accountants, Wellington and updated valuations of SICON Limited and Ferguson Limited based on directors' valuations. These directors' valuations reflect fair value and are based on the higher of present value of the respective company's estimated future earnings or net asset value.

Gains and losses are recognised in other comprehensive income except for impairment losses which are recognised in the surplus or deficit. In the event of impairment any cumulative losses previously recognised in other comprehensive income will be reclassified from equity and recognised in the surplus or deficit even though the asset has not been derecognised.

Impairment of financial assets

At each balance date Selwyn District Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Derivative financial instruments

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

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

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

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

Property, plant and equipment

Property, plant and equipment of Selwyn District Council 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 Selwyn District Council. Each asset class includes all items that are required for the network to function.

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

Farm land, land under roads and other land are not depreciated.

Additions

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

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

Disposals

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

Depreciation

Selwyn District Council parent

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

Buildings	20 – 180 years	(0.6% - 5%)
Heritage	20 – 180 years	(0.6% - 5%)
Heavy Plant & Machinery	10 years	(10%)
Other Plant & Machinery	5 years	(20%)
Motor Vehicles	4 years	(25%)
Furniture & Fittings	10 years	(10%)
Library Books	7 years	(14.3%)
Computer Equipment	4 years	(25%)
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 – Structure	30 – 122 years	(0.8% - 3.3%)
Water Races - Race	Not depreciated	
Land Drainage – Structure	9 – 100 years	(1% - 11%)
Land Drainage - Drain	Not depreciated	

Water supplies

Wells	40 years	(2.5%)
Pump Stations	10 – 100 years	(1% - 10%)
Reservoirs	50 – 75 years	(1.3% - 2%)
Valves Service Connections	20 – 50 years	(2% - 5%)
Pipes & Fire Hydrants	33 – 75 years	(1.3% - 3%)

Sewerage Systems

Manholes	75 years	(1.3%)
Pipes	50 – 75 years	(1.3% - 2%)
Pump Stations	10 – 100 years	(1% - 10%)
Sewerage Treatment Stations	10 – 75 years	(1.3% - 10%)
Service Connection	75 years	(1.3%)

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

Selwyn Investment Holdings Limited

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

SICON Limited

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

Buildings	10 – 33 years	(3% - 10%)
Improvements	10 – 50 years	(2% – 10%)
Plant & Machinery	2 - 12 years	(8.3% - 50%)
Motor Vehicles	6 – 10 years	(10% - 16.7%)
Furniture & Fittings	3 – 10 years	(10% - 33%)
Computer Equipment	3 years	(33%)

Selwyn Plantation Board Limited

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

Buildings		
Wooden	40 years	(2.5%)
Brick	50 years	(2%)
Improvements	10 – 50 years	(2% – 10%)
Heavy Plant & Machinery	5-10 years	(10%-20%)
Other Plant & Machinery	5 years	(20%)
Motor Vehicles	5 years	(20%)
Furniture & Fittings	5 years	(20%)
Computer Equipment	5 years	(20%)

Ferguson Brothers Limited

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

Buildings	13.8 – 33.3 years	(3% - 7%)
Plant & Machinery	1.5 - 50 years	(2% - 67%)
Motor Vehicles	3.5 – 7.5 years	(13.5% - 25.2%)
Furniture & Fittings	1.5 – 11.5 years	(8.5% - 67%)
Computer Equipment	2 – 3.3 years	(30% - 48%)

Revaluation

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

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

Farm land

Farm land is revalued annually at fair value as determined from market-based evidence by an independent valuer. The valuation of Selwyn District Council's farm land was performed by EM Saunders FNZIV, FPINZ Registered Valuer of Ford Baker Limited and the valuation is effective as at 30 June 2011. The valuation of Selwyn Plantation Board Limited was performed by Property Advisory Ltd, Registered Valuers and the valuation is effective as at 30 June 2011.

Other land and buildings

Other land and buildings are valued at fair value as determined from market-based evidence by an independent valuer. The most recent valuation of such property held by Selwyn District Council S E J Newberry B Com (VPM) SPINZ (ANZIV) Registered Valuer of Ford Baker Limited and the valuation is effective as at 1 July 2010. The most recent valuation of such property held by Selwyn Plantation Board Limited was performed by Property Advisory Ltd, Registered Valuers and the most recent valuation is effective as at 30 June 2011.

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

These assets are valued at fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date Selwyn District Council assesses the carrying values of its infrastructural assets to ensure that they do not differ materially from the assets' fair values. If there is a material difference then the off-cycle asset classes are revalued. The roading network was valued as at 30 June 2011 by Mike Trapper (BE (Elec), MPINZ) who is a senior valuer with Beca Valuation Ltd. Water, sewerage, stormwater, land drainage and water race assets were valued as at 30 June 2011 by John Vessey (BE (Civil), BA (Econs) Transitional Certificate (Econs), MIPENZ a partner of Opus International Consultants Limited.

Land under roads

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

Accounting for revaluations

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

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

Non-current assets held for sale

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

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

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

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

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

Investment property

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

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

After initial recognition, Selwyn District Council measures all investment property at fair value as determined annually by an independent valuer. The most recent valuations were performed by S E J Newberry B Com (VPM) SPINZ (ANZIV) Registered Valuer of Ford Baker Limited and the valuations are effective as at 30 June 2011.

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

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

Development property

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

Forestry assets

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. The Selwyn District Council forest was independently revalued as at 30 June 2011 by Terry O'Neill, Qualified Forester. The Selwyn Plantation Board Limited forest valuation was independently revalued as at 30 June 2010 by completed by PF Olsen Ltd. Due to a sale in and purchase agreement being in place at balance date, the Selwyn Plantation Board Limited forestry assets were not independently valued at 30 June 2011. The Board of SPBL considers the carrying value of the forestry land and trees to be not materially different from fair value, whether or not the current sale is approved and finalised, and this view is supported by assurance gained from independent valuers.

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

Intangible assets

Goodwill

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

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

Software acquisition

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

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

Amortisation

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

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

Selwyn District Council	4 years	25%
SICON Limited	3 years	33%
Selwyn Plantation Board Limited	5 years	20%
Ferguson Brothers Limited	3 years	33%

Mining Licences

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

Amortisation

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

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

The useful lives and associated amortisation rate for mining licences have been estimated as follows:

Haast	33 years
Paringa	31.42 years
Caravan Knob	39.33 years
Whataroa	31.42 years

Impairment of non-financial assets

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

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

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

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

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

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

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

Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost.

Borrowings

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

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

Employee benefits

Short-term benefits

Employee benefits that Selwyn District Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, bonus accruals and sick leave.

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

Selwyn District Council recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term benefits

Long service leave and retirement leave

Entitlements that are payable beyond 12 months such as long service leave and retiring leave have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows. A discount rate and an inflation factor were used in this calculation.

Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

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

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

Provisions

Selwyn District Council recognises a provision for future expenditure of uncertain or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

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

Landfill aftercare provision

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

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

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

Restricted and council created reserves

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

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

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

Selwyn District Council objectives, policies and processes for managing capital are described in note 40.

Leases

Finance leases

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

Finance leases as lessee

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

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

Finance leases as lessor

The Council recognises a receivable equal to the net investment in the lease. Lease payments are allocated between principal repayments and finance income, based on the interest rate implicit in the lease.

Operating leases

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

Budget figures

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

Cost allocation

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

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

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

Critical accounting estimates and assumptions

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

The impact of the Canterbury earthquakes

In accounting for the impact of earthquakes the Council has made estimates and assumptions based on the best available information available at the time the financial statements were prepared.

The key estimates are:

- the cost of damage where repairs have not yet been undertaken
- the proportion of repair and other costs that will be recovered through insurance and other sources.

The key assumptions are that:

- the full extent of the damage has been identified through the inspection and assessment procedures undertaken to date and that any unidentified damage is unlikely to be significant.
- there has been no impact on the useful life of assets, including underground assets that cannot be readily inspected for damage.

Other financial assets – fair value through other comprehensive income

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

Infrastructural assets

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

- The physical deterioration and condition of an asset. For example the Selwyn District Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes which are underground. This risk is minimised by Selwyn District Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset.
- 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 25 comments on the exposure of the Selwyn District Council in relation to weather tightness claims.

Forest valuation

The forest valuation is calculated based on assumptions of current costs and revenues discounted to present value. The valuation conforms with NZ IAS 41 Agriculture.

Bankside provision

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

Financials – notes to the financial statements

Note 1

Summary of cost of service

	Council 2011 \$000	Council Budget \$000	Council 2010 \$000
Income			
Democracy	616	428	419
Community services and other activities	8,889	6,482	6,583
Environmental services	3,568	3,886	3,792
Transportation and townships	10,118	8,053	5,677
Waste management	4,370	4,135	3,875
Waste water services	6,128	6,933	4,949
Water supplies	6,043	5,963	5,536
Izone southern business hub	2,412	12,198	429
Total activity income	42,144	48,078	31,260
General rates	9,230	9,271	8,862
Rates penalties	185	162	172
Other corporate revenue	7,707	7,528	6,898
Total income	59,266	65,039	47,192
Expenditure			
Democracy	3,087	3,107	2,892
Community services and other activities	10,011	11,330	7,984
Environmental services	7,444	8,003	6,511
Transportation and townships	16,133	14,986	15,678
Waste management	3,887	4,766	3,479
Waste water services	5,308	9,158	4,590
Water supplies	5,635	7,525	5,885
Izone southern business hub	2,880	2,906	2,500
Other corporate expenditure	3,857	1,805	2,736
Total activity expenditure	58,242	63,586	52,255
Total operating expenditure	58,242	63,586	52,255

Each significant activity includes targeted rates attributable to a particular activity (refer to note 2). Other corporate revenue includes income sources which are not directly attributable to a significant activity, for example dividends and interest. Other corporate revenue is included in the support services cost statement in section 2 of the annual report. Explanations for significant income and expenditure variances compared with the budget and previous year are provided for each activity in section 2 of the annual report (how we performed).

Note 2**Rates revenue**

	Council Actual 2011 \$000	Council Actual 2010 \$000	Group Actual 2011 \$000	Group Actual 2010 \$000
General rates	9,230	8,862	9,183	8,784
Rates penalties	185	172	185	172
Targeted rates				
Democracy	429	418	429	418
Community services and other activities	3,120	2,858	3,120	2,858
Waste management	3,292	3,028	3,292	3,028
Waste water services	2,823	2,516	2,823	2,516
Water supplies	4,189	3,948	4,189	3,948
Water meter charges	444	361	444	361
Total rates revenue	23,712	22,163	23,665	22,085

Rates revenue is shown net of rates remissions. The Council's Rates Remission Policy provides for rates to be remitted on properties including:

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

The Rates Remission Policy can be found in the amended Selwyn Community Plan 2009-2019.

	Council Actual 2011 \$000	Council Actual 2010 \$000	Group Actual 2011 \$000	Group Actual 2010 \$000
Total rates revenue	23,775	22,206	23,728	22,128
Rates remissions				
Earthquake related remissions	26	-	26	-
Sports bodies	16	21	16	21
Churches	17	18	17	18
Other social and cultural organisations	4	4	4	4
Total remissions	63	43	63	43
Rates revenue net of remissions	23,712	22,163	23,665	22,085

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

Note 3**Other revenue**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Building consents	2,402	2,778	2,402	2,778
Connection and irrigation fees	244	227	244	227
Development contributions	3,799	2,646	3,799	2,646
Dividend revenue	3,750	4,075	3,448	4,070
Dog registration	255	249	255	249
Forest product sales - SPBL	-	-	-	-
Grants	306	671	306	671
Gravel royalties	198	82	-	-
Interest revenue	517	288	801	361
New Zealand Transport Agency subsidy	7,637	4,458	7,637	4,458
Leases	1,748	1,040	1,666	923
Lump sum contributions	67	139	67	139
Petroleum tax	182	169	182	169
Rental and hire charges	627	593	627	593
Resource consent fees	451	504	451	504
Vested assets	4,732	2,424	4,732	2,424
Other income - Council	6,769	2,929	6,644	2,929
Other trading income - SICON	-	-	22,126	19,235
Other trading income - SPBL	-	-	-	-
Other trading income - FBL	-	-	17,664	15,769
Other trading income - KB	-	-	-	4,728
Total other revenue	33,684	23,272	73,051	62,873

There are no unfulfilled conditions and other contingencies attached to New Zealand Transport Agency subsidy recognised.

Note 4**Other gains**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Gain on disposal of property held for sale	1,692	211	2,115	670
Gain on changes in fair value of forestry	102	180	102	180
Gain on fair value of derivatives	76	106	76	106
Gain on sale of investments	-	-	-	-
Gain on changes in fair value of investment property (note 18)	-	1,292	(35)	1,312
Other gains	-	(32)	-	(7)
Land and buildings increment/(decrement)	-	-	-	-
Total other gains/(losses)	1,870	1,757	2,258	2,261

Note 5**Employee benefit expenses**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Salaries and wages	10,306	9,703	26,836	30,336
Restructuring costs	-	-	-	-
Employer contributions to superannuation plans	113	100	337	357
Employer contributions to other plans & benefits	-	-	62	56
Increase/(decrease) in employee liabilities	93	75	126	(538)
Total employee expenses	10,512	9,878	27,361	30,211

Note 6**Depreciation and amortisation**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Operational assets (note 20 a & b)	2,112	2,111	5,028	6,289
Infrastructural assets (note 20 c)	11,979	11,625	11,979	11,625
	14,091	13,736	17,007	17,914
Intangible assets (note 22)	96	128	143	200
	14,187	13,864	17,150	18,114
Less capitalised depreciation	-	-	-	-
	14,187	13,864	17,150	18,114
Depreciation and amortisation relating to discontinued operation (note 41)	-	-	-	632
Depreciation and amortisation relating to continuing operations	14,187	13,864	17,150	17,482
	14,187	13,864	17,150	18,114

Note 7**Other expenses**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Impairment of property, plant & equipment	-	120	-	249
Impairment of intangible assets	-	-	-	-
Loss on changes in fair value of investment property (see note 18)	924	-	924	-
Auditor's fee				
- Audit	114	113	266	266
- LTCCP audit and other work	2	5	2	5
Bad debts written off	12	10	645	68
Cost of sales - materials	-	-	1,971	6,161
Directors' and members' remuneration	499	495	804	846
Donations	-	-	-	6
Grants	133	129	133	129
Impairment of trade receivables	155	-	154	89
Impairment of other financial assets	799	1,756	65	556
Lease payments under operating leases	21	66	816	1,161
Loss on disposal of assets	4	30	4	30
Refuse contract payments	1,387	1,345	1,387	1,345
Refuse transfer station operations	2,228	1,872	2,228	1,872
Roadings	6,299	6,202	6,299	6,202
Valuation services	128	145	128	145
General operating expenses	17,640	14,931	35,701	26,503
Total other expenses	30,345	27,219	51,527	45,633

Note 8**Finance costs**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Interest expense				
- Creditors accounts	-	-	1	8
- Bank overdraft	-	-	672	808
- Loan interest	2,504	855	2,504	855
- Finance lease	-	-	55	70
Revaluation of interest rate swap	694	439	572	286
Total finance costs	3,198	1,294	3,804	2,027

Note 9
Income tax

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Tax expense and accounting profit relationship				
Surplus/(deficit) before tax continuing activities	1,024	(5,063)	(868)	(8,134)
Surplus/(deficit) before tax discontinued activity	-	-	4,966	3,891
Taxation at 30%	307	(1,519)	1,229	(1,273)
Permanent adjustments	(203)	1,664	(358)	1,512
Prior year adjustment	(38)	(40)	(2)	(4)
De-recognition of future income tax benefit	-	-	-	47
De- recognition of tax losses to carry forward	-	-	951	-
Deferred tax on removal of timing differences	-	-	1,517	-
Change in tax rate	1	(13)	(195)	66
Total taxation expense/(credit)	67	92	3,142	348
Tax expense components				
Current tax expense	93	38	93	90
Prior year adjustments	(38)	(40)	(2)	(4)
Deferred tax expense	11	108	3,246	196
Change in tax rate	1	(14)	(195)	66
Total taxation expense	67	92	3,142	348
Tax expense is attributable to:				
Continuing operations	67	92	1,902	(1,046)
Discontinued operation	-	-	1,240	1,394
Total taxation expense/(benefit)	67	92	3,142	348
Amounts charged or credited directly to other comprehensive income				
Deferred income tax	-	25	-	25
Total	-	25	-	25
Taxation receivable/(provision)				
Opening balance 1 July	39	4	4,274	4,477
<i>less</i> Current taxation expense	(93)	(38)	(93)	(90)
<i>less</i> taxation refund	(46)	-	(147)	(274)
Prior period adjustments	38	40	89	40
<i>plus</i> taxation paid	16	33	16	121
Total taxation receivable/(provision)	(46)	39	4,139	4,274

The Government announced in the May 2010 budget that the income tax rate for companies will change from 30 percent to 28 percent with effect for the 2012 and subsequent income tax years. Therefore, the closing 30 June 2011 deferred tax balances have been calculated using the company tax rate of 28 percent.

Deferred tax assets/(liabilities)

	Opening Balance 1 July 2010 \$000	Charged to Surplus \$000	Charged to other comp- rehensive income \$000	Change to Tax rate \$000	Closing Balance 30 June 2011 \$000
Parent					
Deferred tax liabilities					
Investment property	(115)	(13)	-	(1)	(129)
Property, Plant & Equipment	(76)	3	-	-	(73)
	(191)	(10)	-	(1)	(202)
Deferred tax assets					
Trade and other payables	-	-	-	-	-
Employee benefits and other accruals	-	-	-	-	-
	-	-	-	-	-
Net deferred tax balance	(191)	(10)	-	(1)	(202)
	Opening Balance 1 July 2009 \$000	Charged to Surplus \$000	Charged to other comp- rehensive income \$000	Change to Tax rate \$000	Closing Balance 30 June 2010 \$000
Parent					
Deferred tax liabilities					
Investment property	(71)	(52)	-	8	(115)
Property, Plant & Equipment	(1)	(56)	(25)	6	(76)
	(72)	(108)	(25)	14	(191)
Deferred tax assets					
Trade and other payables	-	-	-	-	-
Employee benefits and other accruals	-	-	-	-	-
	-	-	-	-	-
Net deferred tax balance	(72)	(108)	(25)	14	(191)

	Opening Balance 1 July 2010	Charged to Surplus	Charged to other comp- rehensive income \$000	Change to Tax rate	Closing Balance 30 June 2011
	\$000	\$000	\$000	\$000	\$000
Group					
Deferred tax liabilities					
Property, Plant & Equipment	(5,793)	(399)	-	419	(5,773)
Trade and other receivables	(206)	52	-	11	(143)
	(5,999)	(347)	-	430	(5,916)
Deferred tax assets					
Trade and other payables	350	(107)	-	(10)	233
Interest rate swap	93	(36)	-	(4)	53
Employee benefits and other accruals	536	(257)	-	(25)	254
Derecognition of other temporary differences	-	(630)	-	19	(611)
Benefit of tax losses (future income tax benefits)	5,376	(1,955)	-	(215)	3,206
	6,355	(2,985)	-	(235)	3,135
Net deferred tax balance	356	(3,332)	-	195	(2,781)
Attributable to:					
Continuing operations					25
Discontinued operation					(2,806)
Net deferred tax balance					(2,781)
	Opening Balance 1 July 2009	Charged to Surplus	Charged to other comp- rehensive income \$000	Change to Tax rate	Closing Balance 30 June 2010
	\$000	\$000	\$000	\$000	\$000
Group					
Deferred tax liabilities					
Property, Plant & Equipment	(4,563)	(1,207)	(25)	2	(5,793)
Trade and other receivables	(317)	111	-	-	(206)
	(4,880)	(1,096)	(25)	2	(5,999)
Deferred tax assets					
Trade and other payables	133	217	-	-	350
Interest rate swap	139	(46)	-	-	93
Employee benefits and other accruals	969	(422)	-	(11)	536
Derecognition of other temporary differences	-	-	-	-	-
Benefit of tax losses (future income tax benefits)	4,315	1,118	-	(57)	5,376
	5,556	867	-	(68)	6,355
Net deferred tax balance	676	(229)	(25)	(66)	356
Attributable to:					
Continuing operations					1923
Discontinued operation					(1,567)
Net deferred tax balance					356

The Selwyn District Council has recognised deferred tax assets in relation to unused tax losses. Based on current operating conditions and forecast financial results for future years, the Selwyn District Council believes that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

For SICON Limited and Ferguson Brothers Limited, losses carried forward have been de-recognised and deductible temporary differences have been de-recognised to the extent they exceed the balance of taxable temporary differences, on the basis that it is not probable that taxable profit will be available against which these deductible temporary differences and losses can be utilised. A deferred tax asset has not been recognised in relation to tax losses of \$6,263,000 and temporary losses of \$2,173,000.

Imputation credit account balances

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Selwyn Investment Holdings Limited	-	-	8,866	9,407

Note 10**Cash and cash equivalents**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Cash at bank	1,853	2,380	2,532	5,250
Short term deposits (maturity 3 mths or less)	5	5	15,120	761
Total cash and cash equivalents	1,858	2,385	17,652	6,011

Note 11**Debtors and other receivables**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Rates receivables	1,573	1,190	1,573	1,190
Other receivables	1,296	965	6,804	6,554
Related party receivables (note 35)	494	327	(57)	53
Community loans	182	175	182	175
Dividend receivable	3,600	4,036	1,287	36
Sundry debtors & prepayments	4,824	3,257	5,509	4,176
	11,969	9,950	15,298	12,184
/less Provision for impairment	(230)	(75)	(325)	(245)
Total debtors and other receivables	11,739	9,875	14,973	11,939
/less Non-current community loans	(182)	(175)	(182)	(175)
Current portion	11,557	9,700	14,791	11,764

Community loans have been valued at amortised cost which has been used as an approximation of fair value. The face value of community loans is \$208,000 (2010: \$201,000).

The carrying value of trade and other receivables (excluding community loans) approximates to their fair value.

There is no concentration of credit risk with respect to receivables outside the group as the group has a large number of customers.

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

Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place they are for a short term therefore debts have not been discounted to the present value of future repayments.

The status of receivables as at June 2011 and June 2010 are detailed below:

	Gross 2011 \$000	Council Impairment 2011 \$000	Net 2011 \$000	Gross 2010 \$000	Council Impairment 2010 \$000	Net 2010 \$000
Not past due	697	-	697	640	-	640
Past due 1-30 days	140	-	140	135	-	135
Past due 31-60 days	123	-	123	17	-	17
Past due >61 days	1,909	(230)	1,679	1,363	(75)	1,288
Total	2,869	(230)	2,639	2,155	(75)	2,080

	Gross 2011 \$000	Group Impairment 2011 \$000	Net 2011 \$000	Gross 2010 \$000	Group Impairment 2010 \$000	Net 2010 \$000
Not past due	5,323	-	5,323	3,994	-	3,994
Past due 1-30 days	140	-	140	1,146	-	1,146
Past due 31-60 days	372	-	372	628	-	628
Past due >61 days	2,542	(326)	2,216	1,976	(245)	1,731
Total	8,377	(326)	8,051	7,744	(245)	7,499

As of 30 June 2011 and 2010, all overdue receivables, except for rates receivable, have been assessed for impairment and appropriate provisions applied. The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for the Council's pool of debtors. Expected losses have been determined based on a review of specific debtors at balance date.

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Opening balance 1 July	(75)	(124)	(245)	(205)
Additional provisions	(167)	-	(166)	(123)
Receivable written off	12	49	85	83
Closing balance 30 June	(230)	(75)	(326)	(245)

Note 12
Derivative financial instruments

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Current asset portion				
Interest rate swaps - cashflow hedges	-	-	-	-
Total current asset portion	-	-	-	-
Non-current asset portion				
Interest rate swaps - cashflow hedges	-	-	-	-
Total non-current asset portion	-	-	-	-
Total derivative financial instrument assets	-	-	-	-
Current liability portion				
Interest rate swaps - cashflow hedges	236	70	426	382
Total current liability portion	236	70	426	382
Non-current liability portion				
Interest rate swaps - cashflow hedges	897	369	897	369
Total non-current liability portion	897	369	897	369
Total derivative financial instrument liability	1,133	439	1,323	751

Interest rate swaps

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

The notional principal amounts of the Council's interest rate swap contracts is \$41 million (2010: \$15 million) and for the group \$47.5 million (2010: \$16.1 million). As at 30 June, the Council's fixed interest rates of cash flow hedge interest rate swaps varied from 3.88% to 5.98% (2010: 5.395% to 5.98%) and the group rates varied from 2.84% to 7.93% (2010: 2.81% to 7.93%).

Note 13**Inventory and work in progress**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Gravel Stocks	-	-	469	676
Other Direct Materials	-	-	385	305
Stores	-	-	42	39
Finished Goods	-	-	-	396
Work in Progress	-	-	159	267
	-	-	1,055	1,683

There is no inventory pledged as security for liabilities. There is no inventory subject to retention of title clauses.

The write down of inventory is nil (2010: \$234,040).

Note 14**Livestock (discontinued operation)**

	2011 Head	2011 \$000	2010 Head	2010 \$000
Sheep				
Opening stock on hand 1 July	2,466	192	10,468	1,140
Plus purchases and natural increases	-	-	17,897	901
Less sales and deaths	(2,466)	(249)	(25,899)	(1,439)
Transfer to assets held for sale				
Other movements	-	57	-	(410)
Closing balance 30 June	-	-	2,466	192
Cattle				
Opening stock on hand 1 July	863	673	1,138	731
Plus purchases and natural increases	-	-	746	321
Less sales and deaths	(863)	(764)	(1,021)	(577)
Transfer to assets held for sale				
Other movements	-	91	-	198
Closing balance 30 June	-	-	863	673
Total livestock		-		865

Note 15
Other financial assets

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Current portion				
<i>Loans and receivables</i>				
Short-term deposits (maturity 4-12 mths)	-	-	-	-
Finance lease receivable	107	80	107	80
	<u>107</u>	<u>80</u>	<u>107</u>	<u>80</u>
<i>Fair value through profit & loss</i>				
Interest rate swap	-	-	-	-
Unlisted shares - shareholding	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Held to maturity</i>				
Government bonds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current portion	<u>107</u>	<u>80</u>	<u>107</u>	<u>80</u>
Non-current portion				
<i>Fair value through profit & loss</i>				
Embedded derivatives - Principal	841	765	841	765
Embedded derivatives - Interest	-	-	-	-
	<u>841</u>	<u>765</u>	<u>841</u>	<u>765</u>
<i>Loans and receivables</i>				
Finance lease receivable	1,765	1,348	1,765	1,348
Central Plains Water Limited	2,232	2,167	2,232	2,167
less Provision for impairment	(2,232)	(2,167)	(2,232)	(2,167)
	<u>1,765</u>	<u>1,348</u>	<u>1,765</u>	<u>1,348</u>
<i>Fair value through other comprehensive income reserve</i>				
Selwyn Investment Holdings Limited	113,151	109,800	-	-
Transwaste (Canterbury) Limited	1,500	1,500	1,500	1,500
Orion Group Limited	-	-	67,788	65,270
Unlisted shares - shareholding	-	-	-	-
	<u>114,651</u>	<u>111,300</u>	<u>69,288</u>	<u>66,770</u>
<i>Held to maturity</i>				
Government bonds	1,974	1,968	1,974	1,968
	<u>1,974</u>	<u>1,968</u>	<u>1,974</u>	<u>1,968</u>
Total non current portion	<u>119,231</u>	<u>115,381</u>	<u>73,868</u>	<u>70,851</u>

The notes below refer to the investment balances above.

a) Selwyn Investment Holdings Limited (SIHL)

Selwyn Investment Holdings Limited (SIHL) has issued but uncalled capital of \$8,151,000 preference shares at 30 June 2011 (2010: \$8,151,000 preference shares).

b) Central Plains Water Limited loan

The Council entered into a loan agreement of \$1,030,000 with Central Plains Water Limited during the 2004 financial year to recognise the Council's share of scheme expenses incurred prior to the establishment of the company. Under the loan agreement the funds will be treated as suspensory loans unless and until the scheme is commissioned, (and in the event that the scheme is commissioned in stages, then from the commissioning of the first stage).

The Council provided an extension to the loan facility of \$154,723 on 28 February 2005. The extension was provided on the same terms and conditions as the original loan balance.

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

Interest on the loans has accrued from 25 October 2004, 28 February 2005 and 8 October 2009 for the respective loan balances at an annual rate being the then current interpolated 12 month Local Government Stock rates plus a margin of 50 basis points. Interest is calculated daily on the loan and paid in arrears. Interest is included as part of the outstanding amount and is not capitalised.

If the company is not successful in gaining the necessary resource consents to proceed with construction of the scheme, the loan will be converted to ordinary shares in the company on a dollar for dollar basis.

The loans will not be repayable in cash until the scheme has been commissioned.

If the scheme proceeds and construction is funded by debt and equity finance, the Council will have the option to convert the loan into shares (of an agreed class) in any associated and/or related company which may be, or is to be, the infrastructure-owning entity which will be associated with Central Plains Water Limited. Rights to water do not attach to these shares. If the Council does not elect to convert its loans into shares the loans shall be repaid in cash over an agreed period of time.

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

At balance date, the Council owned two shares in Central Plains Water Limited.

Provision for loan write-down.

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

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

c) Transwaste Canterbury Limited (TCL)

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

Note 16**Property held for sale**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Opening balance 1 July	6,966	2,442	65,327	6,274
Transfers from development property (note 21)	1,246	4,540	1,246	4,540
Transfers to investment property	-	-	-	-
Transfers from property, plant and equipment	-	-	-	36,393
Less estimated costs to sell	-	-	-	(231)
Transfers from forestry	-	-	-	22,199
Movements in fair value	-	-	1,099	-
Disposals	(280)	(16)	(24,500)	(3,848)
Total non-current assets held for sale 30 June	7,932	6,966	43,172	65,327
<i>Assets held for sale consists of:</i>				
Izone Southern Business Hub	7,932	6,966	7,932	6,966
Total Izone Southern Business Hub	7,932	6,966	7,932	6,966
Discontinued operation				
Forestry	-	-	23,349	22,199
Property, plant and equipment	-	-	7,536	12,961
Farm land	-	-	4,355	23,201
Total discontinued operation	-	-	35,240	58,361
	7,932	6,966	43,172	65,327

Note 17**Investments in associates**

The Council has a 50% interest in Central Plains Water Trust, (Christchurch City Council holds the other 50%). The Trust has a balance date of 30 June. The investment in the Trust is carried at cost.

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Central Plains Water Trust	-	-	-	-

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Assets	27	530	27	530
Liabilities	18	521	18	521
Net assets	9	9	9	9
Revenue	43	47	43	47
Surplus/(deficit)	-	-	-	-
Council's interest	50%	50%	50%	50%

The Trust has no contingent liabilities at 30 June 2011 (2010 \$nil).

Note 18**Investment property**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Opening balance 1 July	20,707	9,250	20,177	8,700
Additions	149	9,483	149	9,483
Transfer from development property	714	682	714	682
Disposals	-	-	-	-
Fair value gains/(losses) on valuation*	(924)	1,292	(959)	1,312
Closing balance 30 June	20,646	20,707	20,081	20,177

* Refer to note 7

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Rental Income	1,506	812	1,462	768
Expenses from investment property generating income	-	16	-	15

Selwyn District Council's investment property is valued annually at fair value effective 30 June. S Newbury, B Com (VPM), SPINZ (ANZIV) Registered Valuer from Ford Baker Valuations Ltd, Christchurch, performed the valuations.

Note 19**Forestry assets**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Opening balance 1 July	358	209	358	19,389
Increases due to purchases	-	-	-	-
Gains attributable to physical changes	32	22	32	3,403
Gains/(losses) from changes in fair value less point of sale costs	70	158	70	1,849
Gains attributable to yield changes	-	-	-	782
Revaluation	-	-	-	-
Decreases due to sales	-	(31)	-	(31)
Decreases due to harvest	-	-	-	(3,914)
Revision of harvesting costs	-	-	-	1,079
Valuation at 30 June	460	358	460	22,557
Less transfer to assets held for sale	-	-	-	(22,199)
Closing balance 30 June	460	358	460	358

Independent registered valuers PF Olsen Ltd valued the Selwyn Planation Board Limited's forestry assets at 30 June 2010. As at 30 June 2011 these assets are included within the discontinued operation under property held for sale – see note 16.

Financial Risk Management Strategies

Selwyn District Council is exposed to financial risks arising from changes in timber prices. Selwyn District Council does not expect timber prices to decline significantly in the foreseeable future and therefore has not taken any measures to manage the risks of a decline in timber prices. Selwyn District Council reviews the outlook for timber prices regularly in considering the need for active financial risk management.

Note 20**Property, plant and equipment**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Operational assets (note 20 a & b)	167,661	135,554	180,516	151,785
Infrastructural assets (note 20 c)	856,088	563,183	856,088	563,183
Total property, plant and equipment	1,023,749	698,737	1,036,604	714,968

(a) Operational Assets - Parent

	Land	Farm land	Buildings	Heritage Assets	Plant and Machinery	Library Books	Work in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount:								
Balance at 1 July 2009	83,525	4,087	35,817	357	10,500	1,860	2,561	138,707
Additions	3,011	-	807	-	1,101	155	2,972	8,046
Disposals	-	-	(141)	-	(77)	-	-	(218)
Impairment	-	-	-	-	-	-	(110)	(110)
Net revaluation increase/(decrease)	-	8	-	-	-	-	-	8
Transfers	298	-	897	-	105	-	(1,575)	(275)
Transfers to development property	-	-	-	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-	-	-	-
Balance at 30 June 2010	86,834	4,095	37,380	357	11,629	2,015	3,848	146,158
Additions	15,861	-	6,144	-	1,565	167	2,232	25,969
Disposals	(64)	-	-	-	(63)	-	-	(127)
Impairment	-	-	(1,094)	-	-	-	-	(1,094)
Net revaluation increase/(decrease)	7,490	(8)	(458)	-	-	-	-	7,024
Transfers	296	-	2,942	-	-	-	(3,238)	-
Transfers to development property	-	-	-	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-	-	-	-
Balance at 30 June 2011	110,417	4,087	44,914	357	13,131	2,182	2,842	177,930
Accumulated depreciation:								
Balance at 1 July 2009	-	-	(1,508)	(39)	(5,690)	(1,379)	-	(8,616)
Disposals	-	-	62	-	61	-	-	123
Net adjustments on asset revaluation	-	-	-	-	-	-	-	-
Depreciation expense	-	-	(977)	(14)	(953)	(167)	-	(2,111)
Balance at 30 June 2010	-	-	(2,423)	(53)	(6,582)	(1,546)	-	(10,604)
Disposals	-	-	-	-	24	-	-	24
Net adjustments on asset revaluation	-	-	2,423	-	-	-	-	2,423
Depreciation expense	-	-	(959)	(14)	(950)	(189)	-	(2,112)
Balance at 30 June 2011	-	-	(959)	(67)	(7,508)	(1,735)	-	(10,269)
Net carrying amount at 30-Jun-10	86,834	4,095	34,957	304	5,047	469	3,848	135,554
Net carrying amount at 30-Jun-11	110,417	4,087	43,955	290	5,623	447	2,842	167,661

(b) Operational Assets - Group

	Land \$000	Farm land \$000	Buildings \$000	Heritage Assets \$000	Plant and Machinery \$000	Library Books \$000	Work in Progress \$000	Total \$000
Gross carrying amount:								
Balance at 1 July 2009	91,346	38,767	44,189	357	45,947	1,860	2,836	225,302
Additions	3,011	-	1,243	-	3,235	155	3,034	10,678
Disposals	(638)	(3,083)	(965)	-	(4,315)	-	-	(9,001)
Impairment	-	-	-	-	(220)	-	(110)	(330)
Net revaluation increase/(decrease)	(223)	(9,168)	(76)	-	-	-	-	(9,467)
Transfers	(168)	779	921	-	105	-	(1,912)	(275)
Transfers to development property	-	-	-	-	-	-	-	-
Transfers to assets held for sale	(6,343)	(23,200)	(5,852)	-	(998)	-	-	(36,393)
Balance at 30 June 2010	86,985	4,095	39,460	357	43,754	2,015	3,848	180,514
Additions	15,164	-	6,177	-	3,351	167	2,232	27,091
Disposals	(64)	-	(21)	-	(4,240)	-	-	(4,325)
Impairment	-	-	(1,094)	-	-	-	-	(1,094)
Net revaluation increase/(decrease)	7,490	(8)	(458)	-	-	-	-	7,024
Transfers	296	-	2,942	-	-	-	(3,238)	-
Transfers to development property	-	-	-	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-	-	-	-
Balance at 30 June 2011	109,871	4,087	47,006	357	42,865	2,182	2,842	209,210
Accumulated depreciation:								
Balance at 1 July 2009	-	-	(2,456)	(39)	(22,476)	(1,379)	-	(26,350)
Disposals	-	-	197	-	3,687	-	-	3,884
Net adjustments on asset revaluation	-	-	26	-	-	-	-	26
Depreciation expense	-	-	(1,398)	(14)	(4,710)	(167)	-	(6,289)
Balance at 30 June 2010	-	-	(3,631)	(53)	(23,499)	(1,546)	-	(28,729)
Disposals	-	-	1,312	-	1,293	-	-	2,605
Net adjustments on asset revaluation	-	-	2,458	-	-	-	-	2,458
Depreciation expense	-	-	(998)	(14)	(3,827)	(189)	-	(5,028)
Balance at 30 June 2011	-	-	(859)	(67)	(26,033)	(1,735)	-	(28,694)
Net carrying amount at 30-Jun-10	86,985	4,095	35,829	304	20,255	469	3,848	151,785
Net carrying amount at 30-Jun-11	109,871	4,087	46,147	290	16,832	447	2,842	180,516

(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 2010	385,873	50,241	12,036	58,174	24,237	36,156	3,949	1,578	572,244
Additions	8,310	1,755	222	2,378	-	51	107	926	13,749
Disposal	(10)	-	-	-	-	-	-	-	(10)
Net revaluation increase/(decrease)	-	-	-	-	-	-	-	-	-
Transfers	1,256	336	99	261	-	-	-	(1,677)	275
Balance at 30 June 2010	395,429	52,332	12,357	60,813	24,237	36,207	4,056	827	586,258
Additions	10,983	835	1,200	1,367	44	64	428	4,636	19,557
Disposal	-	-	-	-	-	-	-	-	-
Impairment	(2,832)	-	-	-	-	-	-	-	(2,832)
Net revaluation increase/(decrease)	53,719	22,670	8,155	61,545	67,632	39,834	150	-	253,705
Transfers	-	-	-	-	-	-	-	-	-
Balance at 30 June 2011	457,299	75,837	21,712	123,725	91,913	76,105	4,634	5,463	856,688
Accumulated depreciation:									
Balance at 1 July 2010	(7,762)	(1,420)	(225)	(1,306)	(38)	(327)	(372)	-	(11,450)
Net adjustments on asset revaluation	-	-	-	-	-	-	-	-	-
Depreciation expense	(8,087)	(1,464)	(234)	(1,361)	(38)	(327)	(114)	-	(11,625)
Balance at 30 June 2010	(15,849)	(2,884)	(459)	(2,667)	(76)	(654)	(486)	-	(23,075)
Net adjustments on asset revaluation	24,183	4,379	708	4,082	114	983	5	-	34,454
Depreciation expense	(8,334)	(1,495)	(249)	(1,415)	(38)	(329)	(119)	-	(11,979)
Balance at 30 June 2011	-	-	-	-	-	-	(600)	-	(600)
Net carrying amount at 30-Jun-10	379,580	49,448	11,898	58,146	24,161	35,553	3,570	827	563,183
Net carrying amount at 30-Jun-11	457,299	75,837	21,712	123,725	91,913	76,105	4,034	5,463	856,088

Note 21**Development property**

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

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Opening balance 1 July	7,400	8,685	7,400	8,685
Transfers from property, plant and equipment	-	-	-	-
Additions	1,778	4,354	1,778	4,354
Transfers to assets held for sale (note 16)	(1,246)	(4,540)	(1,246)	(4,540)
Transfers to investment property (note 18)	(714)	(682)	(714)	(682)
Disposals	-	(417)	-	(417)
Total development property 30 June	7,218	7,400	7,218	7,400
<i>Development property consists of:</i>				
Izone Southern Business Hub	7,218	7,400	7,218	7,400
	7,218	7,400	7,218	7,400

Note 22

Intangible assets

	Council Computer Software \$000	Group Computer Software \$000	Group Mining \$000	Group Goodwill \$000	Group Total \$000
Opening Cost at 1 July 2010	595	1,014	508	2,999	4,521
Accumulated amortisation/impairment	(424)	(785)	(42)	(2,999)	(3,826)
Opening balance at 1 July 2010	171	229	466	-	695
Additions	65	73	-	-	73
Amortisation charge	(96)	(128)	(15)	-	(143)
Impairment	-	-	-	-	-
Disposals	-	-	-	-	-
Discontinued operation	-	(5)	-	-	(5)
Closing balance at 30 June 2011	140	169	451	-	620
Closing cost at 30 June 2011	660	1,082	508	2,999	4,589
Accumulated amortisation/impairment	(520)	(913)	(57)	(2,999)	(3,969)
Closing balance at 30 June 2011	140	169	451	-	620

	Council Computer Software \$000	Group Computer Software \$000	Group Mining \$000	Group Goodwill \$000	Group Total \$000
Opening Cost at 1 July 2009	520	885	508	2,999	4,392
Accumulated amortisation/impairment	(296)	(600)	(27)	(2,999)	(3,626)
Opening balance at 1 July 2009	224	285	481	-	766
Additions	75	140	-	-	140
Amortisation charge	(128)	(185)	(15)	-	(200)
Impairment	-	-	-	-	-
Disposals	-	-	-	-	-
Discontinued operation	-	(11)	-	-	(11)
Closing balance at 30 June 2010	171	229	466	-	695
Closing cost at 30 June 2010	595	1,014	508	2,999	4,521
Accumulated amortisation/impairment	(424)	(785)	(42)	(2,999)	(3,826)
Closing balance at 30 June 2010	171	229	466	-	695

Note 23**Creditors and other payables**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Creditors	4,666	3,649	8,979	7,502
Deposits, retentions and accrued expenses	4,719	3,164	4,719	3,336
Amounts due to related parties	1,845	1,410	(94)	-
Rates in advance	174	155	174	155
Dividends payable	-	-	-	-
Total trade and other payables	11,404	8,378	13,778	10,993

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

Note 24**Employee benefit liabilities**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Accrued wages and salaries	170	116	735	555
Annual leave	716	669	1,878	1,915
Provision for long service leave	94	105	152	188
Provision for retirement gratuities	86	83	119	142
Provision for sick leave	12	12	57	66
Total employee benefit liabilities	1,078	985	2,941	2,866
Comprising:				
Current	984	880	2,776	2,645
Non-current	94	105	165	221
Total employee benefit liabilities	1,078	985	2,941	2,866

Note 25
Other provisions

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
<i>Current provisions are represented by:</i>				
Maintenance Provision	-	-	368	489
Bankside Depot	-	-	17	138
Discontinued operation	-	-	(17)	(138)
Weathertightness	340	50	340	50
Total current provisions	340	50	708	539
<i>Non-current provisions are represented by:</i>				
Landfill provision	379	362	379	362
Total non-current provisions	379	362	379	362

Council and group	Weather- tightness 2011 \$000	Weather- tightness 2010 \$000	Landfill 2011 \$000	Landfill 2010 \$000	Maintenance Costs 2011 \$000	Maintenance Costs 2010 \$000	Bankside Depot 2011 \$000	Bankside Depot 2010 \$000
Opening balance 1 July	50	-	362	334	489	124	138	1,169
Additional provisions made during the year	290	50	17	28	454	518	-	68
Amounts used during the year	-	-	-	-	(575)	(153)	(121)	(1,099)
Closing balance 30 June	340	50	379	362	368	489	17	138

Council

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

The landfill provision reflects the cost of closing and rehabilitating the Killinchy and Hawkins landfills and was initially recognised as a current liability of \$300,000 at 30 June 2002. With the introduction of NZ IFRS the landfill provision was reclassified as a non-current provision with no expenditure being charged against the provision in 2011 (2010: nil).

Group

In general SICON calculates the value of the provision for maintenance contracts based on 50% of the retention value held over the contract at the end of each financial year. Only contracts that have achieved practical completion and have not fulfilled the defects liability period stipulated in the individual contracts are assessed. The maintenance provision as at 30 June 2011 is \$331,500 (2010: \$208,540).

SPBL owns the Bankside Fuel Depot. This large pit was constructed during World War II and is of historical interest. In February 2008 the New Zealand Historic Places Trust was successful in registering the Bankside Fuel Depot as a Category 2 Site.

The Fuel Depot has been used as a rubbish dump (by unknown parties and not SPBL) for a range of items. The Company commenced cleanup in late 2008 and has spent \$2.9 million up to 30 June 2011.

SPBL has detailed costings on completing the cleanup. Some funding has been received from the Ministry for the Environment and ECAN towards this however SPBL has ended up bearing the majority of any costs incurred. It has not provided for any additional liability in its period's financial statements (2010: \$68,125). The actual cost of the remedial work could be more or less than the amount provided for.

Note 26**Borrowings**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Current				
Bank overdraft	-	-	70	4,079
Secured loans	21,905	-	25,694	4,621
Finance lease liabilities	-	-	200	268
Total current borrowings	21,905	-	25,964	8,968
Non-current				
Secured loans	31,175	25,000	34,331	25,625
Finance lease liabilities	-	-	107	250
Total non-current borrowings	31,175	25,000	34,438	25,875

The Council

The Council's secured borrowings of \$53 million (2010: \$25 million) includes floating rate borrowings of \$42 million and fixed borrowings of \$11m. For the floating rate borrowings, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk. The interest rates for fixed rate borrowings range from 6.74% to 6.92%.

The borrowings are secured against the rates of the Council.

The total amount of the borrowings approximates its fair value.

SICON Limited*Overdraft*

The overdraft facility is secured by debenture. The maximum amount that can be drawn down against the overdraft facility is \$50,000 (2010: \$50,000). There are no restrictions on the use of this facility.

Working Capital

Drawdowns are made on an overnight call basis with an expiry date of 29 March 2014. There is a maximum limit of \$3.6m (2010: \$3.6m). Interest is charged at the Prime Base Rate prevailing at the date of drawdown plus a margin of 1.1%.

Finance Leases

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

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

Security

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

Ferguson Brothers Limited

Ferguson Brothers Limited has an Interchangeable banking facility with the ANZ National Bank Limited which includes an overdraft facility and a flexible credit facility. The facility has a maximum limit of \$2,500,000 apportioned between the overdraft and flexible credit facilities and has a termination date of 31 December 2011. On 10 August 2011 the bank advised that this facility had been amended from a terminating facility to an "on demand" facility which is the standard term for the banks working capital facilities. Fees of 1% are charged on the overdraft and payable quarterly. Interest is charged at the Business Bank Indicator Rate. The interest rate on the overdraft at 30 June 2011 was 10.65% (2009: 10.15%). The interest rate on the flexible credit facility is charged at the bank reference rate plus a margin of 1.2%. The interest rate on the overdraft at 30 June 2011 was 5.23% (2010: 5.4%). The bank has a general security agreement over all the assets and undertaking of Ferguson Brothers Limited. In addition, Selwyn Investment Holdings Ltd has provided a guarantee limited to \$1,125,000 plus interest, costs and other amounts.

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

Analysis of finance lease

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
<i>Present value of minimum future lease payments</i>				
No later than 1 year	-	-	200	268
Later than 1 year but not later than 5 years	-	-	107	250
Later than 5 years	-	-	-	-
	-	-	307	518
<i>made up of:</i>				
Current borrowings	-	-	200	268
Non-current borrowings	-	-	107	250
	-	-	307	518
<i>Minimum future lease payments</i>				
No later than 1 year	-	-	222	307
Later than 1 year but not later than 5 years	-	-	113	268
Later than 5 years	-	-	-	-
<i>Minimum Lease Payments</i>	-	-	335	575
Less future finance charges	-	-	(28)	(57)
	-	-	307	518

Note 27**General funds**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Opening balance 1 July	555,822	546,685	600,243	590,341
<i>Transfers to:</i>				
Special funds	(8,441)	(5,330)	(8,441)	(5,330)
<i>Transfers from:</i>				
Revaluation reserve on disposal of property, plant and equipment	(86)	85	(86)	374
Special funds	5,710	19,537	5,710	19,537
Surplus for the year attributable to parent	957	(5,155)	(752)	(4,679)
Closing balance 30 June	553,962	555,822	596,674	600,243

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

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Opening balance 1 July	52,020	52,020	24,892	24,892
Valuation gains/(losses) to other comprehensive income	4,086	-	2,518	-
Transfers to surplus or deficit on disposal	-	-	-	-
Closing balance 30 June	56,106	52,020	27,410	24,892

The balance in this account relates to:

Selwyn Investment Holdings Limited	55,086	51,000	-	-
Transwaste Limited	1,020	1,020	1,020	1,020
Orion Group Limited	-	-	26,390	23,872
	56,106	52,020	27,410	24,892

Note 29**Special funds**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Opening balance 1 July	31,067	45,274	31,067	45,274
Transfers to general funds	(5,710)	(19,537)	(5,710)	(19,537)
Transfers from general funds	8,441	5,330	8,441	5,330
Closing balance 30 June	33,798	31,067	33,798	31,067

Note 30**Asset revaluation reserves**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Opening balance 1 July	187,785	187,887	179,531	185,663
Current year movements	293,680	8	293,606	(5,733)
Less tax effect on buildings	-	(25)	-	(25)
Transfer to general reserves	86	(85)	86	(374)
Closing balance 30 June	481,551	187,785	473,223	179,531

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

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Land and buildings	72,782	64,180	66,689	58,317
Farm land	2,576	2,584	341	193
Roading	155,071	80,001	155,071	80,001
Water supplies	36,787	9,738	36,787	9,738
Stormwater	9,597	734	9,597	734
Sewerage	73,902	8,275	73,902	8,275
Land drainage	71,318	3,572	71,318	3,572
Water races	59,518	18,701	59,518	18,701
	481,551	187,785	473,223	179,531

Note 31**Non-controlling interest**

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Opening balance 1 July	-	-	28,402	31,275
Share in surplus	-	-	1,708	88
Realisation of assets	-	-	(10,615)	-
Share in dividend	-	-	-	-
Share in revaluation movement	-	-	-	(2,961)
Closing balance 30 June	-	-	19,495	28,402

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

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Surplus after taxation	957	(5,155)	(2,770)	(7,088)
Add/(deduct) non-cash items				
Vested assets revenue	(4,732)	(2,424)	(4,732)	(2,424)
(Gains)/losses on fair value of investment property	924	(1,292)	959	(1,312)
(Gains)/losses on fair value of forestry assets	(102)	(180)	(102)	(180)
Fair value increase of embedded derivative	(76)	(106)	(76)	(106)
Depreciation and amortisation	14,187	13,864	17,150	17,482
Impairments	734	1,320	-	241
Provision for loan write down	-	494	-	494
Non-current employee benefits	(11)	(9)	(57)	(46)
Non-current provisions	17	28	17	(638)
Movement in provision for doubtful debts	155	(49)	81	40
Land & buildings revaluation (increment)/decrement	-	-	-	-
Net other (gain)/loss	(6)	(6)	(360)	(381)
Interest rate swap	694	438	572	285
Movement in deferred taxation	12	94	1,899	(1,102)
Discontinued operation	-	-	-	-
	12,753	7,017	12,581	5,265
Movement in working capital items				
Debtors and other receivables	(2,822)	(1,954)	(4,028)	4,431
Income tax receivable	85	(35)	134	202
Inventory & work in progress	-	-	840	1,490
Creditors and other payables	4,119	(1,161)	3,759	(3,349)
Employee benefit liabilities	104	84	132	(492)
Livestock	-	-	-	-
	14,239	3,951	13,418	7,547
Items classified as investing activities				
Net gain on sale of property, plant and equipment	(1,688)	(181)	(1,688)	(181)
Net Cash Flow - Operating Activities	12,551	3,770	11,730	7,366

Note 33**Commitments and operating leases****Commitments**

The total funds the Council is committed to spending in the future on maintenance and capital projects is \$22,236,000 (2010: \$33,277,000). Detailed below are the activities in which commitments from 1 July 2011 occur.

Commitments represent contracts entered into but where the services have not been delivered.

The Council also has a contract with Transwaste Canterbury Limited for the transport and disposal of refuse. The contract term ends on 30 June 2012 and payments under the contract will be based on waste volumes.

Maintenance & Operating	Within One Year \$000	One to Two Years \$000	Two to Five Years \$000	Total \$000
Road Maintenance	4,685	4,685	-	9,370
Utilities*	1,442	-	-	1,442
Reserves*	754	-	-	754
Rating Valuations	14	-	-	14
Refuse	686	686	686	2,058
Refuse - Resource Recovery Park*	169	-	-	169
RH Developments	475	475	831	1,781
Total Operating Commitments	8,225	5,846	1,517	15,588

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

Capital	Within One Year \$000	One to Two Years \$000	Two to Five Years \$000	Total \$000
Darfield water supply - SICON	133			133
West Melton sewerage reticulation - SICON	158			158
ESSS				
- Southern Cross Engineering	127			127
- Green process	1,003			1,003
- Gardener Denver	365			365
- Filtration Technology	592			592
- GEA Westfall	498			498
- Thermotech	1,097			1,097
Lincoln Rolleston Road - SICON	121			121
Lowes Road Stage 2 - SICON	426			426
	4,520	-	-	4,520

The Council's subsidiaries have capital commitments as at 30 June 2011 for the purchase of property, plant and equipment of \$937,235 (2010: nil).

Operating leases

Operating leases as lessee

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

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Not later than one year	104	51	828	1,012
Later than one year and not later than five years	260	190	1,067	1,234
Later than five years	-	-	-	-
Total non-cancellable operating leases	364	241	1,895	2,246

Operating leases as lessor

The Council leases five properties under operating leases. Two of these properties have a non-cancellable term of 3 years with the leases commencing on 1 July 2010. The other three properties had leases as follows; a non-cancellable lease of 9 years commencing on 1 April 2011, a non-cancellable term of 12 years commencing on 1 May 2010 and a lease which is non-cancellable for 20 months from 30 June 2011. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Not later than one year	1,827	1,701	1,745	1,619
Later than one year and not later than five years	4,790	7,576	4,790	7,576
Later than five years	6,453	14,907	6,453	14,907
Total non-cancellable operating leases	13,070	24,185	12,988	24,103

No contingent rent has been recognised during the period.

Note 34**Contingent liabilities and contingent assets***a) General*

- i) The Council has a contingent liability in respect of a guarantee that it has provided for a bank loan to the Rolleston Rugby Club. The loan is for 15 years and has a value of \$105,000. There is currently no indication that the guarantee will be called.
- ii) The Council is aware of seven potential claims in relation to the weathertightness of homes in the area. It has made a provision for the claims where it is able to make a reliable estimate of the potential cost to the Council (see note 25). The outcome of the other claims is uncertain and the Council is not able to estimate reliably its potential liability. It has not made any provision in respect of the claims. The Council is also exposed to future claims in relation to this issue but is not able to estimate reliably the number or value of the claims. The Council does not have insurance cover for any of the claims for which it has not made a provision. The Council is funding the cost of weathertightness claims through general rates at a budget of \$50,000 per year.
- iii) The Council has an unquantified contingent asset for revenue arising from the Canterbury earthquakes that has not been recognised at balance date. This includes possible additional insurance proceeds and additional subsidy from New Zealand Transport Agency. Other than this, the Council has no contingent assets at 30 June 2011 (2010: Nil).

b) Landfills located within Selwyn district

The Council does not operate any landfills in the district. The Council has recognised the costs of closing and rehabilitating the Killinchy and Hawkins landfills which were the two largest when operated.

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

c) Group

Selwyn Plantation Board Limited has a contingent asset for carbon credits. The Government's Forestry Allocation Plan has been finalised and the second tranche of SPBL's NZUs (109,668) have been issued, however they will not be allocated until sometime during 2013. The value of NZUs at 30 June 2011 was \$18.20 per NZU.

Other than this and the contingent asset in relation to the Canterbury earthquakes, the Selwyn District Council has no contingent assets as at 30 June 2011 (2010: nil).

Selwyn Plantation Board Limited has no contingent liabilities as at 30 June 2011 (2010: nil).

Selwyn District Council is a participating employer in the National Provident Fund's Defined Benefit Plan Contributors' Scheme (the Scheme) which is a multi-employer defined benefit scheme. If all the other participating employers ceased to participate in the Scheme, Selwyn District Council could be responsible for the entire deficit of the Scheme. Similarly if a number of employers ceased to participate in the Scheme, Selwyn District Council could be responsible for an increased share of the deficit.

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The fund has advised that insufficient information is available to use defined benefit accounting as it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

As at 31 March 2010 the Scheme has an estimated past service surplus of \$43.63 million (18.2% of the estimated liabilities). This amount is exclusive of employer superannuation contribution tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19: Employee Benefits. The actuary to the scheme has recommended the employer contributions are suspended with effect from April 2011. The equivalent information as at 31 March 2011 is not available at the date of preparation of these financial statements.

From time to time SICON Limited and Ferguson Brothers Limited have performance bonds and bonds in lieu of retention to third parties. \$1,363,501 was committed to as at 30 June 2011 (2010: \$1,341,111).

Note 35**Related party transactions**

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

a) Selwyn Plantation Board Ltd

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

The Council received money for:

	2011 \$000	2010 \$000
• Rates	43	73
• Water connections	-	3
• Other	73	3

At balance date Council was owed \$82,666 (2010: Nil)

The Council paid for:

	2011 \$000	2010 \$000
• Water	-	-
• Fire fighting	-	-
• Other	7,878	-

There were no balances outstanding at 30 June 2011 (2010: nil).

b) SICON Limited

The Council entered into normal commercial transactions with SICON Limited:

The Council:

	2011 \$000	2010 \$000
• Received payment for rates, royalties and leases	390	230
• Paid for contract services	8,498	10,666
• At balance date Council owed	1,852	1,410
• At balance date Council was owed	82	42

SICON entered into a contract to purchase 8,400m² of land from the Council in the 'Izone Industrial Park', the contracted price is \$674,400, at 30 June the outstanding balance was \$674,400.

c) Selwyn Investment Holdings Limited (SIHL)

The Council received revenue from SIHL for:

	2011 \$000	2010 \$000
• Dividends	3,600	4,000

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

	2011 \$000	2010 \$000
• Accounts paid on SIHL's behalf	424	237
• Dividend payable	3,600	4,000

d) *Central Plains Water Trust*

The Council undertakes accounting services for Central Plains Water Trust for which no charge is made.

The Council makes payments to suppliers on behalf of the Trust who then reimburse the Council. These payments total \$34,007 for the reporting period (2010: \$41,733). At the year-end the Trust owed the Council \$3,823 (2010: \$64,529).

e) *Elected members and key management*

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

The following transactions (excluding rates and rubbish bags) with Councillors and key management were at arm's length, on normal business terms and conditions (all figures are GST exclusive unless otherwise stated):

- Councillor Annette Foster (who retired from the Council in October 2010) is part owner of Foster Holdings Limited from whom the Council purchased 33 ha of land. A deposit was paid in the 2010 financial year and a balance of \$5,272,797 was paid in the 2011 financial year.
- Councillor John Morten's wife is part owner of Foothill Flowers from whom the Council purchased goods and services totalling \$600 (2010: \$600).
- Councillor Malcolm Lyall is director of Allways Electrical Ltd from whom the Council purchased goods and services totalling \$7,109 (2010: \$1,873).

f) *Key management personnel compensation*

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

	Council 2011 \$000	Council 2010 \$000
Salaries and other short term benefits	\$1,373	\$1,335
Termination benefits	nil	nil

Note 36**Remuneration***a) Elected members*

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

	2011	2010
	\$	\$
Council		
Mayor Kelvin Coe	89,845	85,191
Councillor Sarah Walters (Deputy Mayor)	33,865	32,130
Councillor Nigel Barnett	30,330	32,640
Councillor Debra Hasson	30,296	33,936
Councillor Malcolm Lyall	30,296	32,130
Councillor Lindsay Philps	30,296	34,510
Councillor John Morten	32,154	38,054
Councillor Sam Broughton	21,175	Nil
Councillor Pat McEvedy	21,175	Nil
Councillor Mark Alexander	21,290	Nil
Councillor Peter Hill	21,175	Nil
Councillor Jeff Bland	21,290	Nil
Councillor Gary Doyle	8,810	32,130
Councillor Jack Pearcy	8,810	33,456
Councillor Annette Foster	8,810	32,130
Councillor Bob Mugford	8,810	28,416
 <i>Malvern Community Boara</i>		
Jenny Gallagher (Chairperson)	7,481	Nil
Allan Thorne	7,669	8,093
Mary Ireland	7,669	8,093
Bill Frost	7,669	6,407
Ray Pearson	5,343	Nil
Ian Warren	3,295	12,018
Bob Mugford	Nil	935
Annie Smith	2,219	8,093
 <i>Selwyn Central Community Boara</i>		
Liz Russell (Chairperson)	6,418	Nil
Joyce Davey	7,950	8,569
Sandy Williams	5,485	Nil
Alan French	5,485	Nil
Bruce Russell	2,865	10,450
Mark Alexander	2,327	8,569
Jeff Bland	2,327	8,569

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

	Company	2011	2010
		\$	\$
Councillor John Morten	Selwyn Investment Holdings Limited	24,000	24,000

b) Chief Executive

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

The total remuneration paid to the Chief Executive position was \$250,603 (2010: \$238,129). This included a non taxable allowance of \$536.

c) *Severance payments*

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

There was one severance payment made during the year of \$40,836 (2010: one payment of \$45,118).

Note 37

Construction contracts (group)

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
<i>For contracts in progress as at 30 June:</i>				
Contract costs incurred	-	-	1,526	891
Recognised profits/(losses)	-	-	(10)	10
Progress billings	-	-	1,516	901
Gross amounts due from customers	-	-	389	323
Gross amounts due to customers	-	-	-	-
Advances received	-	-	-	-
Retentions included in progress billings	-	-	147	20

Note 38

Events after balance date

Selwyn Plantation Board Limited is in the process of selling all its assets and is actively negotiating the sale and settlement of several properties and its forest asset. Since balance date, titles for four properties have been issued enabling settlement of these properties to be completed in July 2011.

Note 39
Financial instruments
39 A Financial instrument categories

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

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Financial assets				
<i>Fair value through surplus or deficit</i>				
Embedded derivatives	841	765	841	765
Interest rate swaps	-	-	-	-
Unlisted shares	-	-	1	33
Total fair value through surplus or deficit	841	765	842	798
<i>Loans and receivables</i>				
Cash and cash equivalents	1,858	2,385	17,652	6,011
Cash and cash equivalents - discontinued operation	-	-	13,814	2,777
Debtors and other loans and receivables	13,611	11,303	16,845	13,367
Debtors and receivables - discontinued operation	-	-	3,053	3,145
Term deposits - discontinued operation	-	-	-	7,331
Total loans and receivables	15,469	13,688	51,364	32,631
<i>Fair value through other comprehensive income</i>				
Selwyn Investment Holdings Limited	113,151	109,800	-	-
Transwaste (Canterbury) Limited	1,500	1,500	1,500	1,500
Orion Group Limited	-	-	67,788	65,270
Unlisted shares	-	-	-	-
Total fair value through other comprehensive income	114,651	111,300	69,288	66,770
<i>Held to maturity</i>				
Government bonds	1,974	1,968	1,974	1,968
Financial liabilities				
<i>Financial liabilities through surplus or deficit</i>				
Interest rate swaps	1,133	439	1,323	751
Total fair value through surplus or deficit	1,133	439	1,323	751
<i>Financial liabilities at amortised cost</i>				
Creditors and other payables	11,404	8,378	13,778	11,935
Creditors and other payables -discontinued operation	-	-	1,181	2,614
Borrowings				
- bank overdraft	-	-	70	4,079
- secured loans	53,080	25,000	60,025	30,246
- finance lease liabilities	-	-	307	518
Total financial liabilities at amortised cost	64,484	33,378	75,361	49,392

39 B Fair value hierarchy disclosures

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

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

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

	Total	Quoted market price	Observable inputs	Significant non - observable inputs
	\$000	\$000	\$000	\$000
Council 2011				
Financial assets				
Embedded derivatives	841	-	841	-
Interest rate swaps	-	-	-	-
Selwyn Investment Holdings Limited	113,151	-	-	113,151
Transwaste (Canterbury) Limited	1,500	-	-	1,500
Financial liabilities				
Interest rate swaps	1,133	-	1,133	-
Group 2011				
Financial assets				
Embedded derivatives	841	-	841	-
Interest rate swaps	-	-	-	-
Transwaste (Canterbury) Limited	1,500	-	-	1,500
Orion Group Limited	67,788	-	-	67,788
Unlisted shares	1	-	-	1
Financial liabilities				
Interest rate swaps	1,323	-	1,323	-

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

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs

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

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Balance at 1 July	111,300	112,500	66,770	66,799
Gains/(losses) recognised in surplus/deficit	(734)	(1,200)	-	-
Gains/(losses) in other comprehensive income	4,086	-	2,518	-
Balance at 30 June	114,652	111,300	69,288	66,799

39 C Financial instruments risk

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

Market risk

Price risk

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

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Selwyn District Council is not exposed to interest rate risk.

Fair value interest rate risk

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

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

Cash flow interest rate risk

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

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

Credit risk

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

Maximum exposure to credit risk

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

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Cash and cash equivalents	1,858	2,385	17,652	6,011
Cash and cash equivalents - discontinued operation	-	-	13,814	2,777
Debtors and other receivables	13,611	11,303	16,845	13,367
Debtors and receivables - discontinued operation	-	-	3,053	3,145
Term deposits - discontinued operation	-	-	-	7,331
Government bonds	1,974	1,968	1,974	1,968
Derivatives	841	765	841	765
Total credit risk	18,284	16,421	54,179	35,364

Credit quality of financial assets

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

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

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Counterparties with credit ratings				
<i>Cash at bank and term deposits</i>				
AA - continuing operations	1,858	2,385	17,652	6,011
AA - discontinued operation	-	-	13,814	10,108
Total cash at bank and term deposits	1,858	2,385	31,466	16,119
<i>Government Bonds</i>				
AAA	1,974	1,968	1,974	1,968
<i>Derivative financial instruments</i>				
AAA	841	765	841	765
Total counterparties with credit ratings	2,815	2,733	2,815	2,733
Counterparties without credit ratings				
<i>Community and related party loans</i>				
Existing counterparty with no defaults in the past	182	175	182	175
Existing counterparty with defaults in the past	-	-	-	-
Total loans to related parties	182	175	182	175
<i>Debtors and other receivables</i>				
Existing counterparty with no defaults in the past	-	-	-	-
Existing counterparty with defaults in the past	-	-	-	-
Total debtors and other receivables	-	-	-	-

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

Liquidity risk

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

As at 30 June 2011, the Council has a multi-option credit facility of \$40 million (2010: \$20 million) against which it had drawn \$21 million.

SICON Limited has a maximum amount that can be drawn down against their overdraft facility of \$50,000 (2010: \$50,000). There are no restrictions on the use of this facility.

Ferguson Brothers Limited has a maximum amount which can be drawn down against its overdraft facility of \$2,500,000 (2010: \$2,700,000).

Contractual maturity analysis on financial liabilities

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

	Liability Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 year \$000	1-5 years \$000	More than 5 years \$000
Council 2011					
Creditors and other payables	11,404	11,404	11,404	-	-
Secured loans	53,080	57,916	23,566	34,335	15
Net settled derivatives (interest rate swap)	1,133	4,304	715	2,609	980
Group 2011					
Creditors and other payables	13,778	13,778	13,778	-	-
Creditors and other payables -discontinued operation	1,181	1,181	1,181	-	-
Bank overdraft	70	70	70	-	-
Secured loans	60,025	65,009	30,529	34,466	15
Finance leases	307	335	222	113	-
Net settled derivatives (interest rate swap)	1,323	4,494	905	2,609	980
Council 2010					
Creditors and other payables	8,378	8,378	8,378	-	-
Secured loans	25,000	29,278	1,298	27,980	-
Net settled derivatives (interest rate swap)	439	1,328	175	702	451
Group 2010					
Creditors and other payables	11,935	11,935	11,935	-	-
Creditors and other payables -discontinued operation	2,614	2,614	2,614	-	-
Bank overdraft	4,079	4,079	4,079	-	-
Secured loans	30,246	34,590	5,937	28,652	-
Finance leases	518	575	307	212	56
Net settled derivatives (interest rate swap)	751	1,640	487	702	451

Contractual maturity analysis of financial assets

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

	Asset Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 year \$000	1-5 years \$000	More than 5 years \$000
Council 2011					
Cash and cash equivalents	1,858	1,858	1,858	-	-
Debtors and other loans and receivables	13,611	14,814	12,040	1,194	1,580
Government bonds	1,974	2,417	90	2,327	-
Term deposits	-	-	-	-	-
Embedded derivatives	841	1,000	34	966	-
Group 2011					
Cash and cash equivalents	17,652	17,652	17,652	-	-
Cash and cash equivalents - discontinued operation	13,814	13,814	13,814	-	-
Debtors and other loans and receivables	16,845	18,143	15,369	1,194	1,580
Debtors and receivables - discontinued operation	3,053	3,053	3,053	-	-
Government bonds	1,974	2,417	90	2,327	-
Term deposits - discontinued operation	-	-	-	-	-
Interest rate swaps	-	-	-	-	-
Embedded derivatives	841	1,000	34	966	-
Council 2010					
Cash and cash equivalents	2,385	2,385	2,385	-	-
Debtors and other loans and receivables	11,303	11,378	11,203	175	-
Government bonds	1,968	2,507	90	360	2,057
Term deposits	-	-	-	-	-
Embedded derivatives	765	957	34	136	787
Group 2010					
Cash and cash equivalents	6,011	6,011	6,011	-	-
Cash and cash equivalents - discontinued operation	2,777	2,777	2,777	-	-
Debtors and other loans and receivables	13,367	13,612	13,412	200	-
Debtors and receivables - discontinued operation	3,145	3,145	3,145	-	-
Government bonds	1,968	2,507	90	360	2,057
Term deposits - discontinued operation	7,331	7,331	7,331	-	-
Interest rate swaps	-	-	-	-	-
Embedded derivatives	765	957	34	136	787

Sensitivity analysis for Interest rate risk

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

Council

Council	2011 \$000				2010 \$000			
	Surplus	-100bps Other equity	Surplus	+100bps Other equity	Surplus	-100bps Other equity	Surplus	+100bps Other equity
Interest rate risk								
Financial assets								
Cash and cash equivalents	(19)	-	19	-	(24)	-	24	-
Interest rate swaps	-	-	-	-	-	-	-	-
Financial liabilities								
Interest rate swaps	(1,851)	-	1,634	-	(958)	-	883	-
Secured loans	419	-	(419)	-	140	-	(140)	-
Bank overdraft	-	-	-	-	-	-	-	-
Total sensitivity	(1,451)	-	1,234	-	(842)	-	767	-
Other price risk								
Financial assets								
Embedded derivatives	(28)	-	28	-	(27)	-	27	-
Unlisted shares	-	-	-	-	-	-	-	-
Total sensitivity	(28)	-	28	-	(27)	-	27	-

Group

Group	2011 \$000				2010 \$000			
	Surplus	-100bps Other equity	Surplus	+100bps Other equity	Surplus	-100bps Other equity	Surplus	+100bps Other equity
Interest rate risk								
Financial assets								
Cash and cash equivalents	(177)	-	177	-	(59)	-	59	-
Interest rate swap	-	-	-	-	-	-	-	-
Embedded derivatives	-	-	-	-	-	-	-	-
Financial liabilities								
Interest rate swap	(1,851)	-	1,634	-	(958)	-	883	-
Secured loans	488	-	(488)	-	192	-	(192)	-
Bank overdraft	(1)	-	1	-	(41)	-	41	-
Total sensitivity	(1,541)	-	1,324	-	(866)	-	791	-
Other price risk								
Financial assets								
Government bonds	(28)	-	28	-	(27)	-	27	-
Unlisted shares	-	-	-	-	-	-	-	-
Total sensitivity	(28)	-	28	-	(27)	-	27	-

Explanation of interest rate risk sensitivity

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

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

Explanation of other price risk sensitivity

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

Note 40

Capital management

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

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

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

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

Selwyn District Council has the following council created reserves:

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

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

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

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

Note 41**Discontinued operation**

In April 2010 Selwyn Plantation Board Limited shareholders approved the Board's Strategic Plan for the company, which provided for the sale of all of the company's assets and for the proceeds of sale to be returned to shareholders. Their accounts have been prepared on a realisation basis, having previously been prepared on a going concern basis, in keeping with their treatment as a discontinued operation as at 30 June 2011.

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

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

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Profits attributable to discontinued operations				
Operating revenue	-	-	10,721	16,037
Interest received	-	-	827	335
Other gains/(losses)	-	-	4,786	4,102
Total revenue	-	-	16,334	20,474
Operating expenses	-	-	11,368	15,856
Depreciation, amortisation, and impairment	-	-	-	632
Impairment of assets	-	-	-	90
Finance costs	-	-	-	5
Total expenditure	-	-	11,368	16,583
Surplus/(deficit) before tax	-	-	4,966	3,891
Taxation expense	-	-	1,240	1,394
Surplus/(deficit) after tax	-	-	3,726	2,497
Other comprehensive income				
Property, plant and equipment revaluation gains	-	-	(109)	(8,682)
Deferred tax on revaluation gains	-	-	-	-
	-	-	(109)	(8,682)
Total comprehensive income	-	-	3,617	(6,185)

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Cash flows from discontinued operation				
Opening cash balance	-	-	2,776	(957)
Net cashflows from operating activities	-	-	2,845	2,343
Net cashflows from investing activities	-	-	34,306	1,391
Net cashflows from financing activities	-	-	(26,113)	-
Closing cash balance	-	-	13,814	2,777

	Council 2011 \$000	Council 2010 \$000	Group 2011 \$000	Group 2010 \$000
Impact of discontinued operation on the financial position of the group				
Other current assets relating to discontinued operation				
Cash and cash equivalents	-	-	13,814	2,777
Trade and other receivables	-	-	3,053	3,145
Inventory and work in progress	-	-	-	150
Intangible assets	-	-	5	11
Other financial assets	-	-	1	7,364
	-	-	16,873	13,447
Other current liabilities relating to discontinued operation				
Trade and other payables	-	-	1,182	2,614
Employee benefit liabilities	-	-	82	253
Provisions	-	-	16	139
	-	-	1,280	3,006

Note 42**Impact of the Canterbury earthquakes**

The purpose of this note is to disclose the:

- impact of the earthquakes on the Council's financial statements
- contingent assets that exist at balance date
- significant areas of estimation and assumption.

The 7.1 magnitude earthquake on 4 September 2010 caused damage to some of the Council's infrastructure (roads, wastewater systems and water systems) and its buildings (community halls, houses and administrative buildings). Although it was a large earthquake centred in the district the damage was relatively modest and the Council was able to continue to deliver services to local residents. The continuing aftershocks and 6.3 magnitude earthquakes of 22 February 2011 and 13 June 2011 caused some minor further damage.

By the end of the financial year the Council had incurred costs of \$4.8 million on repairing damaged assets and it estimates that the total cost to repair its damaged assets is \$7.2 million. The main areas of damage are:

	Council and Group
	2011
	\$000
Areas of damage	
Community centres and other facilities	906
Property and buildings	2,258
Roading	3,500
Waste water systems	250
Water systems	295
	<u>7,209</u>

In addition, the Council incurred costs of \$619,000 in responding to the earthquakes, including the cost of running the response operation and associated welfare costs.

The Council is able to recover a portion of its costs from a number of sources, including insurance (waste water systems, water systems, buildings), Earthquake Commission (housing), New Zealand Transport Agency (roading) and Central Government (welfare and recovery). Based on its best estimates at 30 June 2011, the Council has recognised revenue from insurance and other sources totalling \$4.5 million. It also has an unquantified contingent asset for further revenue that has not been recognised at balance date. This includes possible additional insurance proceeds and additional subsidy from New Zealand Transport Agency.

The impact of the earthquake on the Council's financial statements is summarised below.

	Council and Group 2011 \$000
Impact on income	
Insurance	3,071
NZTA subsidy	2,310
Government grant	225
Total income	<u>5,606</u>
Impact on expenditure	
Earthquake repairs	1,997
Civil defence response	618
Total expenditure	<u>2,615</u>
Impact on operating surplus before tax	<u>2,991</u>
Impact on other comprehensive income	
Impairment of property plant and equipment	(3,925)
Impact on total comprehensive income	<u>(934)</u>
Impact on capital expenditure	
Roading earthquake repairs	<u>2,832</u>

In accounting for the impact of earthquakes the Council has made estimates and assumptions based on the best information available at the time the financial statements were prepared.

The key estimates are:

- the cost of damage where repairs have not yet been undertaken
- the proportion of repair and other costs that will be recovered through insurance and other sources.

The key assumptions are that:

- the full extent of the damage has been identified through the inspection and assessment procedures undertaken to date and that any unidentified damage is unlikely to be significant
- there has been no impact on the useful life of assets, including underground assets that cannot be readily inspected for damage.

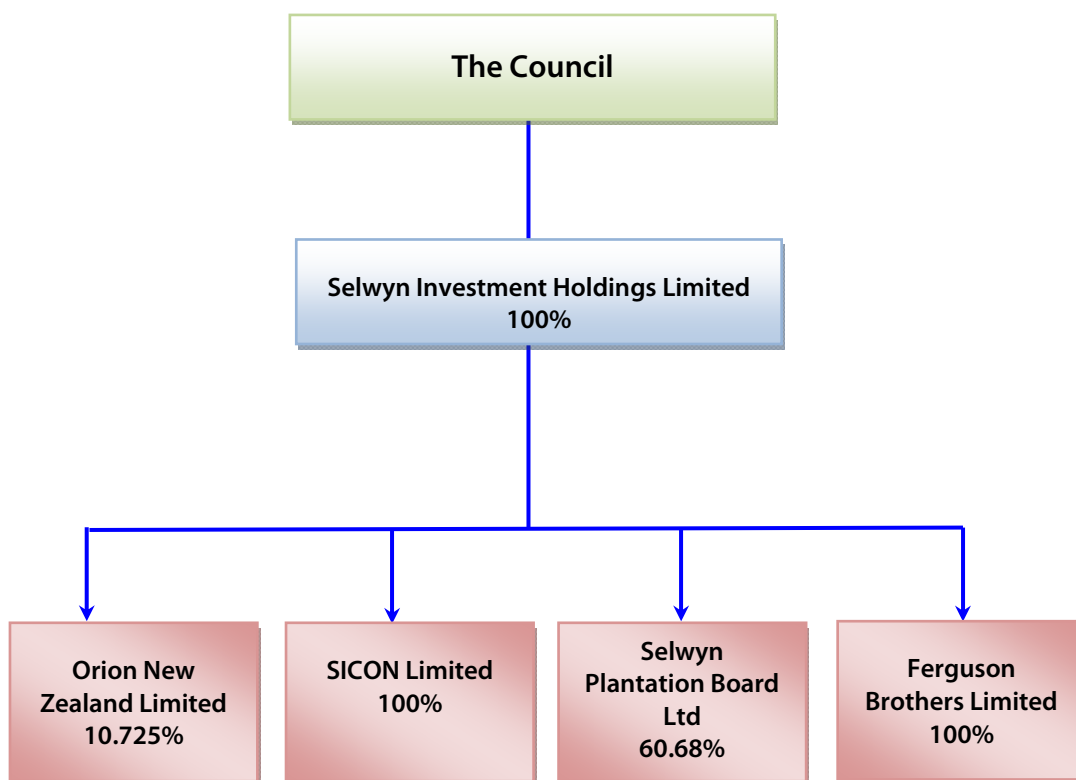
The Canterbury earthquakes have had an impact on Council's insurance position. Since the earthquakes, the Council has been able to obtain full insurance cover for the "standard perils" such as fire and flood events but has limited cover for future earthquake events.

Current insurance cover for damage and loss suffered from earthquakes for above ground assets has a higher excess payable with a lower proportion of loss cover. Previously the excess was 2.5% of the loss incurred. However the current cover has an excess of \$2 million with the main insurer who then provides cover for 25% of the cost of the loss suffered (excluding excess). Two other insurers respectively provide a further 10% and 7.5% of the cost of loss suffered with a minimum excess of \$100,000 per site.

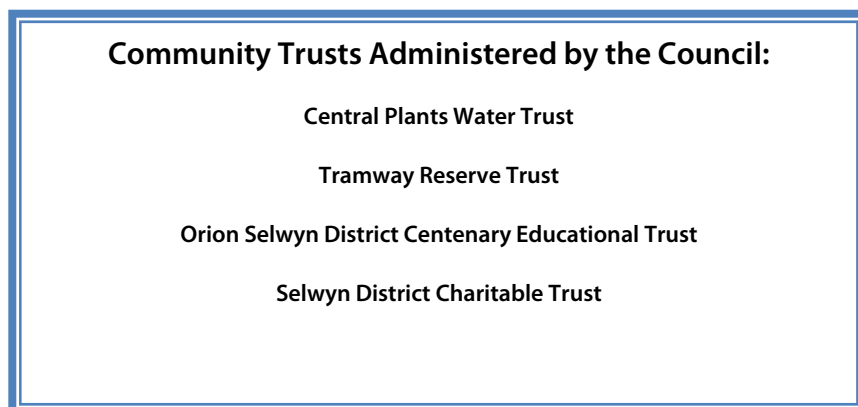
The Council has not been able to obtain any earthquake cover for its underground assets (e.g. water and sewerage pipes).

The Council will continue to look for opportunities to extend insurance cover for earthquake damage to its assets at a similar level to that held before the September 2010 earthquake. These opportunities will be considered by the Council with respect to the cost of such insurance cover compared to self-insurance or other actions which will mitigate against damage and loss suffered from future earthquake events.

Financial interests



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



Selwyn Investment Holdings Limited

Relationship to the Council

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

Nature and scope of the company

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

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

Objective

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

Statement of service performance for the year ended 30 June 2011

The company's actual financial performance compared with the targets outlined in its Statement of Intent for the year ended 30 June 2011 is set out below.

Indicators	Target	Achievement
Surplus before tax and impairments	\$4,053,352	\$10,541,379
Surplus after tax	\$4,042,505	\$9,823,209
Proposed dividend	\$3,600,000	\$3,600,000
Debt/total assets	0.6%	0.5%
Return on total assets	4.1%	7.9%
Return to shareholders' funds	4.2%	8.2%

Surplus or deficit for the year ended 30 June 2011

	Actual 2011 \$000	Actual 2010 \$000
Revenue	11,130	4,267
Expenditure	1,323	1,742
Surplus before taxation	9,807	2,524
Surplus after taxation	9,823	2,545
Ordinary dividend	3,600	4,000

SICON Limited

Relationship to the Council

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

Nature and scope of the company

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

Objective

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

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

Statement of service performance for the year ended 30 June 2011

Indicators	Target	Achievement
<i>Indicator 1</i>		
<i>Return on total assets</i>		
Return before interest & tax to total assets at start of period	-1.70%	-8.47%
<i>Indicator 2</i>		
<i>Return on shareholders' funds</i>		
Return after tax to opening shareholders' funds	-2.50%	-9.95%
<i>Indicator 3</i>		
<i>Performance ratio</i>		
Shareholders' consolidated funds to total assets (excluding deferred tax)	40.0%	51.8%
<i>Indicator 4</i>		
<i>Quality services</i>		
ISO 9001: 2000 quality standard certification	Maintain	Maintained
<i>Indicator 5</i>		
<i>Health and safety</i>		
ACC WSMP certification to tertiary level	Maintain	Maintained
NZS 4801 Safety Management Systems Certification	Maintain	Maintained
<i>Indicator 6</i>		
<i>Environment</i>		
NZS 14001 environmental standard certification	Maintain	Maintained

Surplus or deficit for the year ended 30 June 2011

	Actual 2011 \$000	Actual 2010 \$000
Revenue	31,085	30,650
Expenditure	32,374	30,639
Surplus / (deficit) before taxation	(1,289)	11
Surplus / (deficit) after taxation	(2,269)	(9)
Ordinary dividend	0	0

Selwyn Plantation Board Ltd

Relationship to the Council

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

Nature and scope of the company

The core business of the Selwyn Plantation Board Ltd has been to manage the Company's forests, farms and land on a commercial basis using the most environmentally and commercially sustainable methods. The Company is in the process of a staged realisation of its assets.

Objective

The Company's mission is to liquidate the Company through a well-managed and staged realisation process consistent with the objective of maximising value to shareholders. During the realisation process the Company will continue to prudently manage the remaining assets.

Statement of service performance for the period ended 30 June 2011

Indicators	Target	Achievement
<i>Indicator 1</i>		278 hectares Programme suspended due to sale process
Silviculture		
<i>Replanting of forest</i>	300 hectares	
<i>Pruning and thinning</i>	200 hectares	
		132,272 tonnes
<i>Indicator 2</i>		
Production		
<i>Tonnes of wood per annum (includes third party harvest volumes)</i>	150,000	
		88% 9.9% 8.8%
<i>Indicator 3</i>		
Financial		
<i>Ratio of equity to total assets</i>	95%	
<i>Return before interest and tax to total assets</i>	1.0%	
<i>Return after tax to equity</i>	1.0%	

Surplus or deficit for the year ended 30 June 2011

	Actual 2011 \$000	Actual 2010 \$000
Revenue	17,103	20,474
Expenditure	11,521	21,672
Surplus / (deficit) before taxation	5,582	(1,199)
Surplus / (deficit) after taxation	4,343	(2,593)
Ordinary dividend	nil	nil

Ferguson Brothers Limited

Relationship to the Council

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

Nature and scope of the company

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

Objective

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

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

Statement of service performance for the year ended 30 June 2011

Indicators	Target	Achievement
Debt/total assets	69.3%	50.9%
Return on total assets	1.8%	-16.0%
Return on total opening equity	13.8%	-115.0%

Surplus or deficit for the year ended 30 June 2011

	Actual 2011 \$000	Actual 2010 \$000
Revenue	17,670	15,785
Expenditure	18,443	18,083
Surplus / (deficit) before taxation	(773)	(2,298)
Surplus / (deficit) after taxation	(1,644)	(1,657)
Ordinary dividend	nil	nil

Orion New Zealand Limited

Relationship to the Council

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

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

Overall goal

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

Statement of service performance for the year ended 31 March 2011

1. Environmental targets

- Continue to undertake and encourage demand side management.
On-going
- Undertake a safety and efficiency driving course for all Orion and Connetics employees who regularly drive operational vehicles.
Complete
- Consider the potential to replace operational vehicles in the Orion and Connetics fleet with more fuel efficient models. Then work with other contractors servicing the Orion network to encourage them to run their vehicle fleets as efficiently as possible.
Complete
- Continue support for and sponsorship of Community Energy Action (CEA).
On-going
- Work with CEA to ensure that at least a further 500 low income homes are insulated this financial year.
Complete
- Support the Christchurch City Council's sustainable energy strategy.
On-going
- Investigate the use of environmental paints on Orion's network.
Complete
- Investigate the use of electrical smart sockets in our head office
Postponed

2. Financial and electricity network reliability

Indicators	Actual 2011	Target 2011	Disclosed Average 2010
Profit after tax (\$m)	28.4	39.4	
Net profit to average shareholders' equity (%)	4.3	5.9	
Debt (%)	6	19	
Equity (%)	94	81	
Equity/total assets (%)	73	63	
Dividends (\$m)	37.5	37.5	
<i>Electricity network reliability</i>			
<i>All interruptions:</i>			
The following targets include interruptions sourced from the Orion network, Transpower network and the generation companies.			
Duration of supply interruptions:			
SAIDI – minutes per year			
Urban	See note	20	
Rural	See note	432	
Overall	See note	68	150
Number of supply interruptions			
SAIFI – times per year			
Urban	See note	0.5	
Rural	See note	4.0	
Overall	See note	0.9	1.8
<i>Orion network interruptions only:</i>			
The following targets include interruptions sourced from the Orion network only.			
Duration of supply interruptions			
SAIDI – minutes per year			
Urban	See note	19	
Rural	See note	412	
Overall	See note	64	126
Number of supply interruptions			
SAIFI – times per year			
Urban	See note	0.4	
Rural	See note	3.6	
Overall	See note	0.8	1.6

The disclosed average 2010 figures are stated only where comparable data is available.

Note: The targets were not achieved. The 4 September 2010 and 22 February 2011 earthquakes in Canterbury and the many aftershocks had a very significant impact on the company's electricity network reliability and performance in the year ended 31 March 2011. It has not been possible to calculate a reliable estimate of the company's SAIDI/SAIFI performance for the year ended 31 March 2011 in time for the approval of the audited financial statements. However, it is known that the company did not achieve its reliability targets for the year ended 31 March 2011 by a very large margin due to the impacts of the earthquakes.

Surplus or deficit for the year ended 31 March 2011

	Actual 2011 \$000	Actual 2010 \$000
Revenue	222,806	222,871
Expenditure	177,935	156,528
Surplus before taxation	44,871	68,343
Surplus after taxation	28,360	46,795
Ordinary dividend	37,500	37,000

Central Plains Water Trust

Relationship to the Council

Central Plains Water Trust is a Council-controlled organisation, jointly controlled by the Selwyn District Council (50%) and the Christchurch City Council (50%). The Council exercises significant influence over the activities of the Trust through its ability to appoint the trustees.

Nature and scope of activities

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

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

Objectives

The Council recognises a major regional economic benefit in managing the water resource in the Central Canterbury Plains, including significant employment creation. The Council also wishes to be involved to ensure its own infrastructure will not be adversely affected by any proposed scheme.

Statement of service performance for the year ended 30 June 2011

Indicator 1

- To provide assistance to Central Plains Water Limited and monitor progress of accumulating scientific studies necessary to support obtaining the necessary resource consents for the Central Plains irrigation scheme on behalf of the Trust.

Achievement 1

- The Trust has monitored progress with regard to the various resource consent applications, funding and other priority matters through regular reports, briefings and meetings between the company, the Trust, project management and consultants.
- The Trust has also monitored legal matters undertaken by the company and where necessary has obtained independent legal advice, and has obtained and recorded copies of all agreements in relation to the Scheme which concern the Trust and the consent process and in relation to legal proceedings and settlements, and of other relevant documentation to which it is entitled.
- The Trust has also assisted the Company in attending and participating in mediation meetings and other discussions with appellants in the appeal process in the Environment Court.

Indicator 2

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

Achievement 2

- Priority has been directed towards consent hearings and the mediation of appeals in the Environment Court. In that process the Trust has been able to ensure that environmental recreational educational and social benefits have been addressed in accordance with the Trust's objects.
- The Trust has also consulted with the Selwyn District Council on its future district planning processes so that the expected social environmental and economic effects of the water scheme can be taken into account.
- The Trust has also held a public meeting in which its activities and the progress of the water scheme generally have been discussed.

Indicator 3

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

Achievement 3

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

Surplus or deficit for the year ended 30 June 2011

	Actual 2011 \$000	Actual 2010 \$000
Revenue	43	47
Expenditure	43	47
Surplus	nil	nil

Tramway Reserve Trust

Relationship to the Council

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

Nature and scope of activities

Tramway Reserve at the end of Tramway Reserve Road will be subject to restoration and enhancement to be led by the Tramway Reserve Trust. The restoration project was agreed as mitigation for the past and ongoing use of Tramway Reserve Drain for waste water management. The Trust was established as part of that agreement between Ngai Tahu and the Council as a condition of the upgraded Leeston (Ellesmere) Sewerage Treatment site.

Statement of service performance for the year ended 30 June 2011

Indicator

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

Achievement

- The Trust continued with its monitoring role to ensure the Tramway Reserve Waterway is maintained in its natural state and that public access was available.

Surplus or deficit for the year ended 30 June 2011

	Actual 2011 \$000	Actual 2010 \$000
Revenue	1	3
Expenditure	1	3
Surplus	-	-

Orion Selwyn District Centenary Educational Trust

Relationship to the Council

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

Nature and scope of activities

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

Statement of service performance for the year ended 30 June 2011

Indicator

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

Achievement

- In the year ended 30 June 2011, the Trust earned \$6,428 in interest revenue, and paid out scholarships totalling \$3,750 to students from the three designated schools.

Surplus or deficit for year ended 30 June 2011

	Actual 2011 \$000	Actual 2010 \$000
Revenue	7	30
Expenditure	4	3
Surplus	3	27

Selwyn District Charitable Trust

Relationship to the Council

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

Nature and scope of activities

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

Statement of service performance for the year ended 30 June 2011

Indicators

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

Achievement

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

**INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF SELWYN DISTRICT COUNCIL
AND GROUP'S ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

The Auditor-General is the auditor of Selwyn District Council (the District Council) and group. The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, statements of service performance and compliance with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 56 to 126, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the statements of service performance of the District Council and group on pages 7 to 52; and
- the District Council's compliance with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report (other schedule 10 information).

Opinion on the financial statements, statements of service performance and other schedule 10 information

In our opinion:

- The financial statements of the District Council and group on pages 56 to 126:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2011; and
 - the financial performance and cash flows for the year ended on that date.
- The statements of service performance of the District Council and group on pages 7 to 52:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the District Council and group's levels of service for the year ended 30 June 2011, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- The District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Our audit was completed on 26 October 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, statements of service performance and other schedule 10 information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, statements of service performance and other schedule 10 information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, statements of service performance and other schedule 10 information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, statements of service performance and other schedule 10 information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council and group's financial statements, statements of service performance and other schedule 10 information that fairly reflect the matters to which they relate.

We consider internal control 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and statements of service performance;
- determining the appropriateness of the reported statements of service performance within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, statements of service performance and other schedule 10 information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, statements of service performance and other schedule 10 information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statements of service performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council and group's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to its forecast; and
- other information required by schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, statements of service performance and other schedule 10 information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, statements of service performance and compliance with the other schedule 10 information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

During the year, we carried out an audit of the amendment to the District Council's liability management and investment policies, which is consistent with those independence requirements. Other than the audit of the amendment to the District Council's liability management and investment policies, the audit of the long-term plan, and the audit we have no relationship with or interests in the District Council and group.



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

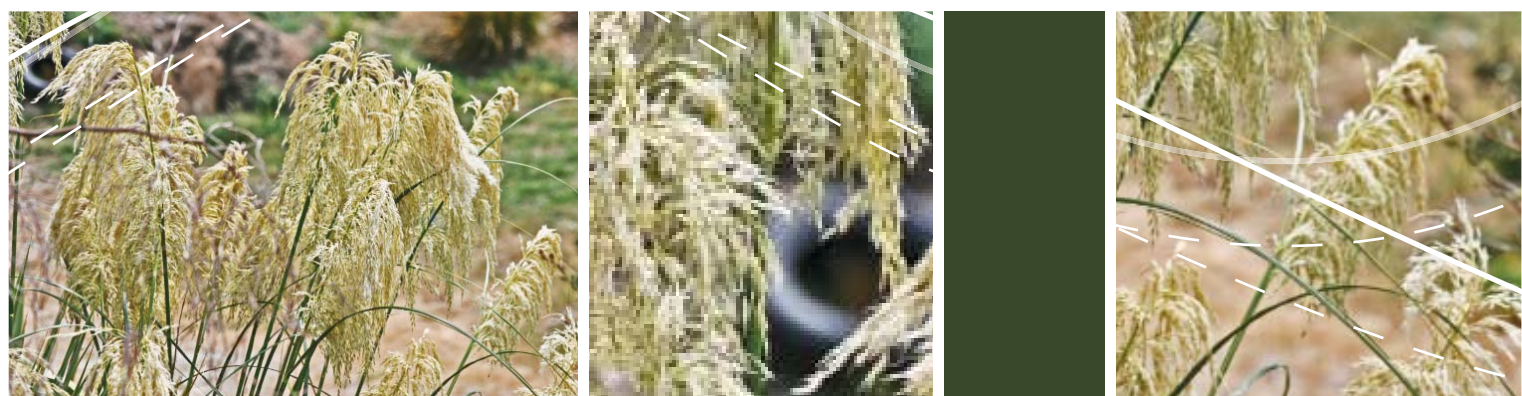
Matters relating to the electronic presentation of the audited financial statements, statements of service performance and the other requirements

This audit report relates to the financial statements, statements of service performance and the other requirements of Selwyn District Council (the District Council) and group for the year ended 30 June 2011 included on the District Council's website. The Council is responsible for the maintenance and integrity of the District Council's website. We have not been engaged to report on the integrity of the District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, statements of service performance and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, statements of service performance and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, statements of service performance and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, statements of service performance and the other requirements as well as the related audit report dated 26 October 2011 to confirm the information included in the audited financial statements, statements of service performance and the other requirements presented on this website.

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

COUNCIL INFORMATION



Mayor and Councillors

Mayor		Deputy Mayor (Selwyn Central Ward Councillor)	
Kelvin Coe	513 The Lake Road	Sarah Walters	143 Midhurst Road
	RD 3		RD 1
	LEESTON 7683		CHRISTCHURCH 7671
	(H) (03) 329 1768		(H) (03) 318 1227
	(F) (03) 329 1786		(C) 027 270 1215
	(C) 027 267 7732		sarah.walters@selwyn.govt.nz
	kelvin.coe@selwyn.govt.nz		
Selwyn Central Ward		Springs Ward	
Mark Alexander	478 Two Chain Road	Debra Hasson	152 Chamberlains Road
	RD 7		RD 4
	CHRISTCHURCH 7677		CHRISTCHURCH 7674
	(H) (03) 347 6393		(H) (03) 329 5445
	(F) (03) 347 6392		(C) 027 435 5055
	(C) 027 526 6388		debra.hasson@selwyn.govt.nz
	mark.alexander@selwyn.govt.nz		
Jeff Bland	Weedons Road	Malcolm Lyall	520 Springs Road
	RD 8		PREBBLETON 7604
	CHRISTCHURCH 7678		(H) (03) 349 7990
	(H) (03) 347 44070		(C) 027 433 9964
	(C) 027 399 9206		malcolm.lyall@selwyn.govt.nz
	jeff.bland@selwyn.govt.nz		
Peter Hill	1316 Tramway Road	Lindsay Philps	14 Lyttelton Street
	RD 2		LINCOLN 7608
	LEESTON 7682		(H) (03) 325 2130
	(H) 325 4450		(C) 027 295 3868
	(C) 027 364 5834		lindsay.philps@selwyn.govt.nz
	peter.hill@selwyn.govt.nz		
Malvern Ward		Ellesmere Ward	
Sam Broughton	39 Cross Street	Pat McEvedy	80 St John Street
	COALGATE 7673		SOUTHBRIDGE 7602
	(H) (03) 318 2755		(H) (03) 324 2572
	(C) 027 520 5207		(C) 027 430 3818
	sam.broughton@selwyn.govt.nz		pat.mcevedy@selwyn.govt.nz
John Morten	224 Waireka Road	Nigel Barnett	176 Dunsandel/Hororata Rd
	RD 1		RD 2
	DARFIELD 7571		LEESTON 7682
	(H) (03) 317 9001		(H) (03) 325 4392
	(F) (03) 317 9002		(C) 027 484 4888
	(C) 027 200 2578		nigel.barnett@selwyn.govt.nz
	john.morten@selwyn.govt.nz		

Community Board Members

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

Where to go for more information

This Annual Report 2010/2011 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 High Street Private Bag 1 LEESTON Phone: (03) 324 8080	Darfield Library / Service Centre 1 South Terrace DARFIELD 7510 Phone: (03) 318 8338
Lincoln Library / Service Centre Gerald Street LINCOLN 7608 Phone: (03) 347 2875	Rolleston Library / Service Centre Rolleston Drive ROLLESTON 7614 Phone (03) 347 2880
Auditors	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
	Chandan County Government North Road No 3 Qingquan Town Shandan County Gansu Province CHINA 734100

Council controlled trading organisations

Council Companies

(Appointments as at 30 June 2011)

Selwyn Investment Holdings Limited (100% owned by the Council)	Selwyn Plantation Board Ltd (60.68% owned by Selwyn Investment Holdings Limited)
PO Box 2935 CHRISTCHURCH 8140 Phone: (03) 366 5601 Fax: (03) 366 5608 Website: www.sih.co.nz	Horndon Street PO Box 48 DARFIELD 7541 Phone: (03) 318 8311 Fax: (03) 318 8812
Board WJ Bell (Chairperson) J Morten SA Leck M Taggart JA Veitch	Board R Polson (chairperson) A Berge S Astor J Morten
Chief Executive A Bartlema	Chief Executive A Russell
Company Secretary J Wilson	
Ferguson Brothers Limited (100% owned by Selwyn Investment Holdings Limited)	SICON Limited (100% owned by Selwyn Investment Holdings Limited)
250 Main South Road PO Box 332 GREYMOUTH 7840 Phone: (03) 768 4181 Fax: (03) 768 4180	3 South Terrace PO Box 40 DARFIELD 7541 Phone: (03) 324 3068 or (03) 318 8320 Fax: (03) 318 8578 Email: sicon@sicon.co.nz Website: www.sicon.co.nz
Board T Tattersfield (Chairperson) S Leck B Beagley (resigned 30 September 2010) P Bosworth (appointed 22 July 2010, resigned 9 May 2011) GH Clemens (appointed 2 February 2011)	Board GH Clemens (Chairperson) KJ Beams R Lauder T Tattersfield
General Manager T Roulston	Chief Executive B Beagley

Other Council Organisations
(Appointments as at 30 June 2011)

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 DJ O'Rourke (Chairperson) DJ Catherwood RW Davison DAR Haslam V Smart C Williams	Committee Members JB Morten (Chairperson) KJ Coe JL Christensen WJ Bell R Schulz R McEwan
	Chief Executive RD Hughes Developments Limited Attention: Robin Hughes Phone: (03) 379 2609
	The Council Manager responsible DD Marshall - Manager Corporate Services Selwyn District Council

Statement of values

Statement of values

In fulfilling its statutory and community obligations, the Council will operate according to the following values:

Leadership

The Council will guide, inform and seek community involvement in policy decisions in accordance with the principles of community governance.

Community Service

The Council will provide quality services in a prompt, helpful and friendly manner, minimising the cost through innovative management and best utilisation of resources.

Commercial

The Council's service charges will be based on the benefits of those services to the recipients after considering the equity, efficiency and transparency of those services.

Environment and Biodiversity

The Council will encourage and, where appropriate, enforce measures to sustain and enhance the District's biophysical environment, including its biological diversity.

Health and Safety

The Council will encourage and, where appropriate, enforce measures to sustain and enhance public health and safety.

Economic Development

The Council will encourage and, where appropriate, facilitate sustainable economic development.

Cultural Diversity

The Council will have due regard for the diversity of cultural perspectives within the district.

Treaty of Waitangi (The Treaty)

The Council will take account of its responsibilities as outlined under section 4 of the Local Government Act 2002.

Staff

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

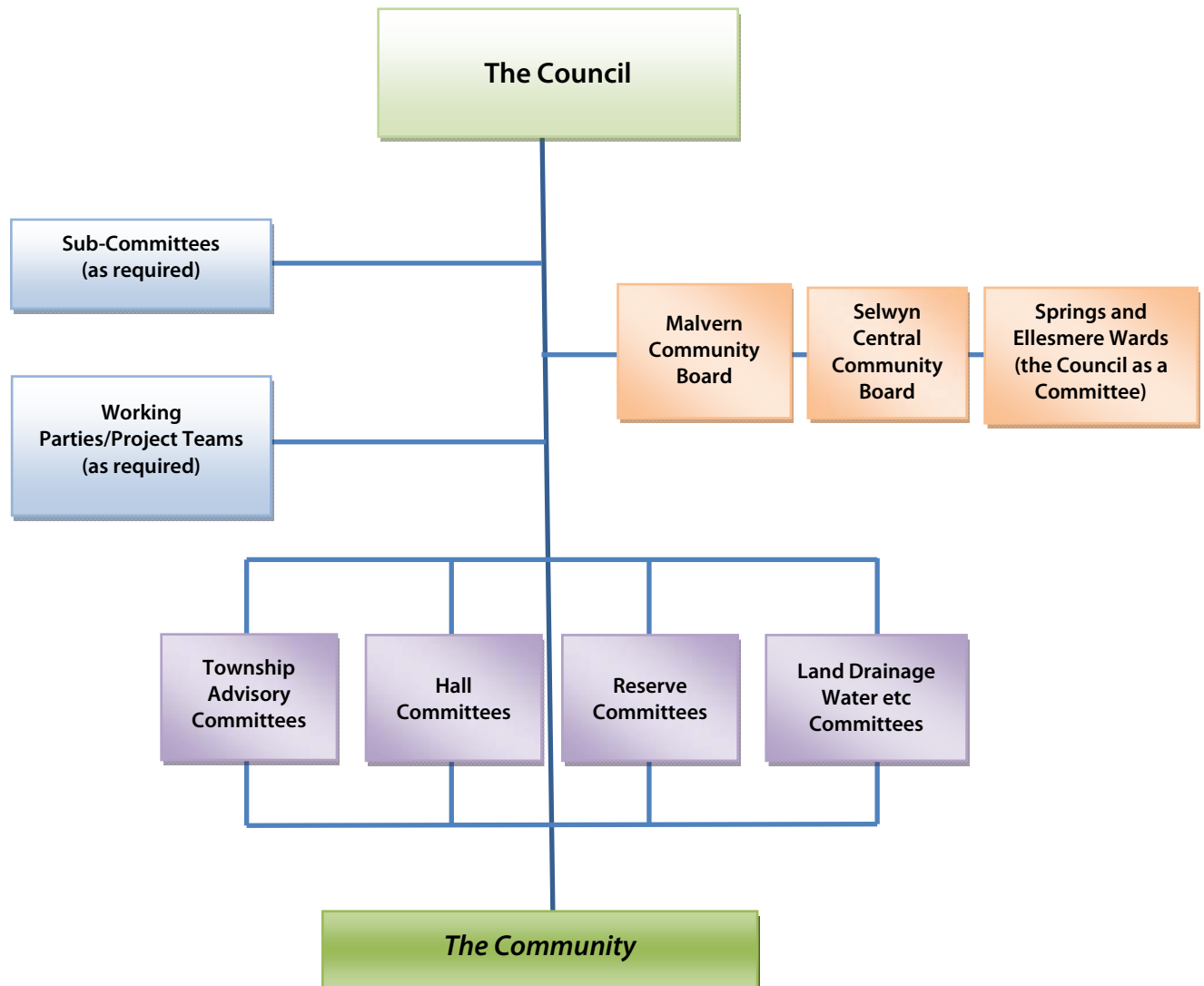
Statement on quality of service

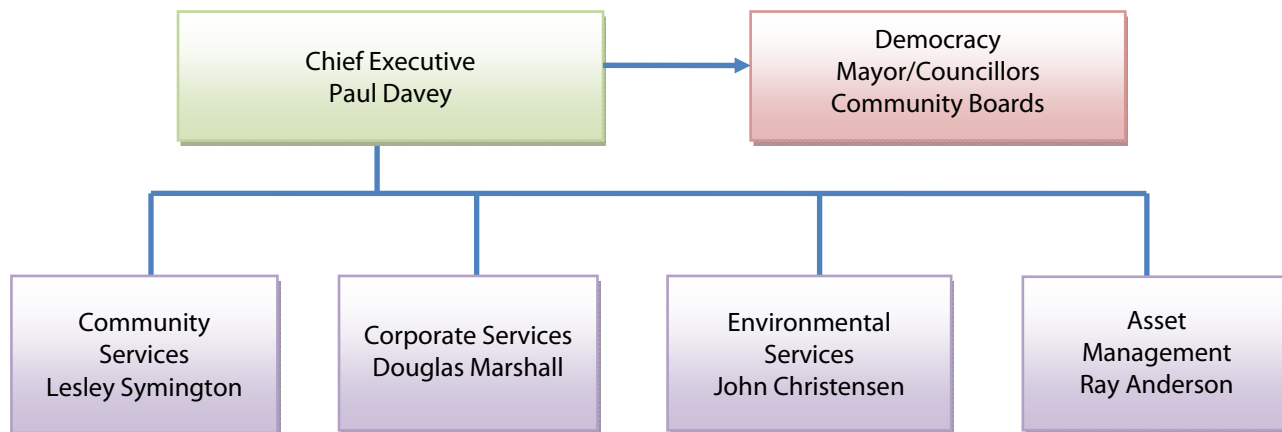
The emphasis on quality and service shall be, at all times, the focus of the Council activities. The Council will maintain and strive to improve the quality of services that are provided.

It will continue to provide services that meet the needs of its 'customers' and exceed their expectations in the process.

To achieve success, the Council will demonstrate innovation in providing solutions to meet those needs and expectations into the future while operating in a cost-effective and business-like manner.

Governance structure





Community Services	Corporate Services	Environmental Services	Asset Management
Grants & Subsidies	Support Services	Animal Control	Roading
Community Development	Budgeting	Dog and Stock Control	Roading
Community Reserve Grants	Rating		Townships
Economic Development	Financial Reporting	Building	Traffic Safety
Libraries	Information System	Building Consents	
Service Centre Management	Izone Southern Business Hub	Building Inspections	
	Monitoring the Council's Subsidiaries		
	Community	Environmental Health	Waste Management
	Cemeteries	Liquor & Food Licenses	Refuse Collection
	Civil Defence	Health Nuisance Complaints	Refuse Disposal
	Rural Fire		
		Resource Management	Waste Water Services
		Subdivision Consents	Sewerage
		Land Use Consents	Land Drainage
		District Plan Enquiries	
		RMA Monitoring	Water Services
			Urban & Rural Supplies
		Resource Management Planning	Water Races
		District Plan Variations	
		Township Structure Planning	Community Services
		Contestable Funds Administration	Public Toilets
		Strategic Planning	Property (including Community Centres & Reserves)
		General Policy Work	Swimming Pools

Maori Involvement in Decision-Making

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

The Council has entered into a service and funding agreement with Mahaanui Karataiao Ltd to assist the Council in meeting its obligations under Section 81 of the Local Government Act 2002.

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

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

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