

SUMMARY DOCUMENT

Southland District Council

ANNUAL REPORT
2008/2009



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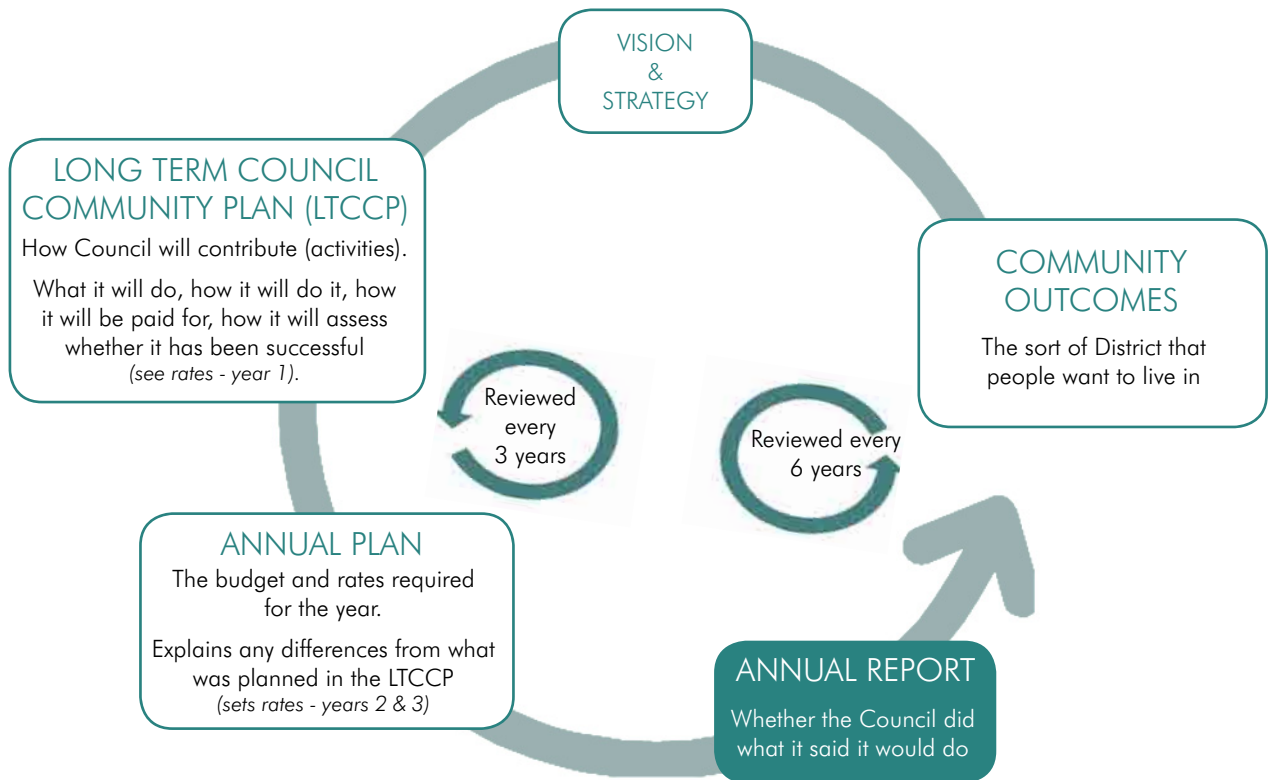
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What is an Annual Report?

The Annual Report tells you and us how well we did against what we said we were going to do in our Annual Plan or LTCCP, how much it cost to do this and how we paid for it. This document reports on the Council's activities during the year 1 July 2008 to 30 June 2009 which was the period of the Annual Plan 2008/2009.



Under the Local Government Act all councils are required to produce a Summary Annual Report and to have certain information audited.

Audit New Zealand audited the full financial statement and summary and issued an unqualified report on both.

As noted in its report, Audit New Zealand has reviewed this Summary Report for consistency with the full Annual Report and has confirmed that it fairly and consistently represents the major matters dealt with in the full Annual Report for the year ended 30 June 2009.

The summary report cannot be expected to provide as complete an understanding of the financial and non-financial performance of the Council as the full Annual Report

A full copy of the Annual Report is available from any Southland District Council office or library, online at www.southlanddc.govt.nz or you can phone the Council on 0800 732 732 for a copy to be sent to you.

Mayor and CEO Introduction

In 2008/2009 Council has continued to work towards making Southland a great place to live.

Major initiatives undertaken during the year include the commencement of water and sewerage schemes for Edendale and Wyndham, continuing renewal and maintenance of our extensive roading network, initiation of a number of new shared services and completing a large number of local township projects, some of which are in fact significant undertakings for communities of their size.

The 2008/2009 year has seen many changes at both a national and international level. While Southland has not been severely affected by the worldwide recession which began part way through the year, there has been some fall-out for certain industries and parts of the District. This has led Council to re-look at its priorities and in particular its short and medium term commitments.

The change in Government in late 2008 has also meant a number of policy changes, including reviews of the Resource Management Act and the Local Government Act, which the Council has had to spend time understanding and responding to.

However, despite all this uncertainty and change, residents continue to be satisfied with Council services, with the annual residents' survey showing 92% are satisfied with Council's overall performance.

Council has spent a large amount of the 2008/2009 year preparing the new Ten Year Plan and updating its associated activity management plans. These documents will become the focus of Council for the next three years.

Managing the District's roads continues to be a challenge for Council. During the year, Council spent more on roads than it had budgeted. This, along with the Government's recent announcement that Southland District will be receiving \$8.7 million less in national road funding over the next three years than requested, will also put significant pressure on roading and rates in the future.

Council is grappling with this issue of how to look after our roads while balancing what



the district needs, the cost of doing the work, the money Government is giving us and our rates take. At the present level of funding, the District simply cannot afford the level of roading needed to maintain our network which is the backbone of our District's economic, social and cultural wellbeing.

The international forestry market is one area that has been hit by the recession with wood prices continuing to fall. This has impacted on the Council's own forestry activity with a reduction in the value of forestry assets and lower revenue from log sales.

Southland, however, continued to buck national trends with only a small decrease in the number of building and resource consents. The level of regulation and control of natural resources in Southland is also seen by many as a key factor in determining the economic potential and diversity of the District. The review of the District Plan (which controls use of these resources) also began during the year with a very positive response to early joint consultation with Environment Southland about the key issues.

A renewable energy trial incorporating a small wind turbine and two solar panels began on Stewart Island to try to reduce the island's dependence on the diesel-powered generators. Financially, Council's total assets are now valued at \$1.27 billion and a surplus of \$4.6 million was returned for the 2008/2009 year.

We would like to thank our extended Council "family" for their hard work and commitment which is a reflection on what we have managed to achieve together over the past year.

We believe Southland has continued to demonstrate its importance as a leader in the country and the work undertaken by Council this year helps to keep the District as one of New Zealand's greatest places to live.

Frana Cardno

Frana Cardno - MAYOR, JP, QSO

David Adamson

David Adamson - CHIEF EXECUTIVE

Key Highlights

This section describes some of the Council's key achievements, events and projects which occurred in 2008/2009.

Residents' Satisfaction Survey

Satisfaction with the performance of Council and its activities remains high again this year, with the residents' survey showing around 92% of residents are satisfied with the Council's overall performance.

Services with the highest satisfaction were libraries, community centres and sports fields.

Services with the lowest satisfaction were gravel roads, footpaths, sealed roads and quality of town water supply.

There were large improvements in satisfaction over previous years in dog control, location of refuse stations and recycling centres, Community Development and the level of consultation with the community.

The table opposite summarises these results.

Details about all activities and other projects can be found in the Full Annual Report.

COUNCIL SERVICE	SATISFIED
Libraries (Location)	98%
Sports fields	96%
Community Centres*	96%
Parks and Reserves	96%
Sewerage System	93%
Playgrounds	94%
Cemeteries	93%
Gardens/street plantings	93%
Stock Control	90%
Streetlighting	85%
Development (Community, Enterprise and Tourism)*	84%
Water Supply*	84%
Solid Waste ¹	82%
Sealed Roads	71%
Dog Control	80%
Footpaths	66%
Gravel Roads	50%

* Average of results for different aspects of service.

¹ Average of transfer stations (location and opening hours), recycling centres and wheelie bin collection.



Key Highlights

FOCUS ON ROADING



Photos - Papatotara Coast Road

Roading continues to be a key area of focus and spending for the Council.

During the year, Council carried out over 116 kilometres of reseals and 18 kilometres of rehabilitations on the District roads. This work cost nearly \$8.3 million and along with maintenance activities made up a significant portion of Council's overall expenditure on roading of \$26.6 million compared to the budget of \$23.9 million.

The portion of the Papatotara Coast Road (Tuatapere) which was washed away by storms was relocated during the year. The new route was developed inland through regenerated bush, scrub and open farm land. This will provide access for those farming in the area, owners of bush blocks as well as Hump Ridge Track users. A number of roads on Stewart Island were also resealed during the year.

The year also saw particular emphasis going into planning for the roading activity for the next ten years as part of the development of the Council's Ten Year Plan. This process involved reviewing the condition of the roading network, its remaining life and determining what level of maintenance and renewal is needed to be carried out each year to keep the roads in good condition and subsequently the amount of funding (rates and NZ Transport Agency subsidy) needed.

Unfortunately, despite the ten year planning process showing that increased funding was needed for roads (not only to carry out more work but also to pay for increases in the cost of doing the work), the NZ Transport Agency has recently announced that the amount of subsidy funding provided to Southland to help pay for roads will gradually reduce rather than increase over time. Their announcement will see a reduction of \$2.1 million, \$2.9 million and \$3.75 million for the roading programme over the next three years.

Going forward, this is a significant issue for the District, because in order to avoid further rate increases on top of what was signalled in the Ten Year Plan, the Council will have to reduce what it spends on roads. In addition, while the Council believes that it is important to understand the long-term liability

for roading infrastructure to ensure that a sustainable level of maintenance is carried out, the Council is very concerned that the Government is not providing the level of subsidy which the planning has indicated is needed in Southland.

With the indicated funding for the next three years being substantially below the level forecast in the Activity Management Plan Council will need to further review the levels of both maintenance and renewals for the next three years.

The challenge will be to ensure levels of service can be maintained within the funding levels approved. This is something that the Council is working on at the moment and, given that a high proportion of residents have indicated that they are not satisfied with current maintenance of gravel roads (50%) and sealed roads (29%), Council is conscious that there is likely to be a growing gap between the community's expectation about roads and what the community can afford.



Key Highlights

FOCUS ON WATER - STORMWATER - SEWERAGE



Edendale and Wyndham combined sewerage scheme

The 2008/2009 year saw the Council continue to work on its priority water, sewerage and stormwater projects, in particular those likely to have the greatest benefit to the community. Significant progress has been made on the construction of the Edendale and Wyndham combined sewerage/water scheme with the pipe network for both the sewerage and water supply scheme in the Edendale township being completed and work started on the reinstatement of roads and roadsides at the end of the financial year. The sewerage scheme (combined with Wyndham) will be unique in Southland as it uses an innovative treatment system where the sewage is treated using bacteria and worms. The Edendale portion of the sewerage scheme became operational in July 2009 and will be followed by the water scheme which will be completed in 2009/2010. Construction also began on

the pipe network in the Wyndham township and will continue through to October 2011.

In addition, the year saw a significant improvement in the proportion of projects completed by the end of the year despite the fact that a number of water projects have had to be delayed because of the Government's announcement that it was putting a hold on the subsidy scheme to review how the funding is allocated.

Forward planning for the next ten years was also a key focus with the completion of three Activity Plans, one each for water, sewerage and stormwater assets. These plans detail the current condition and performance of Council's numerous schemes and what work will be needed over the next ten years to keep them operating well. This information formed a critical component of the Council's Ten Year Plan which was adopted during

the year. The Ten Year Plan also discussed the possibility of changing the way township water and sewerage schemes are funded - moving from individual rates for each scheme to a uniform rate across all urban schemes. While the Council decided to leave this as it is for the 2009/2010 year, it is an area that will be looked at further in the future.

Water, stormwater and sewerage will continue to be key issues for the Council with some uncertainty around several issues, including the impact of the new water/sewerage maintenance contract due to be re-tendered, changes being considered to the Ministry of Health process for distributing drinking water subsidies as well as rapid change around water use and environmental standards for stormwater and sewerage discharges.

District Plan Review

The Council began to review its District Plan this year.

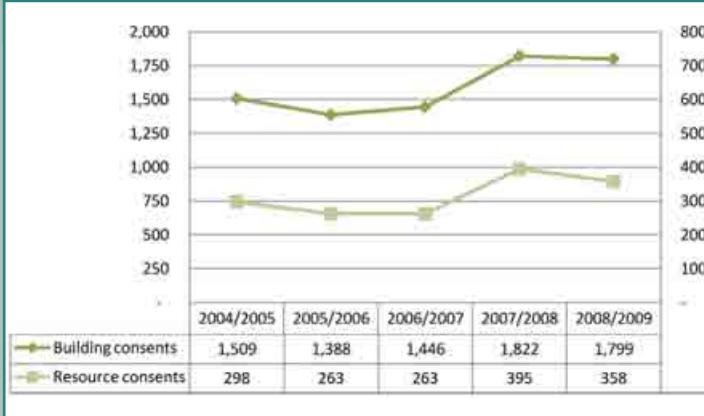
The District Plan, which outlines the Council's objectives, policies and rules on land use and development in the District, is being reviewed following a period of intensive growth and development pressure in the District and increased community expectations regarding environmental quality.

A set of discussion papers on various issues were released in May 2009 with public meetings held around the District following this to get feedback. This information will be used to assist in the formulation of the Draft document.

The initial consultation stage is being done in conjunction with Environment Southland's Regional Policy Statement review to ensure consistency between the two plans.



Consents Processed During Year



Building and Resource Planning Consents

It was another busy year for the Building Control and Resource Management departments.

Despite a large drop nationally in the number of consent applications, the number of consents processed in the Southland District remained high, with just 23 fewer building consents and 37 fewer resource consents compared to the previous year.

Surveys of Building Control and Resource Management applicants were also conducted this year and these showed an improvement in satisfaction in a number of areas. In particular, building control applicants were more satisfied with timeframes than in 2006/2007 and resource management applicants were more satisfied with performance of staff. Both surveys showed that processing costs were the area that had the least satisfaction.

Renewable Energy (Stewart Island)

A small wind turbine and two solar panels were installed on Stewart Island in October as part of a renewable energy trial.

Currently, the electricity on the Island is produced from diesel powered generators, however the Council, along with PowerNet and Right House, and the community have been working together to identify and implement renewable generation solutions to better manage the cost of electricity on the Island and reduce the reliance on these diesel powered generators.

The energy produced from the wind and photovoltaic generation is being monitored and it is hoped in the future a larger scale system can be installed which would contribute as much as a third of total electricity on the Island.



Sister City Agreement Signed with Cinque Terre

Southland District Council signed a sister city agreement with Cinque Terre National Park in Italy via Skype internet service in March 2009.

The two areas have a number of similarities including the districts being made up of small communities with solid connections to the land - in Southland agricultural farming; in Cinque Terre vineyards and horticulture; and a growing tourism industry including an emphasis on our natural environment and walking tracks.

The objectives of the agreement are to promote the natural attributes of both regions, promote the development of cultural, youth, municipal and recreational exchanges between the citizens of both communities, explore, promote and assist with sustainability outcomes and exchange of information and research.



Inclusive Communities Strategy

Following submissions to the Southland District Council's 2008/2009 Annual Plan, Council developed a strategy to ensure that all people are able to fully participate in life within the Southland District, including people with impairments and/or from ethnic communities.

The strategy and associated action plan was adopted in January 2009 and Council began implementing the strategy with a review of disabled parking throughout Southland District to ensure these were the correct width and safe and appropriate.



Activity Report SUMMARY

The Annual Plan 2008/2009 included 104 projects for the year as well as 141 performance targets for its 26 activities.

The graphs below and the table on the next page provide a snapshot of the status of projects and performance targets as at 30 June 2009.

Projects

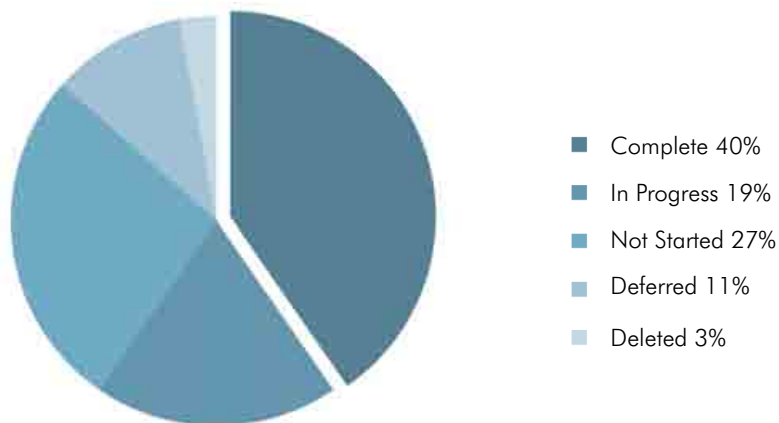
During the 2008/2009 year Council prioritised a number of projects to ensure that progress is made on those likely to have the greatest benefit to the community.

Overall, more than one third of all projects were completed by the end of the year with a number of other projects in progress and due to be completed in 2009/2010. Several projects were also re-programmed into the new Ten Year Plan 2009-2019.

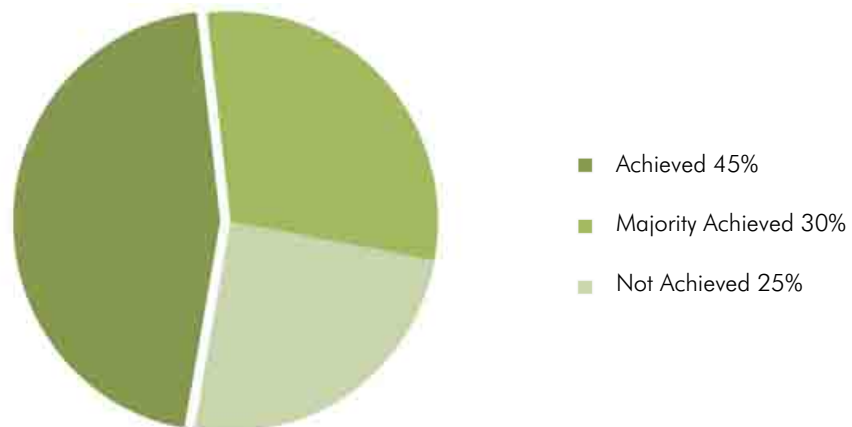
Performance Targets

75% of performance targets were either met in full or by a majority.

PROJECT STATUS



KEY PERFORMANCE TARGETS MET



Activity Report SUMMARY

The table below groups together the results for similar significant activities, summarising the 26 activities into eight.

More detail about the individual activities including commentary of specific projects and achievements are included in the Activity Reports in the full document.

ACTIVITY	PROJECT REPORT			LEVEL OF SERVICE INDICATOR TARGETS		
	Complete ¹	In Progress	Not Complete ²	Achieved	Majority Achieved ³	Not Achieved ⁴
Roading and Transport	4	3	6	6	6	8
Solid Waste Management	1	2	0	1	2	2
Other District Services	1	0	2	15	10	3
Stormwater, Wastewater, Water	27	10	26	3	6	8
Other Local Services	8	4	8	18	4	5
Regulatory Services	1	1	0	3	9	8
Governance, Strategy, Communication	-	-	-	8	2	1
Grants and Donations	-	-	-	10	3	0
TOTAL 2008/2009	42 (40%)	20 (19%)	42 (41%)	64 (45%)	42 (30%)	35 (25%)
TOTAL 2007/2008	22 (13%)	33 (19%)	115 (68%)	54 (38%)	40 (28%)	48 (34%)

- 1 In addition to the 42 projects identified for 2008/2009 being completed, Council also completed several projects carried forward from previous years. These are included in the project tables in the Activity Report section.
- 2 Includes projects which are not started (28), deferred (11) and deleted (3). Many of these projects have been carried forward to the 2009/2010 year or a future year.
- 3 Majority achieved describes the number of performance measures that achieved 75% or more of the target.
- 4 This includes 4 indicators which were not measured in 2008/2009.

ACTIVITY GROUPING

Other District Services includes

- Civil Defence
- Community Housing
- District Support
- Forestry
- Libraries
- Work Schemes

Other Local Services includes

- Beautification
- Community Centres
- Cemeteries
- Airports
- SIESA
- Public Conveniences
- Parks and Reserves
- Council Buildings & Property

Regulatory Services includes

- Building Control
- Resource Management
- Health Regulation
- Dog Control

Financial OVERVIEW

The financial overview provides a summary of the year-end financial results for the Southland District Council.

The information contained in this overview has been extracted from the full financial statements which contain detailed information about Council's finances and service performance.

The financial results include information about the Council, Stewart Island Electricity Supply Authority and Venture Southland.

The table shows the financial year-end results, as at 30 June 2009, and includes comparisons from the previous financial year and the 2008/2009 budget.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. Full details of the Council's accounting policies can be found on page 111 of the full Annual Report.

The Annual Report has been prepared in accordance with NZ GAAP. The Annual Report complies with New Zealand International Financial Reporting Standards, as appropriate for public benefit entities.

The information included in the summary report has been prepared in accordance with FRS 43: Summary financial Reports.

The Annual Report Summary and full Annual Report were authorised for release by the Chief Executive, David Adamson, on 30 October 2009.

FINANCIAL SUMMARY			
Actual 2007/2008		Actual 2008/2009	Budget 2008/2009
	FINANCIAL PERFORMANCE		
57,811,706	Revenue Earned (incl Asset Development)	60,086,944	68,300,298
52,805,231	Less Total Expenditure	55,055,175	53,776,799
48,190	Less Finance Costs	388,987	170,371
(1,347)	Plus Share of Associate Surplus/(Deficit)	7,182	-
-	Plus Income Taxation Benefit	-	-
4,956,938	Net Surplus (after taxation)	4,649,964	14,353,128
	CHANGES IN EQUITY		
1,126,931,619	Equity at Start of the Year	1,229,440,029	1,162,044,902
97,551,471	Movement in Asset Revaluation Reserve	38,826,506	54,137,993
4,956,938	Net Surplus/(Deficit) for the Year	4,649,964	14,353,128
1,229,440,028	Equity at the End of the Year	1,272,916,499	1,230,536,023
	FINANCIAL POSITION		
1,229,440,028	Total Equity	1,272,916,499	1,230,536,023
17,523,889	Current Assets	15,162,102	13,245,370
1,227,072,457	Non-Current Assets	1,273,381,864	1,236,027,602
1,244,596,346	Total Assets	1,288,543,966	1,249,272,972
14,235,478	Current Liabilities	15,004,454	11,562,581
920,840	Non-Current Liabilities	623,013	7,174,368
15,156,318	Total Liabilities	15,627,467	18,736,949
1,229,440,028	Net Assets (Assets less Liabilities)	1,272,916,499	1,230,536,023
	CASH FLOWS		
17,500,315	Operating Cashflow	22,492,854	26,727,845
(22,617,469)	Investing Cashflow	(22,491,682)	(31,777,986)
4,805,721	Financing Cashflow	1,486,635	7,461,419
(311,433)	Net Cashflow Increase / (Decrease)	1,487,807	2,411,278

SURPLUS

what income Council has left after operational costs are paid

EQUITY

net assets owned by ratepayers

NET ASSETS

what Council owns and what it owes at the end of the year

CASHFLOW

how Council generated and used cash during the year

Surplus

This year saw a net surplus of \$4.6 million compared to the budgeted surplus of \$14.4 million.

When the Annual Plan was prepared, it was assumed that several water and wastewater projects would receive funding from the Ministry of Health and be constructed during the year.

A number of these projects are still in progress and, as a result, the associated funding from the Ministry of Health (in the form of subsidies) as well as contributions from those connecting to the water/wastewater schemes (recoveries) are \$7.4 million lower than budgeted.

In addition, it was anticipated that the old Te Anau airport (Waiau) would be sold during the year.

Due to consultation with ratepayers, the process of decommissioning the airport and current market conditions this did not occur resulting in \$3 million less in revenue.

This was partially offset by an additional approved subsidy of \$900,000 from the NZ Transport Agency for additional roading work undertaken during the year.

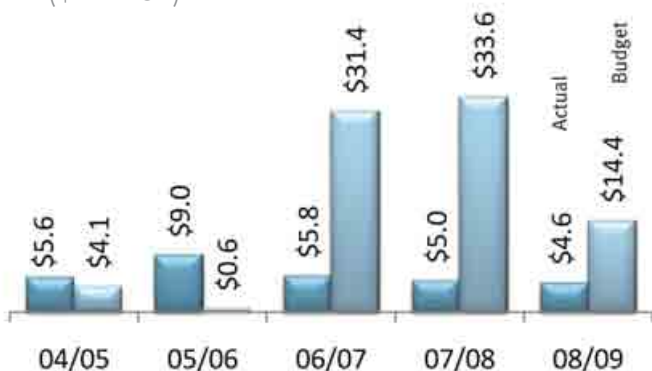
Furthermore, Development and Financial contributions were \$269,000 less than budgeted.

Development and Financial contributions are contributions which are paid to the Council where a development (such as a subdivision) generates a demand for infrastructure (such as water and wastewater or reserves).

They aim to collect the costs of capital projects, which are planned or have been undertaken, from those creating the demand.

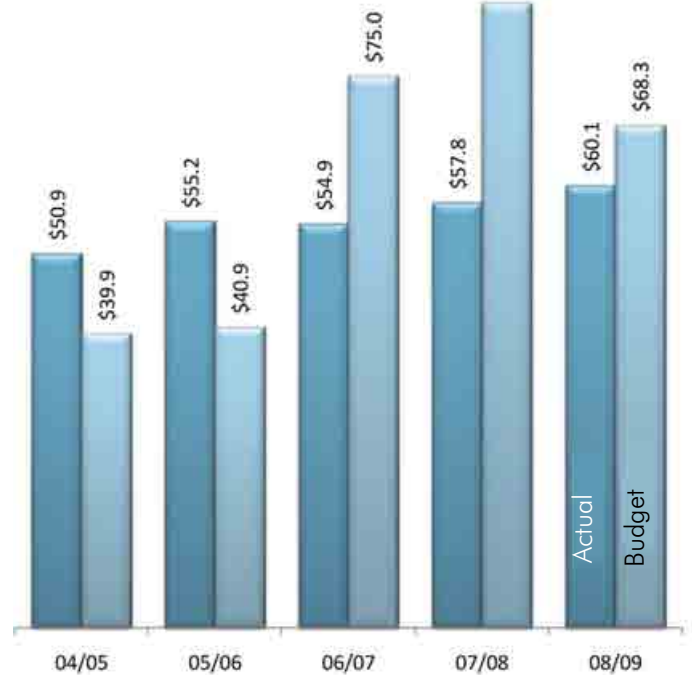
The number of demand capital projects was less than anticipated therefore the related revenue recognised for those projects was also less than budgeted.

NET SURPLUS (\$ million)



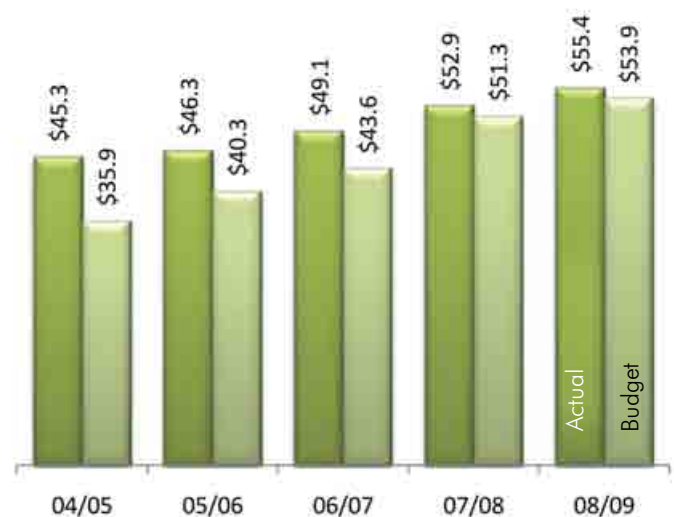
REVENUE

(including Asset Development)
(\$ million)



OPERATING EXPENDITURE

(including Income Tax)
(\$ million)



Assets and Equity

Net Assets and Equity

Overall, total net assets have increased by \$43.5 million from last year.

This is mainly due to an increase in the revaluation of Council's infrastructural assets as a result of continuing cost increases. Ratepayer equity also increased 3.5% over the previous year to \$1.27 billion. As a result of the movement of capital projects into future financial years and the internal funding of completed projects or those in progress, long term projected external borrowings were not required.

This meant that non-current liabilities are lower than expected in the budget (refer to the Financial Summary table on page 10). However, short term borrowings were required to meet operating cashflow needs in the periods between quarterly rates takes, hence current liabilities is higher than anticipated in the budget.

Development and Financial contributions included in current liabilities were \$2.9 million less than budgeted. Development and Financial contributions are contributions which are paid to the Council where a development (such as a subdivision) generates a demand for infrastructure (such as water and wastewater or reserves).

The aim of the contribution is to collect the costs of capital projects, which are planned or have been undertaken, from those that are creating the demand. The budget assumed a higher level of contributions from Te Anau developers than actually were received. The contributions balance represents the unspent funds collected from developers.

Cash Flow

Net cash inflow from operating activities is lower than budget by \$4.2 million. This is mainly due to lower asset development revenue (i.e. Ministry of Health grants and water/wastewater scheme recoveries) being received because of capital projects still in progress as of 30 June 2009 (see comments under Surplus).

The lower project income is partially offset by increased funding from the New Zealand Transport Agency for additional road work undertaken during the year.

A change in the timing of when capital projects will be undertaken has also affected the net cashflow from investing and financing activities (see the financial summary table on page 10). Net cash outflow from investing activities is \$9.3 million lower than budget and net cash inflow from financing activities is \$6.0 million lower than budget.

The budget assumed external financing of capital projects and a higher amount of contributions from subdivision developers than actually occurred. Council was principally able to internally fund its projects during the year by drawing down its investments.

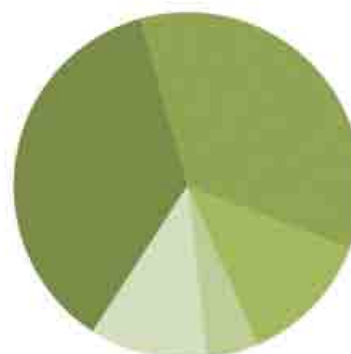
Overall, the decrease in capital project spending has offset the lower than budgeted cash receipts for the year and consequently, the Council has ended the year with a cash balance of \$6.4 million, which is \$0.7 million higher than budget.

COMPOSITION OF TOTAL ASSETS



- Property Plant and Equipment \$1,262,417,814 (98%)
- Other Assets \$26,126,152 (2%)

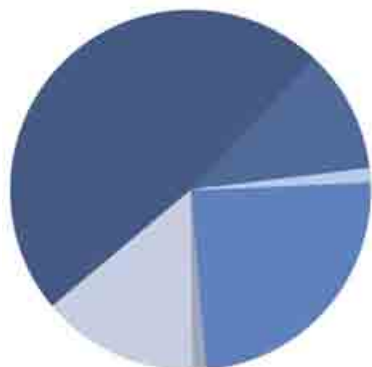
COMPOSITION OF TOTAL LIABILITIES



- Trade and Other Payables \$5,691,207 (36%)
- Other Liabilities \$5,507,065 (35%)
- Employee Benefit Liabilities \$1,959,658 (13%)
- Contract Retentions and Deposits \$760,799 (5%)
- Development and Financial Contributions \$1,708,739 (11%)

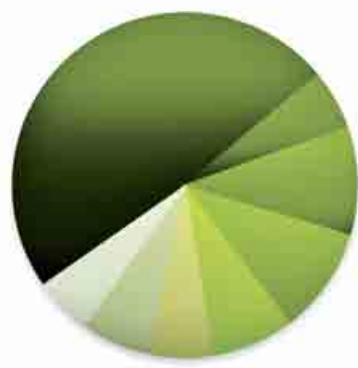
SOURCES OF REVENUE

(incl Asset Development, excl Venture Southland)



- Rates \$29,184,488 (48.6%)
- Other Revenue \$6,717,724 (11.2%)
- Interest and dividends \$748,059 (1.2%)
- NZ Transport Agency \$14,745,659 (24.5%)
- Grants and Subsidies \$693,445 (1.2%)
- Gains/(Losses) (\$286,298)(-0.5%)
- Asset Development \$8,291,049 (13.8%)

RATES EXPENDITURE PER RESIDENT (\$)



- Rooding and Transport \$458
- Regulatory Services \$58
- Other District Services \$187
- Stormwater, Wastewater and Water \$221
- Solid Waste Management \$127
- Other Local Services \$88
- Grants and Donations \$133
- Governance, Strategy and Communication \$160

Where the Revenue Came From

The Council received \$60.1 million of revenue during the year, including \$29.2 million from rates.

The breakdown of this revenue is shown in the graph (left). Overall, revenue was \$8.2 million lower at the end of the year than what was budgeted largely because a number of water and wastewater projects were still in progress meaning the associated income from the Ministry of Health and those connecting to the schemes were not received.

In addition, the sale of the old Te Anau airport site is still in progress due to the current property market conditions. These were partially offset by additional income from the NZ Transport Agency for extra roading work carried out during the year as well as a higher number of subdivision developments being completed resulting in assets being vested (given) to Council.

The value of the vested assets is recognised as revenue, but is not actual cash revenue to Council.

Where Your Rates Were Spent

The average annual rates per property for the past five years are shown in the graph (below).

The pie chart (below left) shows the breakdown of where the average rates of \$1,432 per property was spent in 2008/2009.

Spending on Rooding and Transport topped the list, followed by Stormwater/Water and Wastewater, Other District Services, and Governance, Strategy and Communication. "Other District Services" groups together the Civil Defence, District Support and Library activities.

The majority of Council's expenditure (operational and capital) is on essential infrastructure such as roads, wastewater and water.

RATES PER PROPERTY (RATEABLE)



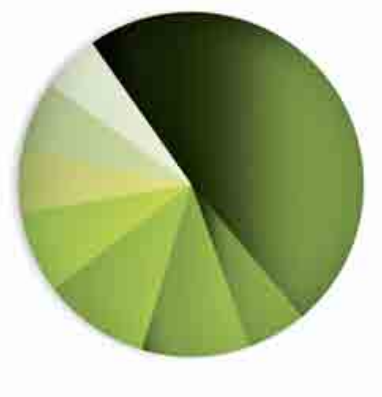
Expenditure

Operational Expenditure

Just over \$55 million was used on operating expenditure with nearly half of this spent on Rooding and Transport services (49%).

Overall operating expenditure was \$1.5 million higher than budgeted due to a number of factors detailed in the table below.

ACTIVITY OPERATING EXPENDITURE (excluding Venture Southland)



OPERATING EXPENDITURE (including Income Tax) (\$million)



- Rooding and Transport \$26.5 million (48.6%)
- Solid Waste Management \$3.0 million (5.6%)
- Other District Services \$5.5 million (10.1%)
- Stormwater, Wastewater, Water \$5.5 million (10.1%)
- Other Local Services \$4.2 million (7.7%)
- Regulatory Services \$3.2 million (5.9%)
- Governance, Strategy \$3.6 million (6.6%)
- Grants and Donations \$3.0 million (5.4%)

INCREASES	DECREASES
\$1.9 million additional depreciation principally for infrastructural assets.	\$400,000 less than anticipated on District Plan review costs.
\$1.3 million related to including a share of Venture Southland’s expenses.	\$1.4 million underspends on various operational costs.
\$1.9 million related to a change in the rooding programme.	\$1.8 million of internal interest and project income offset against expenditure which had been budgeted as external revenue.

Capital Expenditure

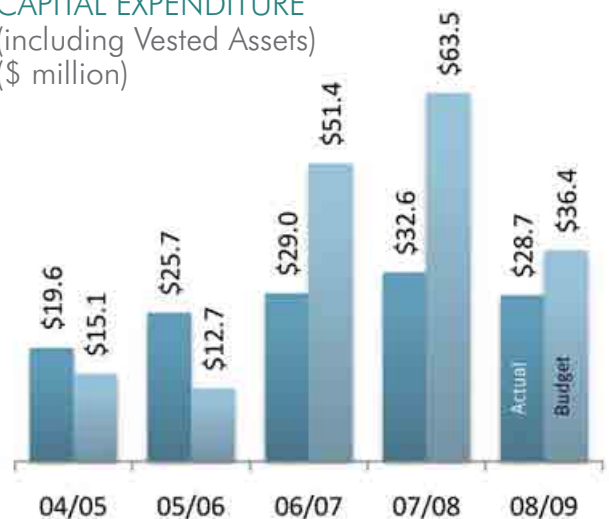
Council spent \$28.7 million on capital projects in 2008/2009.

Of this total, \$17.6 million (61%) was spent on rooding and transport projects throughout the District and \$9.4 million (33%) was spent on stormwater, water and wastewater projects in local townships.

The capital project spending was lower than the \$36.4 million budgeted in the Annual Plan as a number of capital works are still in progress or not yet started.

More detail on these are shown in the Activity Reports of the full document.

CAPITAL EXPENDITURE (including Vested Assets) (\$ million)



Expenditure

ACTIVITY CAPITAL EXPENDITURE (including Vested Assets)



- Roothing and Transport \$17.58 million (61.2%)
- Solid Waste Management \$0.001 million (0.0%)
- Other District Services \$0.85 million (3.0%)
- Stormwater, Wastewater, Water \$9.41 million (32.8%)
- Other Local Services \$0.79 million (2.7%)
- Regulatory Services \$0.03 million (0.1%)
- Governance, Strategy \$0.04 million (0.2%)
- Grants and Donations \$0 million (0.0%)

Disclosures

EVENTS AFTER BALANCE DATE

No significant events have taken place after balance date which would affect the Annual Report and Summary.

RELATED PARTIES

The Council was involved in transactions with Venture Southland (as part of its 42% interest in the organisation).

It was also involved in transactions with Councillors and key management, as part of a normal customer relationship (such as payment of rates and other fees and charges that are charged by Council in its day-to-day operations).

In addition, land was sold to a Councillor at market rate.

CAPITAL COMMITMENTS

Southland District Council (excluding the 42% share of Venture Southland's commitments) has contracts committing us to spend \$7.4 million (2008:\$12.5 million) on goods and services.

CONTINGENCIES

Contingent liabilities are dependent on other future events and total \$251,873 (2008: \$110,000). Contingent assets are estimated at \$1 million (2008: nil). More details can be found in note 28 of the full Annual Report.

Audit Report

AUDIT NEW ZEALAND

Mana Aratake Aotearoa

To the readers of Southland District Council's summary annual financial statements, performance information and the other requirements for the year ended 30 June 2009

We have audited the summary financial statements, performance information and the other requirements as set out on pages 8 to 10.

UNQUALIFIED OPINION

In our opinion:

- the summary financial statements, performance information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, performance information and other requirements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 30 October 2009, on:

- the full financial statements;
- the performance information; and
- the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

BASIS OF OPINION

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Southland District Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on those summary financial statements, performance information and the other requirements. These responsibilities arise from the Local Government Act 2002.

Julian Tan, Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
30 October 2009



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