

### **Notice of Meeting:**

I hereby give notice that an ordinary meeting of the Finance and Council Controlled Organisations Committee will be held on:

Date: Monday 8 March 2021

Time: 1.00 pm

Venue: Edinburgh Room, Municipal Chambers, The Octagon, Dunedin

Sandy Graham Chief Executive Officer

### Finance and Council Controlled Organisations Committee PUBLIC AGENDA

### **MEMBERSHIP**

ChairpersonCr Mike LordDeputy ChairpersonCr Doug Hall

Members Cr Sophie Barker Cr David Benson-Pope

Cr Rachel Elder Cr Christine Garey
Mayor Aaron Hawkins Cr Carmen Houlahan
Cr Marie Laufiso Cr Jim O'Malley
Cr Jules Radich Cr Chris Staynes
Cr Lee Vandervis Cr Steve Walker

Cr Andrew Whiley

**Senior Officer** Gavin Logie, Acting General Manager Finance

Governance Support Officer Wendy Collard

Wendy Collard Governance Support Officer

Telephone: 03 477 4000 Wendy.Collard@dcc.govt.nz www.dunedin.govt.nz

**Note:** Reports and recommendations contained in this agenda are not to be considered as Council policy until adopted.

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### 1 PUBLIC FORUM

At the close of the agenda no requests for public forum had been received.

### 2 APOLOGIES

At the close of the agenda no apologies had been received.

### 3 CONFIRMATION OF AGENDA

Note: Any additions must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

### **DECLARATION OF INTEREST**

### **EXECUTIVE SUMMARY**

- Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.
- 2. Elected members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.

### **RECOMMENDATIONS**

That the Committee:

- a) **Notes/Amends** if necessary the Elected Members' Interest Register attached as Attachment A; and
- b) **Confirms/Amends** the proposed management plan for Elected Members' Interests.

### **Attachments**

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	Councillor Register of Interest - Current as at 24 February 2021				
Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan	
Aaron Hawkins	Trustee	West Harbour Beautification Trust	Potential conflict WHBT work with Parks and Reserves to co-ordinate volunteer activities	Withdrawal from all West Harbour Beautification Trust/ DCC discussions involving this relationship.	
	Trustee	St Paul's Cathedral Foundation	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Owner	Residential Property Owner - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Shareholder	Thank You Payroll	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Member	ICLEI Oceania Regional Executive	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Member	Dunedin Hospital Local Advisory Group	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Member	Green Party	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Member	Connecting Dunedin (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Board Member	Otago Museum Trust Board (Council appointment)	Duties to Trust may conflict with duties of Council Office. Recipient of Council funding	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.	
	Member	Otago Theatre Trust (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.	
	Member	Otago Polytech's Research Centre of Excellence	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Member	LGNZ National Council	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Trustee	Alexander McMillan Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Trustee	Cosy Homes Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Chair	LGNZ Policy Advisory Group	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Member	Local Government New Zealand Zone 6 Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
Sophie Barker	Director	Ayrmed Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Shareholder	Ocho Newco Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Shareholder	Various publicly listed companies	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Property Owner	Residential Property Owner - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Beneficiary	Sans Peur Trust (Larnach Castle)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
	Member	Dunedin Public Art Gallery Society (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.	
	Chairperson	Dunedin Heritage Fund Trust (Council appointment)	Duty to Trust may conflict with duties of Council Office	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.	

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Seek advice prior to the meeting if actual or perceived conflict of

interest arises.

Item 4

Member

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Trustee	Dunedin Midwinter Carnival	Potential grants recipient	With draw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Committee Member	Otago Anniversary Day Dinner	No conflict Identified	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Dunedin Gas Works Museum Trust (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
David Benson-Pope	Owner	Residential Property Ownership in Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee and Beneficiary	Blind Investment Trusts	Duty to Trust may conflict with duties of Council Office	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Yellow-eyed Penguin Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	New Zealand Labour Party	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Heritage Fund Trust (Council appointment)	Duty to Trust may conflict with duties of Council Office	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Connecting Dunedin (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Precinct Planning Group (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Delegation holder	Second Generation District Plan (2GP) Authority to Resolve Appeals on behalf of Council (Council appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Hospital Local Advisory Group	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Regional Transport Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Commissioner (Community Representative)	District Licensing Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Rachel Elder	Owner	Residential Property Ownership - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Greater South Dunedin Action Group	Decisions may be considered on the future of South Dunedin.	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Host Parent	Otago Girls High School	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Advisor/Support Capacity	Kaffelogic	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Trails Networks Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chair	Southern Urban Dunedin Community Response Group	Decisions about emergency response recovery may be conflicted	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Craigieburn Reserve Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Keep Dunedin Beautiful (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Okia Reserve Management Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Declaration of Interest

No conflict identified

Toitu Otago Settlers Museum Board (Council appointment)



Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Chairperson	Disabilitiy Issues Advisory Group	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Christine Garey	Trustee	Garey Family Trust - Property Ownership - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chair	Creative Dunedin Partnership (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Symphony Orchestra Foundation Board of Trustees (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Theomin Gallery Management Committee (Olveston) (Council appointment)	No conflict identified	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Chair	Grants Subcommittee (Council Appointment)	No conflict identified	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
		External family member is a Principal Security Consultant	Major supplier to DCC	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Local Government New Zealand Zone 6 Committee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Doug Hall	Director/Owner	Hall Brothers Transport Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/Owner	Dunedin Crane Hire	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/Owner	Wood Recyclers Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/Owner	Dunedin Concrete Crushing Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/Owner	Anzide Properties Ltd - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	The Woodshed 2014 Limited	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Owner	Property Ownership - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Farmlands	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Ravensdown Fertiliser	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	PGG Wrightson	Currently no likely conflict	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Silver Fern Farms	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Valley View Development Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Geekfix Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Milburn Processing Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Declaration of Interest

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Donor of the use of a building free of charge to the group	Fire Brigade Restoration Society	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Appellant	2GP	Appellant to the 2GP	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Financial Donor	Dunedin North Community Patrol	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Donor of the use of a building free of charge to the group	North Dunedin Blokes Shed	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Loan of a four wheel drive truck free of charge to the group for cartage of gravel	Mountainbiking Otago	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Partner	Highland Helicopters	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Supplier	Southweight Truck and Weights for testing Weighbridges Otago & Southland	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Craigieburn Reserve Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Chinese Garden Advisory Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Toitu Otago Settlers Museum Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Carmen Houlahan	Owner	Residential Property - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Rental Property - North Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Part Owner	Adobe Group Ltd, Wanaka	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Rotary Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Institute of Directors	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Property Investors Association	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Company Owner/Sole Director	Shelf Company - RU There	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Toitu Otago Settlers Museum Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Acquisitions Committee (Council appointment)	Possible grants recipient	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Shareholder	Startup Business	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mosgiel Taieri Community Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Marie Laufiso	Property Owner	Residential Property	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

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Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Trustee	Community Building Trust - Trust Owner of Property 111 Moray Place	Duty to Trust may conflict with duties of Council Office	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Board Member	Otago Mental Health Trust	Inecuniary interest. Duty to Trust may conflict with	Do not participate in consideration of grants applications. If the meeting is in confidential, to leave the room.
	Trustee	Brockville Community Support Trust	Potential grants recipient	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Trustee	Corso Ōtepoti Dunedin Trust	Potential grants recipient	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Member	Dunedin Manufacturing Holdings Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	National Secretary	P.A.C.I.F.I.C.A Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Dunedin Branch Treasurer	P.A.C.I.F.I.C.A Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Dunedin Branch delegate to Arai Te Uru Marae Council	P.A.C.I.F.I.C.A Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Green Party of Aotearoa New Zealand	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Age Concern (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Abrahamic Interfaith Group (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Refugee Steering Group (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Settlers Association (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Fair Trading Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Deputy Chair	Grants Subcommittee	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Social Well Being Advisory Group (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Mike Lord	Trustee	ML Lord Family Trust - Owner of Residential Properties - Dunedin	Duty to Trust may conflict with duties of Council Office	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Fonterra	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Federated Farmers	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Mosgiel Rotary Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mosgiel RSA	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	National Party	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Federated Farmers Charitable Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Various publicly listed companies	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

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Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Chairperson	Otago Rural Support Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Otago Youth Adventure Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Strath Taieri Community Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Hereweka Harbour Cone Trust (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	District Licensing Committee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Jim O'Malley	Owner	Biocentrix Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mosgiel Association Football Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Ocho Newco Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Residential Property Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Ayrmed Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Ice Sports Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Manufacturing Holdings	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Ice Sports Dunedin Incorporated (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Member	Connecting Dunedin (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Okia Reserve Management Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Precinct Planning Group (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Waikouaiti Coast Community Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Jules Radich	Shareholder	lzon Science Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Taurikura Drive Investments Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Golden Block Developments Ltd	The Auditor General has issued a declaration under section 6(4) of LAMIA allowing Cr Radich to participate on the grounds that it is in the interests of the electors and inhabitants of the area that he be allowed to do so. The declaration applies to the Council meeting on 25 May 2020 and to discussion and deliberations on the Annual Plan 2020/21 up to and including the adoption of the Annual Plan	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Cambridge Terrace Properties Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

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Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Director/Shareholder	Southern Properties (2007) Ltd	The Auditor General has issued a declaration under section 6(4) of LAMIA allowing Cr Radich to participate on the grounds that it is in the interests of the electors and inhabitants of the area that he be allowed to do so. The declaration applies to the Council meeting on 25 May 2020 and to discussion and deliberations on the Annual Plan 2020/21 up to and including the adoption of the Annual Plan	
	Director	Golden Centre Holdings Ltd	The Auditor General has issued a declaration under section 6(4) of LAMIA allowing Cr Radich to participate on the grounds that it is in the interests of the electors and inhabitants of the area that he be allowed to do so. The declaration applies to the Council meeting on 25 May 2020 and to discussion and deliberations on the Annual Plan 2020/21 up to and including the adoption of the Annual Plan	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	IBMS Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Raft Holdings Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Otago Business Coaching Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Effectivise Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Athol Street Investments Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Allandale Trustee Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Aberdeen St No2 Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Acquisitions Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Society (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Road Safety Action Plan	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Precinct Planning Group (Council appointment - alternate)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Saddle Hill Community Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Chris Staynes	Chairman	Cargill Enterprises	Contractor and service provider to DCC	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room.
	Director	Wine Freedom	Supplier to DCC	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room.
	Patron	Otago Model Engineering Society	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Balmacewen Lions Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Otago Southland Manufacturers Association Trust	Possible co-funder of ED project. Duties to the Trust may conflict with duties of Council	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.

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Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Deputy Chair	Cancer Society of Otago/Southland	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Past President	Patearoa Golf Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	President	Balmacewen Lions	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	CJ and CA Staynes Family Trust - Property Owner - Dunedin and Patearoa	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	George Street Wines Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Saddle Hill Investment Trust Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	NZ Association of Amateur Radio and Transmitters	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Board Member	Otago Museum Trust Board (Council appointment)	Duties to Trust may conflict with duties of Council Office. Recipient of Council funding	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Trustee	Theomin Gallery Trust (Council appointment)	Duties to Trust may conflict with duties of Council Office. Recipient of Council funding	Withdraw from discussion and leave the table. Ifthe meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Chairman	Grow Dunedin Partnership (Council appointment)	Duties may conflict with duties of Council Office. Recipient of Council funding	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Dunedin Shanghai Association (Sister City Society) (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Social Well Being Advisory Group (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Local Government New Zealand Zone 6 Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Lee Vandervis	Director	Lee Vandervis, Antonie Alm-Lequeux and Cook Allan Gibson Trustee Company Ltd - Residential Property Ownership - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Bunchy Properties Ltd - Residential Property Ownership - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Vandervision Audio and Lighting - Hire, Sales and Service Business	May contract and provide service to DCC	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
Steve Walker	Chairperson	Dunedin Wildlife Hospital Trust	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
	Chairperson	West Harbour Beautification Trust	Potential conflict WHBT work with Parks and Reserves to co-ordinate volunteer activities	Withdrawal from all West Harbour Beautification Trust/ DCC discussions involving this relationship.
	Member	Orokonui Ecosanctuary	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
	Member	Port Chalmers Golf Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Keep New Zealand Beautiful	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
	Member	Society of Beer Advocates	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Declaration of Interest

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Member	New Zealand Labour Party	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Port Chalmers Historial Society	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
	Owner	Residential Property - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Various publicly listed companies	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	NZ Sea Lion Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Edinburgh Sister City Society (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Connecting Dunedin (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Te Ao Turoa Partnership (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Keep Dunedin Beautiful (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Precinct Planning Group (Council appointment - alternate)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	West Harbour Community Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Andrew Whiley	Owner/Operator	Whiley Golf Inc and New Zealand Golf Travel Ltd	No conflict identified	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
	Director/Shareholder 22 May 2017	Estate of Grace Limited	No conflict identified	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
	Trustee	Japek (Family Trust) - Property Ownership - Dunedin	Duties to Trust may conflict with duties of Council Office.	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Otago Golf Club	No conflict identified	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Dunedin South Rotary Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Board Member	New Zealand Professional Golfers Assn	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Institute of Directors	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	National Party	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairman	Volunteering Otago	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Otaru Sister City Society (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Society (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Grow Dunedin Partnership (Council appointment - alternate)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.

Declaration of Interest Page 15 of 295



IName	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Member	NZ Masters Games Trust Board (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Deputy Chair	Dunedin Community House Executive Committee	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Puketai Residential Centre Liaison Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Peninsula Community Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Declaration of Interest Page 16 of 295



### **CONFIRMATION OF MINUTES**

### FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE MEETING - 9 FEBRUARY 2021

### **RECOMMENDATIONS**

That the Committee:

**Confirms** the public part of the minutes of the Finance and Council Controlled Organisations Committee meeting held on 09 February 2021 as a correct record.

### **Attachments**

Title Page

A. Minutes of Finance and Council Controlled Organisations Committee meeting held on 9 February 2021

18





### Finance and Council Controlled Organisations Committee MINUTES

Minutes of an ordinary meeting of the Finance and Council Controlled Organisations Committee held in the Edinburgh Room, Municipal Chambers, The Octagon, Dunedin on Tuesday 09 February 2021, commencing at 1.00 pm

#### **PRESENT**

ChairpersonCr Mike LordDeputy ChairpersonCr Doug Hall

Members Cr Sophie Barker Cr David Benson-Pope

Cr Rachel Elder Cr Christine Garey
Mayor Aaron Hawkins Cr Carmen Houlahan
Cr Marie Laufiso Cr Jim O'Malley
Cr Jules Radich Cr Chris Staynes
Cr Lee Vandervis Cr Steve Walker

Cr Andrew Whiley

IN ATTENDANCE Gavin Logie (Acting General Manager Finance), John Christie

(Director, Enterprise Dunedin) and Richard Davey (Treasury

Manager)

Governance Support Officer Wendy Collard

### 1 PUBLIC FORUM

There was no Public Forum.

### 2 APOLOGIES

There were no apologies.

### 3 CONFIRMATION OF AGENDA

Moved (Cr Mike Lord/Cr Doug Hall):

That the Committee:

**Confirms** the agenda without addition or alteration

Motion carried (FCCO/2021/001)

### 4 DECLARATIONS OF INTEREST

Members were reminded of the need to stand aside from decision-making when a conflict arose between their role as an elected representative and any private or other external interest they might have.

Cr Barker provided an update to her register of interest.

Moved (Cr Mike Lord/Cr Doug Hall):

That the Committee:

- a) **Notes** if necessary the Elected Members' Interest Register attached as Attachment A; and
- b) **Confirms** the proposed management plan for Elected Members' Interests.

Motion carried (FCCO/2021/002)

### 5 CONFIRMATION OF MINUTES

### 5.1 FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE MEETING - 19 OCTOBER 2020

Moved (Cr Mike Lord/Cr Andrew Whiley):

That the Committee:

**Confirms** the public part of the minutes of the Finance and Council Controlled Organisations Committee meeting held on 19 October 2020 as a correct record.

Motion carried (FCCO/2021/003)

### **PART A REPORTS**

### 6 FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE FORWARD WORK PROGRAMME

A report from Civic provided the forward work programme for the 2020-2021 year.

The Acting General Manager, Finance (Gavin Logie) spoke to the report and responded to questions.

Moved (Cr Rachel Elder/Cr Doug Hall):

That the Committee:

a) **Notes** the Finance and Council Controlled Organisations Committee forward work programme.

Motion carried (FCCO/2021/004)

### 7 ACTIONS FROM RESOLUTIONS OF FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE MEETINGS

A report from Civic provided an update on the open and completed actions from resolutions of Finance and Council Controlled Organisations Committee meetings from the start of the triennium in October 2019.

The Acting General Manager, Finance (Gavin Logie) spoke to the report and responded to questions.

Moved (Cr Mike Lord/Cr Steve Walker):

That the Committee:

a) **Notes** the Open and Completed Actions from resolutions of Finance and Council Controlled Organisations Committee meetings.

Motion carried (FCCO/2021/005)

### 8 FINANCIAL RESULT - PERIOD ENDED 31 DECEMBER 2020

During discussion, Cr Carmen Houlahan entered the meeting at 1.06 pm

A report from Finance provided the financial results for the six months ended 31 December 2020 and the financial position as at that date.

The Acting General Manager, Finance (Gavin Logie) spoke to the report and responded to questions.

Moved (Cr Doug Hall/Cr David Benson-Pope):

That the Committee:



a) **Notes** the Financial Performance for the period ended 31 December 2020 and the Financial Position as at that date.

Motion carried (FCCO/2021/006)

### 9 WAIPORI FUND - QUARTER ENDING DECEMBER 2020

A report from Dunedin City Treasury Limited provided information on the results of the Waipori Fund for the quarter ended 31 December 2020.

The Acting General Manager, Finance (Gavin Logie) and the Treasury Manager (Richard Davey) spoke to the report and responded to questions.

Moved (Cr Steve Walker/Cr Rachel Elder):

That the Committee:

a) **Notes** the report from Dunedin City Treasury Limited on the Waipori Fund for the quarter ended 31 December 2020.

Motion carried (FCCO/2021/007)

### 10 DUNEDIN CITY HOLDINGS LIMITED PARENT FINANCIALS - YEAR ENDED 30 JUNE 2020

A report from Dunedin City Holdings Limited provided the financial results for the year ended 30 June 2020 and the financial position as at that date for the Dunedin City Holdings Limited parent company.

The Acting General Manager, Finance (Gavin Logie) spoke to the report and responded to questions.

Moved (Cr Mike Lord/Mayor Aaron Hawkins):

That the Committee:

a) **Notes** the Financial Performance for the year ended 30 June 2020 and the Financial Position as at 30 June 2020 for Dunedin City Holdings Limited Parent Company.

Motion carried (FCCO/2021/008)

_	•	•
CHAIRPERSC	NC	

The meeting concluded at 1.33 pm..



### **PART A REPORTS**

### DUNEDIN CITY HOLDINGS LIMITED GROUP COMPANIES - INTERIM REPORTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

Department: Executive Leadership Team

### **EXECUTIVE SUMMARY**

Please find attached the interim reports for the six months ended 31 December 2020 for the Dunedin City Holdings Limited (DCHL) Group Companies.

### RECOMMENDATIONS

That the Committee:

a) **Notes** the Dunedin City Holdings Limited Group Companies Interim Reports for the six months ended 31 December 2020.

### **BACKGROUND**

Not applicable.

### **DISCUSSION**

3 Not applicable.

### **OPTIONS**

4 Not applicable.

### **NEXT STEPS**

5 Not applicable.

### **Signatories**

Authoriser:	Gavin Logie - Acting General Manager Finance



### **Attachments**

	Title	Page
ŪA	DCHL Cover Report	24
<u></u> ₽B	DCHL Group Interim Report	26
ŢC	Aurora Energy Interim Report	49
ŪD	City Forests Interim Report	66
₫E	Delta Utility Services Interim Report	83
<u> </u>	Dunedin International Airport Limited Interim Report	98
ŪG	Dunedin City Treasury Limited Interim Report	110
ŪH	Dunedin Railways Limited Interim Report	127
<u>∏</u> I	Dunedin Stadium Property Limited Interim Report	139
ÛΙ	Dunedin Venues Management Limited Interim Report	152





### Report

TO: Dunedin City Council

FROM: Keith Cooper, DCHL Chair

Jemma Adams, General Manager DCHL

DATE: 26 February 2021

**SUBJECT:** 2020/2021 Interim Reports of DCHL Group companies

#### SUMMARY

This report accompanies the 2020/2021 Interim Reports of Dunedin City Holdings Ltd (DCHL) and its subsidiary and associate companies.

#### **BACKGROUND**

- The Local Government Act 2002 (the Act) requires that Council Controlled Organisations (CCOs) deliver to its shareholders a half-yearly report within two months after the end of the first half of each financial year. Reports must include the information required to be included by the CCO's Statement of Intent.
- This report accompanies the Interim Reports to the Six Months Ending 31 December 2020 of:
  - a. Dunedin City Holdings Ltd (DCHL)
  - b. Aurora Energy Ltd
  - c. City Forests Ltd
  - d. Delta Utility Services Ltd
  - e. Dunedin International Airport Ltd
  - f. Dunedin City Treasury Ltd
  - g. Dunedin Railways Ltd
  - h. Dunedin Stadium Property Ltd
  - i. Dunedin Venues Management Ltd.

#### DISCUSSION

- The group financial results for the reporting period are broadly in line with budget projections. Overall, the Group recorded a pre-tax profit of \$1.600 million.
- 4. Total revenue is in line with budget and lower than the same period last year due to the impact of Covid-19. Across the Group operating costs are lower than the same period last year, in line with the reduction in revenue. The further reduction in cost of funds achieved by Dunedin City Treasury Ltd has continued to make a favourable contribution across the Group.

Page 1 of 2

### **NEXT STEPS**

- 5. These reports are presented for Council to **note**.
- 6. The reports will be published on the DCHL section of the DCC website in accordance with the LGA.

Keith Cooper Chair

Jemma Adams General Manager



### **INTERIM REPORT**

For the six months ended 31 December 2020



### **Dunedin City Holdings Limited**

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Principal activities of the group	7	
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Statement of cash flows	14	
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### **Dunedin City Holdings Limited**

### **Directors' report**

The Directors of Dunedin City Holdings Limited are pleased to present their report on the activities of the Group for the six months ended 31 December 2020.

Overview of results	Unaudited	Unaudited	Audited
	6 months to	6 months to	full year to 30
	31 Dec 2020	31 Dec 2019	Jun 2020
	\$'000	\$'000	\$'000
Total revenue	140,863	145,882	284,212
Net profit before tax	1,600	(882)	(6,458)
Income tax	1,388	309	(1,199)
Net profit after tax	212	(1,191)	(5,259)
Other comprehensive income	13,879	6,547	(8,906)
Total comprehensive income for the period	14,091	5,356	(14,165)
Net cash flow from operating activities	19,332	20,312	22,323
Total assets	1,483,735	1,415,324	1,456,401

#### **Dividends**

No interim dividend has been paid to the Dunedin City Council. This is consistent with the current year Statement of Intent.

#### Reserves and accumulated funds

The hedging reserve has increased by \$6.696 million reflecting a change in the market value of interest and foreign exchange hedge valuations.

The carbon credit reserve has increased in value by \$3.909 million (after tax) being the revaluation of carbon credits held. There were no carbon credits sold during the period.

The change in accumulated funds comprises the after tax loss.

### Review of operations

### Group Overview

This review of operations and the accompanying financial reports cover the first six months of the 2020/2021 financial year.

The financial results for this reporting period are broadly in line with budget projections. Overall, the Group recorded a pre tax profit of \$1.600 million.

### **Dunedin City Holdings Limited**

### **Directors' report**

Total revenue is in line with budget and lower than the same period last year due to the impact of Covid-19. Across the Group operating costs are lower than the same period last year, in line with the reduction in revenue. The further reduction in cost of funds achieved by Dunedin City Treasury Ltd has continued to make a favourable contribution across the Group.

Dunedin City Holdings Ltd has pursued a range of initiatives in order to achieve for Dunedin the best from its investments.

Activities this period include:

- monitoring the performance of the DCHL Group companies to ensure returns (financial and other) are optimised
- engaging with the DCHL Group companies on their medium term strategies
- communicating with Dunedin City Council with regular reports and on ad hoc matters as required
- overseeing and supporting Aurora Energy as the company addresses a number of challenges
- providing support for Dunedin Railways Trains Not Planes Promotion and options evaluation work
- considering the ongoing impact of Covid-19, specifically at Dunedin International Airport Ltd and Dunedin Venues Management Ltd
- updating company constitutions, completing board evaluations, and providing 2022 expectations quidance for the companies
- participating in the DCHL Group companies' annual planning processes
- seeking opportunities to create synergies, and leverage experience and expertise across the DCHL Group, such as progressing carbon footprint reporting.

DCHL Group Company Summaries



### DUNEDIN CITY HOLDINGS LIMITED

The parent company returned a net profit before tax for the half year of \$0.738 million, \$2.296 million better than budget projections. The variance to budget is due City Forests paying a higher interim dividend than anticipated. Total dividends for FY21 are expected to be higher than budgeted allowing for increased debt repayments.



During the period under review, operating revenues of \$58.216 million were \$0.704 million lower, while network operating expenses (including network maintenance, asset management and operations functions) of \$57.471 million were \$1.335 million lower than for the same period last year. The Company recorded a net profit after tax of \$0.461 million (HY 19 \$0.066 million). The focus on capital renewals has continued with capital expenditure at \$30.856 million for the period.



### **Dunedin City Holdings Limited**

### **Directors' report**



The Company experienced profitable trading conditions and delivered an \$4.940 million profit after tax for the first six months to the end of December 2020. This is an improvement compared to the previous year of \$3.976 million. Forest production for the period was on budget as the Company progresses the harvesting of its projected sustainable cut for the year which includes a catch up of volume unable to be harvested in the later part of the previous year due to Covid-19 lockdown restrictions. A December interim dividend of \$4.000 million has been paid to the shareholder which was higher than budgeted.



During the first half of financial year 2021, Delta continued to deliver on its existing long term contracts and provide a quality service to its customers. Total operating revenues of \$49.166 million were \$0.501 million (1%) lower than for the same period last year, largely due to lower volumes of Power and Communications work across both Central Otago and the Tasman region. A net profit after tax of \$1.262 million (2019: \$0.395 million) was recorded for the six months ended 31 December 2020. The increase on prior year reflects more consistent workflow from customers, better job planning, and ensuring adequately resources for the work at hand. A dividend of \$0.875 million was paid in December 2020.

### **Dunedin City Treasury Ltd**

In the six months to 31 December 2020, Dunedin City Treasury achieved a reduction on the cost of funds which it was able to pass on to the group. The average cost of funding reduced from 3.36% to 2.75% over this six month period. Two successful refinancing's of: a \$45 million Floating Rate Note (FRN) maturity on 16 October 2020, and a \$50 million Medium Term Note (MTN) maturity on 16 November 2020, contributed to the reduction in the average cost of funding. The maturities were replaced by issuance of two new MTN's, for terms of three and six years for amounts of \$50 million and \$60 million with coupons of just 0.36% and 0.676% respectively.

### DUNEDIN STADIUM PROPERTY LTD

An operating loss before tax and subventions of \$3.816 million (2019: \$4.012 million) occurred in the six months to 31 December 2020. The main factor influencing the improved result for the period was a reduction in interest costs.



DVML's net loss before taxation was \$273,000 for the six months to 31 December 2020, compared to a surplus of \$81,000 for the same period in the previous year. The effects of the Covid-19 pandemic are still being felt by the company. Due to border restrictions in place, there has been no stadium concerts or international rugby in the six months to 31 December; these events are a significant source of income for the company.



### **Dunedin City Holdings Limited**

### **Directors' report**

### DUNEDIN RAILWAYS WORLD CLASS TRAIN TRIPS

Dunedin Railways Limited reported a loss after tax of \$83,000 in the six months to 31 December 2020, compared with a loss after tax of \$862,000 in the same period in the prior year. The Company entered hibernation mode on 1 July 2020. A small team remains employed by the Company, to actively maintain key assets during hibernation. Focus has turned to identifying and evaluating options for sustainable tourism offerings based on the Company's assets. A report will be presented to Council during 2021, setting out options for the Company's future. Decisions will then be for Dunedin City Council to make.



Dunedin Airport recorded an operating surplus before tax of \$1.3 million (2019: \$2.9 million). This decrease is representative of the impact of Covid-19 on the Company. There are decreased passenger numbers which has a direct correlation to aeronautical revenue and also impacts on non-aeronautical revenue streams. However, these decreases in revenue are partially offset by a decrease in operating expenditure which is primarily caused by a reduced staff headcount, fewer Momona Garage purchases, less marketing spend, and fewer training costs against the corresponding period in the prior year.

#### Events subsequent to balance date

The Directors are not aware of any matters or circumstances since the end of the financial period not otherwise dealt with in this report or the financial statements that has significantly or may significantly affect the operation of Dunedin City Holdings Limited, the results of those operations or the state of affairs of the parent company or the Group.

### Corporate governance

DCHL is governed by a Board of independent Directors, in accordance with the law and best practice. Directors meet regularly to direct and control DCHL's proceedings.

The role of a Director of a CCO is defined in section 58 of the Local Government Act 2002 as "to assist the organisation to meet its objectives and any other requirements in its Statement of Intent."

In addition to the obligations of the Local Government Act, DCHL is also subject to the requirements of the Companies Act 1993, and all other applicable legislative requirements.

### Outlook

The outlook for the Group remains stable, with no significant changes in markets or updates to the projections set out in Statements of Intent.

### **Dunedin City Holdings Limited**

### Statement of responsibility

The Directors accept responsibility for the preparation of the interim financial statements and the judgements used in them.

The Directors accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and

In the opinion of the Directors, the interim financial statements fairly reflect the financial position as at 31 December 2020 and operations for the six months to 31 December 2020 of Dunedin City Holdings Limited Group.

The Directors of Dunedin City Holdings Limited have pleasure in presenting the interim group financial statements, set out on pages 9 to 21, for the six months ended 31 December 2020 and authorises them for issue on 23 February 2021.

Chair

6



### **Dunedin City Holdings Limited**

#### Principal activities of the group

Dunedin City Holdings Limited's purpose is to achieve for Dunedin the best from its investments on behalf of its shareholder, the Dunedin City Council.

Dunedin City Holdings Limited's primary objective is to encourage and facilitate increased shareholder value of DCHL Group companies. The company does this by monitoring performance, engaging with companies on strategy and planning, making governance appointments, and seeking synergies across the Group.

Dunedin City Holdings Limited is responsible for the overall strategic direction of the group and provides guidance and support to its subsidiary and associate companies.

### Principal activities of the subsidiary and associate companies

- Aurora Energy Limited owns the electricity network assets of poles, lines, cables, and substations in Dunedin, Central Otago and Queenstown Lakes. Its function is to transfer electricity from the national grid to the end consumer.
- City Forests Limited owns and or manages approximately 23,731 hectares of land from which forest products are grown, harvested and marketed. Products are sold in both the export and domestic markets.
- Delta Utility Services Limited's principal activity is the provision of contracting services, which
  encompasses a broad range of energy and environmental services to local authority and private
  sector customers. The Company's core business centres on the construction, operation and
  maintenance of essential energy and environmental infrastructure.
- Dunedin City Treasury Limited provides the group with funding and financial services and manages
  the financial risks of the group.
- Dunedin Stadium Property Limited owns Forsyth Barr Stadium and as such has responsibilities as both a landlord and for ensuring the Stadium is appropriately maintained.
- Dunedin Venues Management Limited is an event, stadium and facilities management company which currently operates out of the Forsyth Barr Stadium, and the Dunedin Centre/Town Hall Complex.
- Dunedin Railways Limited operated a tourist and excursion train on the Taieri Gorge railway line and
  on the Seasider line north of Dunedin, until March 2020, when the company was put into hibernation.
  Focus has now turned to identifying and evaluating options for sustainable tourism offerings going
  forward
- Dunedin International Airport Limited (associate) operates the Dunedin Airport. It also farms adjacent land in partnership with sharemilkers and owns a small residential housing estate on land adjoining the airfield to the north.



### **Dunedin City Holdings Limited**

### **Group financial statistics**

	Six Months to Dec 2020 \$'000	Six Months to Dec 2019 \$'000	Year to June 2020 \$'000	Year to June 2019 \$'000	Year to June 2018 \$'000
Revenue	140,863	145,882	284,212	299,583	290,757
Profit before subvention and tax	1,600	(882)	(6,458)	10,379	24,253
Income tax	1,388	309	(1,199)	6,193	8,760
Net profit after tax	212	(1,191)	(5,259)	4,186	15,493
Net interest paid to the Council on advance	2,951	2,954	5,902	5,902	5,902
Profit after tax before shareholder interest	3,163	1,763	643	10,088	21,395
Cash flows from operating activities	19,332	20,312	22,323	31,606	31,892
Shareholder's funds	335,383	338,494	321,292	333,138	345,124
Shareholder's advance	112,000	112,000	112,000	112,000	112,000
Total shareholder's interest	447,383	450,494	433,292	445,138	457,124
Rate of return (on shareholder funds)	0.1%	-0.4%	-1.6%	1.3%	4.5%
Dividend paid	-	-	-	-	-
Total assets	1,483,735	1,415,324	1,456,401	1,345,804	1,241,463
Shareholder's funds to total assets	22.6%	23.9%	22.1%	24.8%	27.8%



### **Dunedin City Holdings Limited**

### Statement of comprehensive income For the six months ending 31 December 2020

	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Income continuing operations			
Sales revenue	128,437	136,030	261,193
Gain on sale of assets	470	42	-
Interest on advances to related parties	4,649	5,186	10,441
Interest - other	410	488	950
Subvention income	-	-	-
Net gain on foreign currency transactions	-	-	-
Dividends	-	-	-
Gain in fair value of forestry land	6,897	4,136	11,628
Total operating revenue	140,863	145,882	284,212
Expenses continuing operations			
Bad debts written off	6	4	366
Movement in impairment provision for receivables	-	139	(94)
Donations	7	6	37
Lease expense	14	804	1,458
Research expenditure	82	112	170
Employee expenses	33,637	32,808	70,622
Directors remuneration	559	607	1,260
Audit fees	180	138	785
Interest - related parties	3,603	2,986	6,285
Interest - other	12,455	13,368	26,785
Net loss on foreign currency transactions	380	550	1,360
Depreciation and amortisation	17,534	17,202	34,297
Other expenses	71,254	79,093	149,157
Total operating expenditure	139,711	147,817	292,488
Profit (Loss) from continuing operations	1,152	(1,935)	(8,276)
Share of associate profit	448	1,053	1,818
Profit (Loss) before tax	1,600	(882)	(6,458)
Income tax	1,388	309	(1,199)
Profit (Loss) after tax	212	(1,191)	(5,259)
Associated Lands			
Attributable to:	242	(050)	/F 2F2\
Equity holders of the parent	212	(950)	(5,259)
Minority interest	-	(241)	-



### **Dunedin City Holdings Limited**

### Statement of comprehensive income For the six months ending 31 December 2020

	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Profit (Loss) after tax brought forward	212	(1,191)	(5,259)
Other comprehensive income:			
Gain (loss) on forestry land revaluations	(221)	-	2,874
Gain (loss) on interest rate swap hedges	10,945	1,588	(19,858)
Gain (loss) on foreign exchange hedges	-	592	(32)
Gain (loss) on carbon credit revaluation	5,428	6,285	8,454
Other comprehensive income associates	45	21	2,101
Income tax on other comprehensive income	(2,318)	(1,939)	(2,445)
Total other comprehensive income	13,879	6,547	(8,906)
Total comprehensive income for the period	14,091	5,356	(14,165)
Attributable to:			
Equity holders of the parent	14,091	5,597	(14,165)
Minority interest	-	(241)	-
	14,091	5,356	(14,165)



# Statement of changes in equity For the six months ending 31 December 2020

	Share capital \$'000	Minority interest \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Unaudited					
Equity as at 1 July 2020	126,139	-	56,044	139,109	321,292
Comprehensive income for the period	-	-	13,834	257	14,091
Share capital contribution	-	-	-	-	-
Distributions to equity holders	-	-	-	-	-
Equity as at 31 December 2020	126,139	-	69,878	139,366	335,383
Unaudited					
Equity as at 1 July 2019	123,589	509	66,500	142,540	333,138
Comprehensive income for the period	-	(241)	6,526	(929)	5,356
Share capital contribution	-	-	-	-	-
Equity as at 31 December 2019	123,589	268	73,026	141,611	338,494
Audited					
Equity as at 1 July 2019	123,589	509	66,500	142,540	333,138
Comprehensive income for the period	-	(509)	(8,906)	(5,259)	(14,674)
Transfer to reserves	-	-	(1,550)	1,828	278
Share capital contribution	2,550	-	-	-	2,550
Equity as at 30 June 2020	126,139	-	56,044	139,109	321,292



# Statement of financial position As at 31 December 2020

	Note	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Current assets				
Cash and cash equivalents		45,793	44,967	50,227
Other current financial assets		-	-	902
Derivative financial instruments	6	-	134	1,226
Trade and other receivables		21,405	23,661	27,231
Taxation refund receivable		6,645	5,989	5,697
Inventories		12,785	12,808	8,636
Other current assets		1,457	4,692	1,770
Prepayments		800	1,993	938
Total current assets		88,885	94,244	96,627
Non-current assets Term Receivables Other non-current financial assets Investments in associate companies Investments in subsidiary companies Intangible assets - carbon credits Intangible assets - other Forestry assets Property, plant and equipment Right of Use Assets Derivative financial instruments	4	9,497 251,509 35,067 - 37,398 4,870 171,699 860,310 9,247 15,253	10,545 230,502 31,737 - 33,172 1,039 165,128 809,828 26,114 13,015	10,023 243,509 34,574 31,970 4,072 169,150 842,195 8,308 15,973
Total non-current assets		1,394,850	1,321,080	1,359,774
Total assets		1,483,735	1,415,324	1,456,401



# Statement of financial position As at 31 December 2020

No	ite	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Current liabilities				
Short term borrowings		3,108	1,125	1,194
Current Portion of Lease Liability		3,302	3,276	2,613
Trade and other payables		31,897	31,759	31,391
Employee entitlements		7,599	7,026	6,666
Accrued expenditure		261	8,982	-
Derivative financial instruments	5	-	106	3,011
Provision for tax		8,153	6,790	5,168
Current portion of term borrowing	5	-	-	
Total current liabilities		54,320	59,064	50,043
Non-current liabilities				
Term borrowing	5	801,186	739,101	790,136
Term Portion of Lease Liability		6,783	6,933	5,817
Shareholders advance - DCC		112,000	112,000	112,000
Employee entitlements		833	857	1,038
Other non-current liabilities	_	311	474	648
Derivative financial instruments	)	53,518	40,858	59,767
Deferred taxation		119,401	117,543	115,660
Total non-current liabilities		1,094,032	1,017,766	1,085,066
Total liabilities		1,148,352	1,076,830	1,135,109
Equity				
Equity Share Capital		126,419	123,589	126,139
Accumulated funds		142,491	141,611	139,109
Minority interest in subsidiaries		142,431	268	159,109
Revaluation reserve		18,858	16,733	18,813
Hedging reserve		(49,521)	(34,094)	(56,217)
Forest revaluation reserve		85,208	80,165	85,429
Carbon credit reserve		11,928	10,222	8,019
		11,520	,	0,010
Total equity		335,383	338,494	321,292
Total liabilities and equity		1,483,735	1,415,324	1,456,401



# Statement of cash flows For the six months ending 31 December 2020

	Unaudited	Unaudited	Audited
	6 months to	6 months to	full year to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
Note	\$'000	\$'000	\$'000
Cash flow from operating activities			
Cash was provided from:			
Receipts from customers	132,909	153,522	261,962
Interest received	5,059	4,407	9,461
Income tax refund	1,020	2,317	132
Dividend received	-	1,186	1,186
	138,988	161,432	272,741
Cash was applied to:	,	,	
Suppliers and employees	108,691	124,657	215,804
Finance costs paid	16,058	13,238	32,439
Taxation paid	(4,390)	2,309	2,436
Net GST paid / (received)	, ,	916	
Net GST paid / (Teceived)	(703)	141,120	(261) 250,418
Not such flow forms and the most think as	119,656		
Net cash flow from operating activities 3	19,332	20,312	22,323
Cash flow from investing activities			
Cash was provided from:			
Sale of property, plant and equipment	1,753	129	722
Carbon credits sold	-	-	8,240
Decrease in investments	-	-	2,836
	1,753	129	11,798
Cash was applied to:			
Purchase of property, plant and equipment	32,327	31,223	69,112
Increase in loans and advances	-	-	-
Increase in investments	7,474	9,533	25,000
	39,801	40,756	94,112
Net cash flow from investing activities	(38,048)	(40,627)	(82,314)
	(==,===,	(,,	(//
Cash flow from financing activities			
Cash was provided from:			
Call on Capital	-	-	2,550
Loans raised	14,282	47,908	96,089
	14,282	47,908	98,639
Cash was applied to:			
Lease liabilities			5,795
Not sook floor form form to a state of	- 11 202	47.000	5,795
Net cash flow from financing activities	14,282	47,908	92,844
Net increase/(decrease) in cash	(4,434)	27,593	32,853
Opening cash and cash equivalents	50,227	17,374	17,374
Closing cash and cash equivalents	45,793	44,967	50,227

The accompanying notes form part of these financial statements



# **Dunedin City Holdings Limited**

# Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### 1 Reporting entity

The financial statements presented here are the consolidated financial statements of the Group comprising Dunedin City Holdings Limited (the Company) and its subsidiary and associate companies.

Dunedin City Holdings Limited is a Council Controlled Trading Organisation as defined in the Local Government Act 2002. The company, incorporated in New Zealand under the Companies Act 1993, is wholly owned by the Dunedin City Council.

The registered address of the company is 50 The Octagon, Dunedin 9016.

The financial statements of Dunedin City Holdings Limited are for the six months ended 31 December 2020.

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the company and group operate.

Dunedin City Holdings Limited is a profit orientated entity.

#### 2 Basis of preparation

The financial statements for the period ended 31 December 2020 are unaudited.

The financial statements have been prepared in accordance with New Zealand Equivalents to International Reporting Standards 34, Interim Financial Reporting, and should be read in conjunction with the audited financial statements for the year ended 30 June 2020.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2020.

The judgement, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2020.



# Notes to the financial statements (unaudited) For the six months ending 31 December 2020

# 3 Reconciliation of operating profit to net cash flows from operating

	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Net profit after tax	212	(1,191)	(5,259)
Share of net profit/(loss) in associated companies	(448)	(1,053)	(1,818)
Items Not Involving Cash Flows			
Depreciation & amortisation	17,534	17,202	31,208
Depletion of forest	7,520	4,860	9,441
Deferred tax	3,741	1,368	2,175
Asset impairment	-	-	5,372
Forest revaluation	(6,897)	(4,136)	(11,628)
Carbon credit revaluation	(5,428)	-	(4,862)
(Increase)/Decrease in cash flow hedge valuation	(1,092)	(1,202)	(827)
Other non-cash items	(1,331)	1,556	5,731
Impact of Changes in Working Capital Items			
(Increase)/Decrease in trade and other receivables	5,826	6,255	89
(Increase)/Decrease in other current assets	313	(4,692)	-
(Increase)/Decrease in inventories	(4,149)	(1,918)	1,014
(Increase)/Decrease in prepayments	138	(1,140)	240
(Increase) /Decrease in tax refund due	(948)	(311)	(4,756)
Increase /(Decrease) in trade and other payables	506	1,367	(2,551)
Increase /(Decrease) in provision for tax	2,985	(144)	2,299
Increase /(Decrease) in other current liabilities	1,194	4,562	873
Items Classified as Investing or Financing Activities			
Gain on sale of property, plant and equipment	(470)	(42)	(83)
Loss on sale of property, plant and equipment	-	302	1,521
Investment in Financial Instruments	-	-	(2,836)
Movement in capital creditors	126	(1,331)	(3,020)
Net cash inflows from operating activities	19,332	20,312	22,323

# **Dunedin City Holdings Limited**

Notes to the financial statements (unaudited) For the six months ending 31 December 2020

# 4 Property, plant and equipment

	Unaudited	Unaudited	Audited
	6 months to	6 months to	full year to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
Additions	33,312	30,528	51,468
Disposals	(2,066)	(429)	(2,505)
Capital commitments	33,124	42,770	12,405

There have been no material changes in fair value for all property, plant and equipment asset classes between 30 June 2020 and 31 December 2020.

# 5 Term borrowings

	Unaudited as at 31 Dec 2020	2019	2020
Current	\$'000 	\$'000 	\$'000 -
Non Current			
Multi-option note facility	801,186 801,186	739,101 739,101	790,136 790,136
Total term borrowings	801,186	739,101	790,136

The group has an \$975 million multi option debt issuance facility which is secured against certain assets and undertakings of the Dunedin City Council Group. Debt is raised by issuing long dated bonds, floating rate notes or by the issue of promissory notes usually issued for three month terms.



# Notes to the financial statements (unaudited) For the six months ending 31 December 2020

	Unaudited	Unaudited	Audited
	as at 31 Dec	as at 31 Dec	as at 30 Jun
	2020	2019	2020
	\$'000	\$'000	\$'000
Term borrowings			
Promissory notes	129,915	159,399	129,875
Floating rate notes 16/10/20	-	45,000	45,000
Bonds 16/11/20	-	50,000	50,000
Bonds 15/4/21	30,000	30,000	30,000
Bonds 15/4/21	75,000	-	75,000
Bonds 25/11/21	70,000	70,000	70,000
Floating rate notes 15/10/22	50,000	50,000	50,000
Bonds 15/11/22	45,000	45,000	45,000
Bonds 16/10/23	50,000	-	-
Floating rate notes 15/02/24	25,000	25,000	25,000
Bonds 16/10/24	35,000	35,000	35,000
Bonds 17/7/25	50,000	50,000	50,000
Bonds 15/3/26	50,000	50,000	50,000
Bonds 15/4/26	65,000	65,000	65,000
Bonds 15/11/26	55,000	55,000	55,000
Bonds 16/11/26	60,000	-	-
Fair value impact on bonds	11,271	9,702	15,261
Total term borrowings	801,186	739,101	790,136
The repayment period on the term borrowings is as follows:			
Repayable less than one year	307,712	254,399	330,399
Repayable between one to five years	263,474	259,353	230,057
Repayable later than five years	230,000	225,349	229,680
	801,186	739,101	790,136

#### Fair value of borrowings

Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. Debt instruments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices.

Directors estimate the fair value of the group's borrowings as at 31 December 2020 as being \$895,621,657 (December 2019: \$750,328,356).



# **Dunedin City Holdings Limited**

# Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### 6 Derivative financial instruments

	Unaudited as at 31 Dec 2020 \$'000	Unaudited as at 31 Dec 2019 \$'000	Audited as at 30 Jun 2020 \$'000
Assets			
Interest rate swaps	15,253	13,149	17,199
Analysed as:			
Current	-	359	1,226
Non-Current	15,253	11,747	15,973
	15,253	12,106	17,199
Liabilities			
Interest rate swaps	53,518	40,964	62,778
Analysed as:			
Current	-	4,143	3,011
Non-Current	53,518	24,146	59,767
	53,518	28,289	62,778

Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves.

# 7 Financial instruments

All financial assets are recognised at cost/face value while financial liabilities are recognised at amortised cost except derivative financial instruments which are recognised at fair value.

## 8 Contingent liabilities

Performance bonds

	Unaudited	
2020	as at 31 Dec 2019	2020
\$'000	\$'000	\$'000
1,006	1,142	1,243

The performance bonds issued are principally in favour of South Island Local Authorities, including the Dunedin City Council, for contract work by Delta Utility Services Limited. There is no indication that any of the above contingent liabilities will crystallise in the foreseeable future.

# **Dunedin City Holdings Limited**

# Statement of Service Performance For the six months ending 31 December 2020

# Performance targets

#### Monitor performance of DCHL Group companies to ensure returns (financial and other) are optimised.

#### Seek opportunities to create synergies, leverage experience or expertise across DCHL Group, where appropriate.

#### Monitor performance of DCHL portfolio as a whole to ensure returns (financial and other) are optimised.

4 Consider strategic issues.

# Provide input on DCHL Group companies' medium to long term strategies.

#### 6 Review and approve DCHL Group Statements of Intent for consistency with Council's strategic direction.

- 7 Set expectations through annual Letters of Expectation to DCHL Group companies.
- 8 Co-ordinate DCHL Group companies moving towards measuring and reporting carbon emissions.

## **Outcome achieved**

Achieved. Monthly and quarterly monitoring of DCHL Group companies has been completed for the year to date.

Achieved. Synergy projects are ongoing across the DCHL Group.

Achieved. Monthly and quarterly monitoring of the consolidated DCHL Group has been completed and quarterly updates provided to Council, for the year to date.

Achieved. An annual review of the ownership and capital structures of the DCHL Group companies will be completed prior to 30 June 2021. No requests for capital expenditure approval have been made in the year to date.

Achieved. Several DCHL company engagements and one full Chairs meeting has taken place. All remaining DCHL company engagements will be completed prior to 30 June 2021.

Achieved. Draft DCHL Group Statements of Intent are currently under review. All DCHL Group Statements of Intent will be reviewed and approved prior to 30 June 2021.

Achieved. Annual Letters of Expectation were sent to DCHL Group companies prior to 31 December 2020.

Achieved. A system to measure and report carbon emissions is in progress and expected to be complete by 30 June 2021.

# **Dunedin City Holdings Limited**

# Statement of Service Performance For the six months ending 31 December 2020

- **9** Appoint Directors to DCHL Group companies; appoint Chairs to subsidiary companies.
- Achieved. All appointments and re-appointments have been completed on time and in compliance with policy.
- 10 Ensure companies are good employers, and operate in an environmentally and socially responsible way. Expect Group companies to maintain ongoing focus on health and safety as a top priority.
- Achieved. Monthly reporting on key aspects including health and safety have been completed, for the year to date. Systems are being put in place to reduce the carbon footprint of the DCHL Group companies.
- 11 Consult with the shareholder in a timely manner on DCHL Group strategic or operational matters which could compromise the Council's community outcomes.
- Achieved. All matters requiring escalation to the shareholder were reported in a timely manner.
- Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.

Achieved. All substantive matters were reported to the shareholder within 24 hours of the DCHL Board becoming aware of them.

## **Financial forecasts**

Financial forecasts are set in the Statement of Intent for the year ending 30 June 2021. The Parent and Group is on track to meet the financial forecasts set.



# FINANCE AND COUNCIL CONTROLLED ORGANISATIONS

# **Dunedin City Holdings Limited**

#### **Directory**

#### **Directors**

Keith T Cooper (Chair) Christopher C Hopkins Kathleen E Grant Linda M Robertson Richard J Thomson

#### Registered Office

50 The Octagon Dunedin 9016

#### **Bankers**

Westpac Banking Corporation

#### Solicitors

Anderson Lloyd

#### **Taxation Advisors**

Deloitte

#### Auditor

Audit New Zealand on behalf of the Controller and Auditor-General

## **Companies comprising the Dunedin City Holdings group**

# Subsidiary Companies

Aurora Energy Limited City Forests Limited Delta Utility Services Limited **Dunedin City Treasury Limited** Dunedin Stadium Property Limited **Dunedin Venues Management Limited** Dunedin Railways Limited

#### Associate Company

Dunedin International Airport Limited (50% ownership)



Interim Report

For the Six months ended

31 December 2020

DUNEDIN | kaunihera a-rohe o Otepoti

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# DUNEDIN | kaunihera a-rohe o CITY COUNCIL | Ōtepoti

#### Aurora Energy Limited

#### **Directors' report**

The Directors of Aurora Energy Limited are pleased to present their report for the six months ended 31 December 2020.

#### Review of operations

Aurora Energy's principal activities are the ownership and operation of the electricity distribution network in Dunedin, Central Otago and Queenstown Lakes.

#### Highlights for Six Months ended December 2020

- · Innovative new technologies partnership with solarZero to meet future growth of energy demand in Wanaka and Upper Clutha
- Selection of preferred new asset management system vendor Aurora Energy approved contractors' health & safety forum
- Improved network reliability performance
- Submission of CPP application
- Commencement of several major projects Otago Harbour Crossing submarine cable, Anderson Bay substation upgrade and Cromwell zone substation
- Continued progress on staff development supported by health, safety and wellbeing frameworks
- Distributed community update to over 70,000 households

#### Safety and Risk

Safety is the number one priority at Aurora Energy. We have maintained our critical focus on improving the safety management of our network and the people working on it during the period under review.

A health and safety forum was attended by all approved contractors on the Aurora Energy network to address highlights and learnings from 2020 and to set goals for each contractor for 2021.

Our regular programme of independent safety audits across the network was maintained. The audits are carried out by experienced external assessors in the field and provide valuable information on where improvements can be made to ensure that the required standards of safe work practice and asset construction are achieved.

We continued our significant focus on staff health and safety and wellbeing. The Health and Safety team worked closely with the Wellbeing Committee to run lunch and learn sessions, host White Ribbon Day and run a series of wellbeing events and initiatives.

As an essential service provider, it is important we are well-prepared to respond in emergency situations such as major storms or earthquakes that can disrupt electricity supply.

We further strengthened the capability of our staff to manage an emergency response. Coordinated Incident Management System (CIMS4) training was provided to an additional 58 staff during 2020

We continued to review and update our Business Continuity and Emergency Response Plans to ensure we are well prepared to manage a major event.

#### **Network Reliability**

As regulated electricity distribution business, Aurora Energy is subject to network reliability standards approved by the Commerce Commission.

It is pleasing to report that our planned and unplanned SAIDI and SAIFI measures for the 9 months ended December 2020 are tracking favourably against reliability limits approved for the 2021 regulatory year.

#### Network investment

We are continuing to upgrade the most critical assets on our network, whilst also planning for the future of the network and for regional growth.

A robust RFP process for the selection of new asset management system vendor was completed in December marking a further significant milestone on our asset management maturity journey.

#### Review of operations continued

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After calling for registrations of interest in August 2019, we were pleased to establish a new technologies partnership with solarZero, which is intended to help meet energy demand growth in the Wanaka and Upper Clutha regions. This innovative solution is about finding reliable, lower cost alternatives to building new network infrastructure and ensuring Aurora Energy is well positioned to meet both current and future levels of demand.

A landmark project for Aurora Energy, the Otago Harbour Crossing project, began in November. This project will see two new submarine cables between Port Chalmers and Portobello replace the existing overhead line, lattice towers and submarine cable installed more than 60 years ago. Major construction is due to commence in April 2021.

In Dunedin, the St Kilda substation project saw 50 electrotechnical relays replaced with 16 new state-of-the art micro-processor relays. The new relays provide greater functionality and have fewer maintenance requirements.

We also made significant progress on the Anderson's Bay substation upgrade and early enabling works for both the Waipori line and Outram substation upgrades commenced. Major construction and community meetings are planned for early 2021.

We are continuing to work closely with all approved contractors as they carry out maintenance, renewal, and customer connection work on the Aurora Energy electricity network.

#### **Customised Price-Quality Path Application (CPP)**

Aurora Energy's CPP application and proposed price increases continued to attract the close scrutiny of stakeholders, regulators and media agencies throughout the period under review.

Our CPP project team experienced a heavy workload as it first responded to large numbers of information requests and then to the draft decision released by the Commerce Commission in November.

In response to the draft decision, we prepared and filed a comprehensive submission addressing each of the key components of the draft decision in December.

Our detailed submission and the subsequent cross submissions filed by Aurora Energy and other interested parties will now be considered by the Commission before its final decision is released in March 2021.

#### Customers

Our continued focus on improving customer experiences and our engagement with customers and stakeholders remains a key priority for the business.

During the reporting period we held several community and stakeholder meetings in Clyde, Bannockburn, Omakau and Queenstown to better understand our customers and their concerns around unplanned outages and upcoming work. We heard that there needs to be better communication around our outages, particularly unplanned outages, and we have taken this feedback on board.

In November, we distributed our first community update in three years. The update was distributed to more than 70,000 homes and stakeholders across our network, as well as shared on our digital channels and with our contractors.

The process of reviewing customer experiences in relation to our planned outages is continuing. The objective of this review is to find better ways to communicate and carry out our work with minimum customer disruption.

Feedback from the first stage of our Customer Initiated Works (CIW) process improvement project has been positive. Indications are that it has resulted in a more streamlined process for 'simple' straight forward customer connections.

#### Financial results

Our financial performance continues to reflect that we are investing in our network at levels that exceed the expenditure allowances for which we are presently compensated under regulation. Notwithstanding that this is the case, our financial results exceeded performance targets for the reporting period.

#### Review of operations continued

The company recorded a net profit after tax of \$0.5 mil for the six months to 31 December 2020, compared with a budgeted loss of \$4.4 million.

Total revenue of \$58.2 million (HY19: \$58.9 million) was \$0.7 million lower than for the same period last year, after a \$2.1 mil reduction in pass-through transmission charges. HY20 use of system revenue (excluding pass-through costs) was \$0.9 mil higher and other income (including customer contributions) was \$0.5 mil higher than for the same six months last year.

Operating expenses (including network management, operations and maintenance) decreased by \$1.3 million to \$57.5 million (HY19: \$58.8 million).

Asset additions were \$30.3 million (HY19: \$26.3 million) for the six-month reporting period.

Aurora Energy continues to fund its investment programmes through a combination of operating cash flows and term borrowings from Dunedin City Treasury Ltd. Term borrowings increased by \$15.5 million, from \$339.7 million as at 30 June 2020, to \$355.2 million at 31 December 2020.

#### Leadership

There have been no changes to the Aurora Energy Board in the reporting period.

The Board thanks all staff for their commitment to progressive change during the past six months as the company tackles a major network renewal programme and ongoing business improvement.

#### Dividends

No dividends were declared and paid during the period.

#### Events after balance sheet date

There were no significant events after the reporting period that would require adjustment or disclosure.

#### Statement of responsibility

The Directors accept responsibility for the preparation of the interim financial statements and the judgements used in them.

The Directors accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and

In the opinion of the Directors, the interim unaudited financial statements fairly reflect the financial position and operations of Aurora Energy Limited.

The Board of Directors of Aurora Energy Limited have pleasure in presenting the interim unaudited financial statements, set out on pages 6 to 16, for the six months ended 31 December 2020 and authorises them for issue on 28 January 2021.

Stephen Thompson

Chairman

Margaret Devlin

Director



# **Statement of Comprehensive Income** For the Six months ending 31 December 2020

	Unaudited 6 months to	Unaudited 6 months to	Audited full year to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
Oti	E0 246	E0.04E	110.047
Operating revenue	58,216	58,915	110,947
Interest revenue	- F0.246	5	6
Total revenue	58,216	58,920	110,953
Audit fees	78	54	501
Bad debts written off	75	94	354
Directors remuneration	158	150	316
Depreciation 6	10,858	10,288	20,681
Employee expenses	7,897	7,206	14,774
Interest	5,494	5,714	11,178
Increase (decrease) in provision for doubtful debts	-	134	(91)
Lease expenses-short term	13	199	214
Loss (gain) on sale / disposal of fixed assets	311	302	890
Network operations and maintenance	9,337	8,840	17,686
Transmission charges	15,609	17,512	33,961
Other operating expenses	7,642	8,313	17,074
Total expenses	57,471	58,806	117,538
Profit before tax	745	114	(6,585)
Income tax expense	284	48	(2,388)
Net profit after tax	461	66	(4,197)
Other comprehensive income:			
Interest rate swap hedges gains (losses) during the year	757	564	586
Total other comprehensive income	757	564	586
Total comprehensive income	1,218	630	(3,611)

The accompanying notes form part of these financial statements



# Statement of Changes in Equity For the Six months ending 31 December 2020

	Share capital \$'000	Hedge reserve \$'000	Retained earnings \$'000	Total equity \$'000
Unaudited	·	,	·	
Equity as at 1 July 2020	10,000	(2,031)	167,996	175,965
Total comprehensive income				
rotal comprehensive income	-	757	461	1,218
Equity as at 31 December 2020	10,000	(1,274)	168,457	177,183
Unaudited				
Equity as at 1 July 2019	10,000	(2,617)	172,193	179,576
Total comprehensive income				
Total comprehensive income	-	564	66	630
Equity as at 31 December 2019	10,000	(2,053)	172,259	180,206
	·	, , ,	·	
Audited				
Equity as at 1 July 2019	10,000	(2,617)	172,193	179,576
Total comprehensive income	-	586	(4,197)	(3,611)
Equity as at 30 June 2020	10,000	(2,031)	167,996	175,965
Equity as at 50 suite 2020	10,000	(2,001)	10,1550	1,5,505



**Balance Sheet** As at 31 December 2020

Not	Unaudited 6 months to 31 Dec 2020 \$'000	6 months to	Audited full year to 30 Jun 2020 \$'000
Current assets			50
Cash and cash equivalents	51	329	53
Intra group advances 4	0.546	0.226	12.704
Trade and other receivables	9,546	9,236	13,704
Taxation receivable Other current assets	5,337	5,045	5,098 517
Inventories	1,155	2,100	
Total current assets	1,166	1,375 18,085	1,547 20,919
Total current assets	17,255	18,085	20,919
Non-current assets			
Property, plant and equipment 5	609,298	571,750	589,007
Intangible assets	2,117	1,706	2,166
Deferred tax asset	1,285	1,504	1,909
Right of use assets (ROU) 6	3,106	4,354	3,637
Investments	8	. 8	. 8
Total non-current assets	615,814	579,322	596,727
Total assets	633,069	597,407	617,646
Current liabilities			
Trade and other payables	15,859	17,296	18,079
Borrowings	1,203	1,273	812
Contract liabilities	5,040	4,755	3,984
Employee entitlements	2,063	1,428	1,609
Other current liabilities	-	5,096	-
Lease liabilities 6	988	1,084	993
Total current liabilities	25,153	30,932	25,477
Non-current liabilities			
Borrowings 7	355,165	310,850	339,725
Contract liabilities	555,105	310,030	131
Employee entitlements	192	175	378
Deferred tax liability	71,403	69,084	70,466
Lease liabilities 6	2,204	3,306	2,683
Derivative financial instruments 8	1,769	2,854	2,821
Total non-current liabilities	430,733	386,269	416,204
Total liabilities	455,886	417,201	441,681
Emilia			
Equity	10.000	10.000	10.000
Share capital	10,000	10,000	10,000
Cash flow hedge reserves	(1,274)	(2,053)	(2,031)
Retained earnings	168,457	172,259	167,996
Total equity	177,183	180,206	175,965
Total liabilities and equity	633,069	597,407	617,646

The accompanying notes form part of these financial statements  $\ensuremath{\mathbf{7}}$ 



# **Statement of Cash Flows** For the Six months ending 31 December 2020

N	ote	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Cash flow from operating activities				
Cash was provided from		64 600	62.064	111 150
Receipts from customers Interest received		61,628	62,964	111,158
Income tax refund		-	1,302	6
Intra group transition payment			1,502	4,653
		61,628	64,271	115,817
Cash was disbursed to				
Payments to suppliers and employees		40,150	42,056	90,257
Income tax paid Intra-group tax/subvention payments		-	-	-
Intra-group taxy subvention payments  Intra group transition payment		-	-	-
Net GST paid		256	965	(15)
Interest paid		5,193	4,974	11,087
		45,599	47,995	101,329
Net cash flow from operating activities	3	16,029	16,276	14,488
Cash flow from investing activities  Cash was provided from  Sale of property, plant and equipment			-	-
		-	-	-
Cash was disbursed to		20.056	24.024	E4 E63
Purchase of property, plant and equipment		30,856 30,856	24,831 24,831	51,563 51,563
Net cash flow from investing activities		(30,856)	(24,831)	(51,563)
Net cash now from investing activities		(30,030)	(24,031)	(31,303)
Cash flow from financing activities Cash was provided from				
Receipts from borrowings		52,315	40,950	90,125
Cook was diskamed to		52,315	40,950	90,125
Cash was disbursed to Repayment of borrowings		26 075	31,450	51,750
Lease liability repayment		36,875 615	617	1,248
Lease hability repayment		37,490	32,067	52,998
Net cash flow from financing activities		14,825	8,883	37,127
Net increase/(decrease) in cash and cash equivalents Opening cash and cash equivalents		(2) 53	328 1	52 1
Closing cash and cash equivalents		51	329	53

The accompanying notes form part of these financial statements



JNEDIN | kaunihera a-rohe o Y COUNCIL | **Ōtepoti** 

Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### 1 Reporting entity

The financial statements presented here are for the reporting entity Aurora Energy Limited.

Aurora Energy Limited ("the Company") is an Energy Company as defined in the Energy Companies Act 1992. The Company, incorporated in New Zealand under the Companies Act 1993, is a wholly owned subsidiary of Dunedin City Holdings Limited. Dunedin City Holdings Limited is wholly owned by Dunedin City Council.

The financial statements of Aurora Energy Limited are for the six months ended 31 December 2020 and comply with the Financial Reporting Act 1993.

The financial statements are presented in New Zealand dollars (the functional currency of the Company) and have been rounded to the nearest thousand.

The Company is a Tier 1 for–profit entity as defined by the External Reporting Board (expenses over \$30 million).

#### 2 Basis of preparation

The financial statements for the period ended 31 December 2020 are unaudited.

The financial statements have been prepared in accordance with and comply with NZ IAS 34, Interim Financial Reporting, and should be read in conjunction with the audited financial statements for the year ended 30 June 2020.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2020.

The judgements, estimates and assumptions used to prepare these interim financial statements are generally consistent with those used at 30 June 2020.



Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### 3 Reconciliation of operating surplus to net cash flows from operating activities

	6 months to	6 months to	full year to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
Net profit after tax	461	66	(4,197)
Items not involving cash flows Depreciation Increase / (decrease) in deferred tax Non-cash component of finance costs Other non-cash items Increase / (decrease) in cash flow hedge valuation	10,858	10,288	20,681
	1,561	1,306	2,283
	(90)	(68)	(258)
	757	563	585
	(1,052)	(783)	(816)
Impact of changes in working capital items (Increase) / decrease in trade and other receivables Increase / (decrease) in trade and other payables Increase / (decrease) in provision for tax Increase / (decrease) in contract liabilities (Increase) / decrease in other current assets (Increase) / decrease in inventories Increase / (decrease) in employee entitlements	4,158	4,594	126
	(1,829)	336	804
	(239)	264	211
	925	1,637	559
	(638)	(1,526)	56
	381	413	241
	268	182	(4,238)
Items classified as investing or financing activities Net (gain) / loss on sale of property, plant and equipment Movement in capital creditors in accounts payable Net cash inflows from operating activities	311 197 16,029	302 (1,298) 16,276	1,509 (3,058)
net cash anons from operating activities	10,023	10,270	17,700

#### 4 Intra group advances

6 months to 31 Dec 2020 \$'000	6 months to 31 Dec 2019 \$'000	full year to 30 Jun 2020 \$'000
-	-	-
-	-	-

## 5 Property, plant and equipment

	6 months to	6 months to	full year to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
Additions	30,307	26,281	53,648
Disposals	311	302	938
Capital commitments	31,821	39,821	20,535

There have been no material changes to the fair value assessment methods for property, plant and equipment asset classes between 30 June 2020 and 31 December 2020.

Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### 6 Right of use assets & Lease liabilities

The company adopted the new IFRS 16 reporting standard to recognise Right of Use Assets with effect from 1 July 2019.

Leases have been entered by the Company in regards to land and buildings, motor vehicles & plant and radio communication licences and equipment. Land & building leases have been negotiated for terms of one to five years, with rights of renewal applicable to most leases. Radio communication licence and equipment leases range from five to 33 years, with rights of renewal applicable to most leases. Vehicle leases have been negotiated for terms of three / four to five years.

Short-term leases and leases related to low-value items are accounted for applying paragraph 6 of NZ IFRS 16. The costs related to these leases are recognised as expenses in the Statement of Comprehensive Income.

Judgement has been used in determining whether it is reasonably certain that an extension or termination option will be exercised. Where it is reasonably certain that an extension option will be fulfilled, this has been included in the calculation of Right-of-use assets and liabilities.

Non-lease components of leases have been separated from lease components for all classes of assets except vehicles and office buildings.

#### 7 Borrowings

There has been no material change to the accounting treatment of the term loan from Dunedin City Treasury Limited between 30 June 2020 and 31 December 2020.

#### 8 Derivative financial instruments

Fair value Interest rate swaps	
Analysed as: Current Non-current	

6 months to 31 Dec 2020 \$'000	6 months to 31 Dec 2019 \$'000	full year to 30 Jun 2020 \$'000
1,769	2,854	2,821
-	-	-
1,769	2,854	2,821
1,769	2,854	2,821

#### 9 Financial instruments

Financial assets such as Cash, Trade and other receivables, Tax receivables and Other current assets are measured at amortised cost. Long term investments are measured at fair value through the profit and loss. Financial liabilities such as Trade and other payables and Borrowings are recognised at amortised cost except derivative financial instruments which are recognised at fair value through the profit and loss.



Notes to the financial statements (unaudited) For the six months ending 31 December 2020

# 10 Related party transactions

#### **Transactions with Dunedin City Council**

The Company undertakes transactions with Dunedin City Council (DCC) and other DCC controlled entities.

During the year, the Company provided services and traded with the DCC Group in respect of the following transactions:

	6 months to 31 Dec 2020 \$'000	6 months to 31 Dec 2019 \$'000	full year to 30 Jun 2020 \$'000
Sales of services to DCC group entities:			
Rent	83	55	77
Subvention/tax loss offset receipt Corporate shared services	242	212	3,351 327
Sales of stock and other	545	320	583
Consulting & sundry services	545	520	113
Tax compensation payment	744	-	24
	1,614	587	4,475
Sales of services to DCC: Other	3	24	-
Amounts receivable by the Company at period end from DCC group entities			
Receivable from DCC	-	2	-
Receivable from DCC group entities	1,063	103	911
Intra-group advance to DCC group entities	-	-	-
	1.063	105	911



Notes to the financial statements (unaudited) For the six months ending 31 December 2020

## 10 Related party transactions continued

	6 months to	6 months to	full year to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
Purchases of goods and services from			
DCC group entities			
Capital work	14,448	11,267	25,697
Network operations and maintenance	9,228	8,890	16,380
Interest	5,567	5,782	11,426
Contracting services and supplies	465	3	862
Management fees	-	100	200
Rent	238	212	434
Lease of meters	40	41	82
	29,986	26,295	55,081
Purchases of goods and services from			
DCC			
Rates & property leases	405	305	605
Capital work	-	1	7
	405	306	612
Amounts payable by the Company at period end to DCC Entities			
Payable to Dunedin City Council entities	362,155	322,150	349,944
	362,155	322,150	349,944

Transactions with companies in which directors have an interest during the period of this report

#### Services provided to companies in which directors have an interest

	6 months to	6 months to	full year to
Sale of inventory to Unicen Contracting Services Ltd. 2	\$	\$	\$
Sale of inventory to Unison Contracting Services Ltd, a subsidiary company of Unison Networks Ltd, of which Mr B J Hall is a Director	8,887	15,392	72,161
Amounts receivable from Unison Contracting Services Ltd	8,810	435	6,497



Notes to the financial statements (unaudited) For the six months ending 31 December 2020

## 10 Related party transactions continued

Purchases of goods and services from companies in which directors have an interest during the period of this report

	6 months to 31 Dec 2020	6 months to 31 Dec 2019	full year to 30 Jun 2020
	\$	\$	\$
Passmore Consulting Services Ltd, of which Mr S R Thompson is a Director	55,546	55,546	111,091
Deloitte Ltd, of which Mr S R Thompson is a consultant	86,251	159,166	288,757
NetCon Ltd, of which Mr S R Thompson was a Director	-	-	2,554
Infrastructure New Zealand Ltd, of which Mrs Devlin is a Director	3,990	3,990	3,990
ETEL Ltd, of which Mr B J Hall is a Director	122,330	222,883	252,207
Stratview Holdings Ltd, of which Mr B J Hall is a Director	31,445	31,445	62,890
Unison Networks Ltd, of which Mr B J Hall is a Director	-	-	10,000
Unison Contracting Services Ltd, a subsidiary company of Unison Networks Ltd, of which Mr B J Hall is a Director	4,311,700	3,046,672	4,594,625
Excellence in Business Solutions Limited of which Mrs Harvey is a Director and Shareholder	31,445	31,445	62,890

	6 months to	6 months to	full year to					
	31 Dec 2020	31 Dec 2019	30 Jun 2020					
	\$	\$	\$					
Amounts payable to companies in which directors have <mark>an interest at en</mark> d of financial period								
covered by this report								
Deloitte Ltd, of which Mr S R Thompson is a consultant	6,325	30,403	18,035					
ETEL Ltd, of which Mr B J Hall is a Director	31,878	27,478	8,137					
Unison Contracting Services Ltd, a subsidiary company of Unison Networks Ltd, of which Mr B J Hall is a	,	•	•					
Director	836,802	222,883	614,432					

## **Aurora Energy Limited**

Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### 11 Contingent liabilities

#### **Network Reliability Quality Limits**

Network reliability standards are contained in the Commerce Commission's Default Price-Quality Path for Electricity Distribution Businesses.

The Company breached its regulated quality limits for the 2020 disclosure year.

At reporting date, the financial consequences of the above matter (if any) were not known.



#### **Directory**

#### Directors

Stephen R Thompson (Chair) Margaret P Devlin Brenden J Hall Wendie N Harvey

Registered Office 10 Halsey Street Dunedin New Zealand

#### Bankers

Westpac Banking Corporation

## Solicitors

Gallaway Cook Allan Chapman Tripp Anderson Lloyd

#### Tax Advisors

Deloitte

#### Auditor

Audit New Zealand on behalf of the Controller and Auditor-General



# CITY FORESTS LIMITED

HALF-YEAR REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

-1-



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## DIRECTORY As at 31 December 2020

## **DIRECTORS**

J F Gallaher (Chairman) - A.F.A., F.C.A., B Com., CF.Inst.D

T J Mepham - B Com., C.A., CF.Inst D

S A Mason – F.C.A., CM.Inst.D, B Com., B.A., cBA., DipGradBus., (Disp Res), AAMINZ (Appointed 1 October 2019)

K A Posa - BMS(Hons), CA. GAICD, CM.Inst.D. (Appointed 1 October 2019)

## CHIEF EXECUTIVE OFFICER

Grant Dodson - B.For.Sci, M.N.Z.I.F., M.Inst.D

#### REGISTERED OFFICE

123 Crawford Street

Dunedin

New Zealand

#### **BANKERS**

Westpac Banking Corporation

## **SOLICITORS**

Gallaway Cook Allan

#### ACCOUNTANTS

Deloitte

#### **AUDITOR**

Audit NZ on behalf of the Controller and Auditor General

# DIRECTORS' REPORT For the Six Months Ended 31 December 2020

The Directors of City Forests Limited present their report on the activities of the Company for the period ended 31 December 2020.

#### Dividends

The Directors paid an interim dividend of \$2,000,000 and a special dividend of \$2,000,000 that represents a catch up from the previous financial year which was negatively impacted by Covid 19 in December 2020.

### Review of Operations

This review of operations and the accompanying financial reports cover the first six months of the 2020 / 2021 financial year.

The Company experienced profitable trading conditions and delivered a \$4.940m profit after tax for the first six months of the 2020 / 2021 financial year. This is an improvement compared to the previous year (\$3.976m).

No serious harm injuries were recorded in Company operations during the period. The Company has met its Health and Safety targets during the period.

Forest production for the period was on budget as the Company progresses the harvesting of its projected sustainable cut for the year which includes a catch up of volume unable to be harvested in the later part of the previous year due to Covid-19 lockdown restrictions. The Company traded limited volumes of logs from third party suppliers during the period to ensure customer commitments were met.

There were no transactions of Carbon Credits (NZU's). No changes in the value of the Forest Estate were recorded during the period (see note 2).

The Company's log markets, particularly the China export market, have experienced a period of steadily increasing demand and pricing during the period. The domestic log market remains robust, however the Company's log supply to domestic mills has reduced due to the sale and restructuring of the Company's largest domestic customer Craigpine Timber. Logs have been diverted to alternative domestic customers where possible.

The log sale price increases in the China and Korea markets have been moderated in New Zealand Dollar terms due to increases in the cost of shipping and by an increase in the value of the New Zealand Dollar vs. the United States Dollar.

The international economic impact of the Covid-19 pandemic and a rise in geopolitical tensions particularly between Australia and China have impacted log markets in both positive and negative ways. These factors have been favourable for the China market but are creating challenges in the Korean market. Overall conditions are expected to remain volatile and changeable for some time.



# DIRECTORS' REPORT For the Six Months Ended 31 December 2020

During the period, the Company has been successful in purchasing our joint venture partners' share of the tree crop at its Kaitangata joint venture area (288ha). The Company now owns 100% of the crop and the underlying land is under contract to be purchased pending subdivision. In addition, two new land areas (combined area of approximately 100ha) have been purchased including some small areas of tree crop. The purchases will increase both wood and carbon production from the forest estate. The purchase of the new forest area will be funded from cash flow and / or the sale of carbon credits and existing Company debt funding arrangements. Further acquisition opportunities are under investigation.

The Company has continued sponsorship agreements with Otago Natural History Trust (Orokonui Eco Sanctuary) which has been increased to \$60,000 this year (previously \$30,000), the Yellow Eyed Penguin Trust which has been increased to \$10,000 (previously \$5000) and the Wildlife Hospital Trust \$5,000. The Otago Peninsular Biodiversity Group sponsorship has ended during the period as this initiative is now funded by Predator Free Dunedin. Within the forest estate the Company is funding ecological research and protection activities for the NZ Falcon (Karearea) which is commonly found hunting and nesting in exotic forest areas. Operational pest control contributions continue to be made to Predator Free Dunedin.

#### Events Subsequent to Balance Date

As noted above the Company has a purchase contract for two forestry blocks at Kaitangata which will transact following subdivision.

The long-term impacts of Coronavirus on the Company's export markets have yet to be fully determined. Currently customer orders are forthcoming across both the domestic and export markets, log prices are robust and customer credit terms are normal. Although markets are currently positive it must be noted that a combination of Covid-19 pandemic impacts and increased geopolitical tensions may lead to increased market and supply chain volatility over the coming period.

#### Statement of Responsibility

The Directors accept responsibility for the preparation of the interim financial statements and the judgement used in them.

The Directors 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 Directors, the interim financial statements fairly reflect the financial position and operations of City Forests Limited.

The Board of Directors of City Forests Limited have pleasure in presenting the interim financial statements, set out on pages 6 to 12, for the six months ended 31 December 2020 and authorises them for issue on Friday 12<sup>th</sup> February 2020.



DIRECTORS' REPORT For the Six Months Ended 31 December 2020

On behalf of the Board of Directors:

IF Gallaher Chairman

Date

11-17

Date



<b>Trend Statement</b>					
	6 Months Ended	6 Months Ended	Year Ended	Year Ended	Year Ended
	31 Dec 20	31 Dec 19	30 Jun 20	30 Jun 19	30 Jun 18
	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL PERFORMANCE					
Domestic Revenue	5,583	4,801	9,553	11,831	13,043
Export Revenue Other Revenue	23,093 567	23,907 221	37,085 576	46,785 432	39,421 1,514
Total Revenue	29,243	28,929	47,214	59,048	53,978
Percentage Increase (Annualised)	23.9%	(2.0%)	(20.0%)	9.4%	34.6%
Inventory Movement	(1,088)	(1,315)	(43)	86	237
<b>Total Expenses</b>	28,411	26,202	48,484	48,484	39,683
Percentage Increase (Annualised)	17.2%	8.1%	(5.2%)	5.9%	37.5%
Operating Surplus	(256)	1,412	1,245	10,650	14.532
New Zealand Carbon Credits		-	4,861	4,247	6,467
Gain in Fair Value of Forestry Asset	6,897	4,136	11,628	20,333	13,584
Write down value of land	62	_	(69)	(462)	(1,528)
Surplus after Non-Operating Items					
and Before Taxation	6,703	5,548	17,665	34,768	33,055
Income Tax	1,763	1,572	4,987	9,536	9,142
Total Surplus after Taxation	4,940	3,976	12,678	25,232	23,913
SHAREHOLDERS' FUNDS					
Shareholders Funds	208,494	191,720	201,816	184,759	160,343
Operating Cashflow	9,102	5,799	5,659	13,578	15,353
Dividends Provided – Normal	2,000	2,000	4,500	6,500	5,000
- Special	2,000	-	-	1,500	3,000
Value of Forest	171,699	165,128	169,150	164,010	150,172
Surplus after tax to shareholders funds	2.37%	4.15%	6.28%	13.66%	14.91%
Proprietorship Ratio	72.31%	72.05%	72.12%	71.60%	70.03%
Net Forest Revaluation	4,966	2,978	8,374	14,640	13,585
Net Land Revaluation	(220)	-	2,796	4,735	2,277
FOREST STATISTICS					
Forest harvested (m3)	198,074	170,722	310,100	336,374	303,922
Volume traded (m³) (Outside Jobs)	1,718	18,107	27,093	31,967	44,014
Forest planted (ha)	619	599	970	765	739
Total forest (ha)	19,129	18,273	19,050	18,143	17,285
Forest purchased (ha)	58	-	-	38	244



# **Statement of Comprehensive Income** For the Six Months Ended 31 December 2020

Note	Unaudited Six months to	Unaudited Six months to	Audited Year to
	31 December	31 December	30 June
	2020	2019	2020
	\$'000	\$'000	\$'000
Sales revenue	28,676	28,708	46,638
Gain on sale of property, plant and equipment	330	8	24
Other revenue	275	200	516
New Zealand carbon credits		-	4,862
Financial income	2	13	36
Gain (loss) in fair value of forestry asset	6,897	4,136	11,628
Total revenue	36,180	33,065	63,704
Inventory movement	(799)	(1,315)	(43)
Less expenses			
Audit fees	38	20	48
Contractors	11,668	10,544	18,673
Cost of bush applied	7,520	4,859	9,441
Depreciation and amortisation expense	282	204	527
Donations	1	1	28
Directors fees	72	76	145
Employee expenses	789	773	1,537
Financial expenses	644	796	1,852
Rental expense on operating leases	1	8	3
Research expenditure	82	112	170
Shipping costs	5,517	5,757	8,446
Other expenses	2,064	3,052	5,126
Total expenses	28,678	26,202	45,996
Profit before tax	6,703	5,548	17,665
Income tax expense	1,763	1,572	4,987
Net profit/(loss) after tax Other comprehensive income	4,940	3,976	12,678
Gains/(loss) on cash flow hedges taken to equity	2,849	639	(7)
Tax effect of cash flow hedges taken to equity	(798)	(179)	2
Increase/(decrease) in land revaluation	(221)	-	2,875
Tax effect of land revaluation taken to equity	_	_	(78)
Carbon credits revaluation above initial recognition			()
taken to equity	5,428	6,285	8,454
Tax effect of carbon credits taken to equity	(1,520)	(1,760)	(2,367)
Other comprehensive income for the period	5,738	4,985	8,879
Total Comprehensive Income for the period	10,678	8,961	21,557
		-,	



## **Statement of Changes in Equity** For the Six Months Ended 31 December 2020

			Forest	Carbon	Land		
	Share	Hedge	revaluation	credit	revaluation	Retained	Total
	capital	reserve	reserve	reserve	reserve	earnings	equity
Unaudited	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Equity as at 1 July 2020	25,691	(399)	84,495	8,019	33,081	50,929	201,816
Profit after income tax	-	-	-	-	-	4,940	4,940
Other comprehensive income			-				
for the period	-	2,051		3,908	(221)	-	5,738
Dividend distributions		-	-	-	-	(4,000)	(4,000)
Equity as at 31 December 2020	25,691	1,652	84,495	11,927	32,860	51,869	208,494
Unaudited							
Equity as at 1 July 2019	25,691	(394)	82,027	5,697	30,285	41,453	184,759
Profit after income tax	-		-	-	-	3,976	3,976
Other comprehensive income							
for the period	-	460	-	4,525	-		4,985
Dividend distributions			-	-	-	(2,000)	(2,000)
Equity as at 31 December 2019	25,691	66	82,027	10,222	30,285	43,429	191,720
Audited							
Equity as at 1 July 2019	25,691	(394)	82,027	5,697	30,285	41,453	184,759
Profit after income tax	-	-	-	-	-	12,678	12,678
Other comprehensive income							
for the period	-	(5)	-	6,088	2,796	-	8,879
Transfer of carbon reserve	-	-	-	(3,766)	-	3,766	-
Revaluation of forestry assets	-	-	2,468	-	-	(2,468)	-
Dividend distributions			-		-	(4,500)	(4,500)
Equity as at 30 June 2020	25,691	(399)	84,495	8,019	33,081	50,929	201,816



### **Balance Sheet** At 31 December 2020

	Note	Unaudited 31 December 2020 \$'000	Unaudited 31 December 2019 \$'000	Audited 30 June 2020 \$'000
Equity				
Share capital		25,691	25,691	25,691
Forest reserve		84,495	82,027	84,495
Land revaluation reserve		32,860	30,285	33,081
Hedging reserve		1,652	66	(399)
Carbon credit reserve		11,928	10,222	8,019
Retained earnings		51,868	43,429	50,929
Total Equity		208,494	191,720	201,816
Current Liabilities				
Trade and other payables		2,313	1,700	3,504
Other current liabilities		56	72	463
Employee provisions		186	158	170
Derivative financial instruments	7		106	399
Provision for taxation		6,136	6,305	3,670
Lease liability		128	70	110
Subvention payable			-	-
Total current liabilities		8,819	8,411	8,316
Non-Current Liabilities				
Derivative financial instruments	7	139	201	261
Term borrowings	8	15,800	13,600	17,000
Lease liability		501	432	479
Other liabilities			320	-
Deferred tax liability		54,591	51,394	51,962
Total non-current liabilities		71,031	65,947	69,704
Total Liabilities		79,850	74,358	78,018
TOTAL EQUITY PLUS LIABILITIES		288,344	266,078	279,834



## Balance Sheet (cont'd) At 31 December 2020

		Unaudited 31 December 2020 \$'000	Unaudited 31 December 2019 \$'000	Audited 30 June 2020 \$'000
Current Assets				
Cash and cash equivalents		4,124	1,184	2,143
Trade and other receivables		2,163	3,691	3,333
Derivative financial instruments	7	1,422	134	33
Inventories		554	370	1,642
Prepayments		253	216	137
GST refund		163	170	280
Deposit on property purchase		105	1,905	105
Property intended for sale		-	480	1,770
Total current assets		8,784	8,150	9,443
Non-Current Assets				
Derivative financial instruments	7	1,012	264	73
Property, plant and equipment	5	69,426	59,337	69,165
Forestry assets	4	171,699	165,128	169,150
Investments		1	2	1
Intangibles - computer software		24	25	32
Intangibles - New Zealand carbon credits		37,398	33,172	31,970
Total non-current assets		279,560	257,928	270,391
TOTAL ASSETS		288,344	266,078	279,834

For and on behalf of the Board of Directors

J F Gallaher Chairman

11th February 2021

T J Mepham Director



### **Statement of Cash Flows** For the Six Months Ended 31 December 2020

Note	Unaudited Six months to 31 December 2020 \$'000	Unaudited Six months to 31 December 2019 \$'000	Audited Year to 30 June 2020 \$'000
Cash Flows from Operating Activities			
Cash was provided from			
Receipts from customers	31,417	31,413	49,540
Interest received	2	13	35
Income tax refund	1,015		
	32,434	31,426	49,575
Cash was disbursed to			
Payments to suppliers and employees	22,705	23,787	35,055
Interest paid	247	283	507
Income tax	-	-	6,995
Subvention		1,007	-
Effect of exchange rate changes	380	550	1,360
	23,332	25,627	43,917
Net Cash Inflows / (Outflows)			
from Operating Activities 3	9,102	5,799	5,658
Cash Flows from Investing Activities Cash was provided from			
Carbon credits sold	-		8,240
Sale of property, plant and equipment	1,575	10	517
	1,575	10	8,757
Cash was disbursed to			
Purchase of property, plant and equipment	792	2,170	9,507
Purchase of Forest Assets – Cost of bush	2,628	1,329	2,441
	3,420	3,499	11,948
Net Cash Inflows / (Outflows)			
from Investing Activities	(1,845)	(3,489)	(3,191)



## Statement of Cash Flows (cont'd) For the Six Months Ended 31 December 2020

	Unaudited Six months to 31 December 2020 \$'000	Unaudited Six months to 31 December 2019 \$'000	Audited Year to 30 June 2020 \$'000
Cash Flows from Financing Activities			
Cash was provided from			
Proceeds from borrowings	1,300	2,500	8,900
	1,300	2,500	8,900
Cash was disbursed to			
Lease payments	77	_	98
Repayment of borrowings	2,500	2,500	5,500
Dividends paid	4,000	2,000	4,500
	6,577	4,500	10,098
Net Cash Inflows / (Outflows)			
from Financing Activities	(5,277)	(2,000)	(1,198)
Net Increase / (Decrease) in Cash Held	1,980	310	1,269
Cash and cash equivalents at the beginning of the year	2,143	874	874
CASH AND CASH EQUIVALENTS AT THE			
END OF THE PERIOD	4,124	1,184	2,143
Composition of Cash			
Cash and cash equivalents	4,124	1,184	2,143
CASH AND CASH EQUIVALENTS AT THE			
END OF THE PERIOD	4,124	1,184	2,143



#### Notes to the Financial Statements For the Six Months Ended 31 December 2020

#### 1. REPORTING ENTITY

City Forests Limited is a Council Controlled Trading Organisation as defined in the Local Government Act 2002. The company, incorporated in New Zealand under the Companies Act 1993, is a wholly owned subsidiary of Dunedin City Holdings Limited. Dunedin City Holdings Limited is wholly owned by Dunedin City Council.

The registered address of the company is 123 Crawford Street, Dunedin.

City Forests Limited is a profit orientated entity.

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, the Companies Act 1993 and the Financial Reporting Act 2013.

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the company operates.

#### 2. BASIS OF PREPARATION

The financial statements for the period ended 31 December 2020 are unaudited.

The financial statements have been prepared in accordance with New Zealand Equivalents to International Reporting Standards 34, Interim Financial Reporting, and should be read in conjunction with the audited financial statements for the year ended 30 June 2020.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2020.

The judgement, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2020.



### Notes to the Financial Statements (cont'd) For the Six Months Ended 31 December 2020

## 3. RECONCILIATION OF NET SURPLUS FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES

	Unaudited	Unaudited	Audited
	31 December	31 December	30 June
	2020	2019	2020
	\$'000	\$'000	\$'000
Net gain/(loss) for the year	4,940	3,976	12,678
Items Not Involving Cash Flows			
Depreciation and loss on sale	579	204	576
Depletion of forest	7,520	4,860	9,441
Deferred tax	312	257	319
Depreciation recovered/capital gains	(360)	(8)	(104)
Forestry revaluation	(6,897)	(4,136)	(11,628)
Carbon credits allocated/revaluation		7	(4,862)
Write down value of land	62	-	69
Lease liability	13	-	21
Other non-cash items			
Impact of Changes in Working Capital Items			
(Increase)/Decrease in accounts receivable	1,170	1,146	1,505
(Increase)/Decrease in inventories	544	803	(469)
(Increase)/Decrease in prepayments	(116)	(90)	(11)
(Increase)/Decrease in tax refund due	2,466	809	(1,826)
(Increase)/Decrease in other current assets	116	(498)	(581)
Increase/(Decrease) in accounts payable	(1,262)	(1,660)	255
(Increase)/Decrease in other current liabilities	15	129	275
Net cash inflows/(outflows) from operating activities	9,102	5,799	5,658



### Notes to the Financial Statements (cont'd) For the Six Months Ended 31 December 2020

#### 4. FORESTRY ASSETS

	Unaudited 31 December 2020 \$'000	Unaudited 31 December 2019 \$'000	Audited 30 June 2020 \$'000
Balance at the beginning of the year	169,150	164,010	164,010
Add Costs capitalized in establishing forests during the year	3,047	1,841	2,953
Increase in forest from acquisition	125		-
Forest revaluation	6,897	4,136	11,628
Less Cost of trees harvested at fair value	(7,520)	(4,859)	(9,441)
	171,699	165,128	169,150

The Directors of City Forests Limited revalue its forestry assets annually.

#### 5. PROPERTY, PLANT AND EQUIPMENT

69,165	58,759	58,759
(1,014)	1,258	9,815
	-	-
1,770	(480)	(1,770)
(213)	(200)	(514)
(282)		2,875
69,426	59,337	69,165
945	2,745	945
	(1,014) - 1,770 (213) (282) - 69,426	(1,014) 1,258

All assets are shown at cost with the exception of land which is held at fair value based on independent valuation from Morice Limited (30 June 2020 accounts only).

The Company has a conditional commitment to purchase \$0.945 million of land assets during the second half of the 2021 financial year.

#### 6. FINANCIAL INSTRUMENTS

All financial assets are recognised at cost/face value while financial liabilities are recognised at amortised cost except derivative financial instruments which are recognised at fair value.



### Notes to the Financial Statements (cont'd) For the Six Months Ended 31 December 2020

#### 7. DERIVATIVE FINANCIAL INSTRUMENTS

	Unaudited 31 December 2020 \$'000	Unaudited 31 December 2019 \$'000	Audited 30 June 2020 \$'000
Assets:			
Forward foreign exchange contracts	2,434	398	106
	2,434	398	106
Liabilities:			
Forward foreign exchange contracts		107	440
Interest rate swaps	139	200	220
	139	307	660
8. TERM LOANS			
Dunedin City Treasury loan facility	15,800	13,600	17,000
9. CARBON CREDITS			
Opening balance	31,970	26,894	26,894
Plus credits allocated		(7)	4,853
Plus/(less) revaluation	5,428	6,285	8,463
Plus/(less) sales		-	(8,240)
			** ***
Closing balance	37,398	33,172	31,970

Carbon credits are revalued based on marked to market every 6 months. Credits allocated are valued at the current market price.

#### 10. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2020, (prior period \$nil).

Interim Report

For the six months ended

31 December 2020



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#### Directors' report

The Directors of Delta Utility Services Limited present their interim report for the six months ended 31 December 2020.

#### Review of operations

The principal activity of the Company is the provision of contracting services, which encompasses a broad range of energy and environmental services to local authority and private sector customers. Our core business centres on the construction, operation and maintenance of essential energy and environmental infrastructure.

During the first half of financial year 2021, Delta has continued to deliver on its existing long-term contracts and provide a quality service to our customers. Ongoing global disruption with COVID-19 has continued throughout the first half of FY21 and has, in part, affected some of Delta's supply chains. Robust planning and strong relationship management with both suppliers and customers has helped reduce the impact and has allowed Delta to manage adequately during this time.

Strength in our quality of work and customer engagement has been a major focus for Delta. In the second half of FY21 we hope these attributes continue to be recognised by our customers as we go into extremely competitive tender processes for some of our existing contracts.

Delta continued to provide electricity distribution services to Aurora Energy in Dunedin, Central Otago and Queenstown Lakes, and to Nelson Electricity and Network Tasman in the Nelson and Tasman regions. Delta has also started to provide services to other neighbouring distribution networks, as well as continuing work with private developers and the generation sector.

Delta delivers a wide range of environmental services in sports turf management, horticulture, roadside vegetation control and park and reserve maintenance throughout the South Island.

We maintained good steady workflow across all our operating divisions (Power and Communications, Environmental Services, and Metering and Field Operations). Changeable and at times unseasonal poor weather has created challenges for our Environmental Services team and we have also noted an overall increase in line distribution faults for this time of year which has kept our crews busy.

Every day, our people operate in working environments with critical risk exposure. Our focus continues to be on robust planning, ensuring effective controls are in place to mitigate harm, and upholding our safety vision of 'Everyone Home Safe, Every Day'. The company's total recordable injury frequency rate (TRIFR) of 4.48 per 200,000 hours worked is slightly higher than in the same period last year and the year ended 30 June 20 (FY20: 3.69, HY20: 3.88) We have subsequently increased training in areas where injuries were occurring more frequently and increased our engagement with staff to ensure a high quality planning focus on all tasks.

Total operating revenues of \$49.166 million were \$0.501 million (1%) lower than for the same period last year, largely due to lower volumes of Power and Communications (Customer Initiated/Developer) work across both Central Otago and Tasman regions.

Delta remains comfortable with progress towards the recovery of its historic debt related to infrastructure services provided for the Yaldhurst Village subdivision.

The Company's net profit after income tax of \$1.262 million (FY20: \$1.963 million, HY19: \$0.395 million) provided a return on average shareholder's equity of 11% (FY20: 9%, HY20: 4%). The increase on prior year reflects more consistent workflow from our customers, better job planning and ensuring we are adequately resourced for the work at hand.

Significant progress on our new ERP system has continued in FY21. Our dedicated internal team is undertaking the modernisation of our systems and processes, whilst providing an integrated software that will further support Delta's ability to deliver exceptional services.

The Directors expect a satisfactory result at year-end.



#### **Delta Utility Services Limited**

#### **Directors' report continued**

Result	\$000
Operating profit before income tax Less Income tax expense	1,655 393
	1,262

#### Seasonality

There is limited seasonality of earnings within the Company.

#### Dividends

A dividend of \$875,000 was declared and paid during the period.

#### Change of Directors

There were no changes in directors during the period.

#### Events after balance sheet date

There were no significant events after the reporting period that would require adjustment or disclosure.

#### Statement of responsibility

The Directors accept responsibility for the preparation of the interim financial statements and the judgements used in them.

The Directors accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and in the opinion of the Directors, the interim financial statements fairly reflect the financial position and operations of Delta Utility Services Limited.

The Board of Directors of Delta Utility Services Limited present the interim financial statements, set out on pages 4 to 13, for the six months ended 31 December 2020 and authorises them for issue on 28 January

Tony Allison Director

100 d Brian Wood Chairman



Statement of Comprehensive Income For the six months ending 31 December 2020

	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited 12 months to 30 Jun 2020 \$'000
Operating revenue Gain on sale of assets Interest revenue Total revenue	48,666 140 360 49,166	49,233 42 392 49,667	99,599 83 758 100,440
Less expenses: Audit fees Employee remuneration and benefits Materials Depreciation on fixed assets Depreciation on right of use asset Directors' fees Bad debts written off Donations Interest to Dunedin City Treasury Limited Interest tother Interest leases Other operating expenses Total expenses	36 23,993 9,206 2,028 1,286 106 - 6 310 5 91 10,444 47,511	38 23,444 9,523 2,039 1,127 106 - 5 467 90 - 12,616 49,455	70 46,665 19,162 4,110 2,320 213 1 9 854 1 1,76 24,688 98,269
Net profit before tax	1,655	212	2,171
Income tax expense / (refund)	393	(183)	208
Net profit after tax	1,262	395	1,963
Other comprehensive income	į.	-	-
Total comprehensive income	1,262	395	1,963



#### Statement of Changes in Equity For the six months ending 31 December 2020

	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
Unaudited Equity as at 1 July 2020	17,000	6,044	23,044
Total comprehensive income Distribution to owners	:	1,262 (875)	1,262 (875)
Equity as at 31 December 2020	17,000	6,431	23,431
Unaudited Equity as at 1 July 2019	17,000	5,581	22,581
Total comprehensive income Distribution to owners	:	395 (750)	395 (750)
Equity as at 31 December 2019	17,000	5,226	22,226
Audited Equity as at 1 July 2019	17,000	5,581	22,581
Total comprehensive income Distribution to owners	:	1,963 (1,500)	1,963 (1,500)
Equity as at 30 June 2020	17,000	6,044	23,044



#### Balance Sheet As at 31 December 2020

	Note	6 months to 31 Dec 2020	6 months to 31 Dec 2019	Audited 12 months to 30 Jun 2020
Current assets	Note	\$'000	\$'000	\$'000
Cash and cash equivalents		1,728	1,460	220
Trade and other receivables		10,673	14,916	14,224
Work in progress		8,031	7,644	6,824
Inventories - materials and stores		2,978	2,913	3,070
Total current assets		23,410	26,933	24,338
Non-current assets				
Property, plant and equipment	5	23,873	24,783	23,471
Term Receivable		9,497	10,545	10,023
Right-of-use asset	7	7,622	5,291	5,531
Deferred tax asset		1,044	903	886
Intangible assets	6	2,728	1,008	1,872
Total non-current assets		44,764	42,530	41,783
Total assets		68,174	69,463	66,121
Current liabilities				
Trade and other payables		6,802	7,035	8,023
Borrowings		92	-	63
Provisions		5,202	4,078	4,763
Lease liability current		2,433	2,122	1,747
Taxation payable		2,011	326	1,460
Total current liabilities		16,540	13,561	16,056
Non-current liabilities				
Borrowings	8	22,250	29,800	22,550
Provisions		641	682	627
Lease liability term		5,312	3,194	3,844
Total non-current liabilities		28,203	33,676	27,021
Total liabilities		44,743	47,237	43,077
Equity				
Share capital		17,000	17,000	17,000
Retained earnings		6,431	5,226	6,044
Total equity		23,431	22,226	23,044
Total liabilities and equity		68,174	69,463	66,121



#### Statement of Cash Flows For the six months ending 31 December 2020

		6 months to 31 Dec 2020	Unaudited 6 months to 31 Dec 2019	Audited 12 months to 30 Jun 2020
	Note	\$'000	\$'000	\$'000
Cash flow from operating activities			*	4,000
Cash was provided from				
Receipts from customers		51,583	47,557	95,277
Interest received			2	3
COVID-19 Wage Subsidy			-	3,841
Net GST refund / (paid)		171	(7)	388
		51,754	47,552	99,509
Cash was disbursed to				
Payments to suppliers & employees		44,394	46,546	89,757
Intra-group tax payments		-	1,302	543
Interest paid		287	567	929
		44,681	48,415	91,229
Net cash flow from operating activities	3	7,073	(863)	8,280
Cash flow from investing activities Cash was provided from				
Sale of property, plant and equipment		167	119	205
Receipts from loans		-	2,216	2,836
		167	2,335	3,041
Cash was disbursed to				
Purchase of property, plant and equipment		3,242	2,736	4,492
		3,242	2,736	4,492
Net cash flow from investing activities		(3,075)	(401)	(1,451)
Cash flow from financing activities Cash was provided from				
Receipts from borrowings		42,200	43,675	80,175
		42,200	43,675	80,175
Cash was disbursed to				
Repayment of borrowings		42,500	39,225	82,975
Repayments of lease liabilities		1,315	1,102	2,435
Dividends paid		875	750	1,500
		44,690	41,077	86,910
Net cash flow from financing activities		(2,490)	2,598	(6,735)
Net increase in cash and cash equivalents		1,508	1,334	94
Opening cash and cash equivalents		220	126	126
Closing cash and cash equivalents		1,728	1,460	220

#### **Delta Utility Services Limited**

Notes to the Financial Statements (unaudited) For the six months ending 31 December 2020

#### 1 Reporting entity

DUNEDIN | kaunihera a-rohe o CITY COUNCIL | Ōtepoti

The financial statements presented here are for the reporting entity Delta Utility Services Limited.

Delta Utility Services Limited ("the Company") is a Council Controlled Trading Organisation as defined in the Local Government Act 2002. The Company, incorporated in New Zealand under the Companies Act 1993, is a wholly owned subsidiary of Dunedin City Holdings Limited. Dunedin City Holdings Limited is wholly owned by Dunedin City Council.

The financial statements of Delta Utility Services Limited are for the six months ended 31 December 2020 and comply with the Financial Reporting Act 1993.

The financial statements are presented in New Zealand dollars (the functional currency of the Company) and have been rounded to the nearest thousand.

The Company is a Tier 1 for–profit entity as defined by the External Reporting Board (expenses over \$30 million).

#### 2 Basis of Preparation

The financial statements for the period ended 31 December 2020 are unaudited.

The financial statements have been prepared in accordance with and comply with NZ IAS 34, Interim Financial Reporting, and should be read in conjunction with the audited financial statements for the year ended 30 June 2020.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2020.

The judgements, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2020.



Notes to the Financial Statements (unaudited) For the six months ending 31 December 2020

## 3 Reconciliation of Operating Surplus to Net Cash Flows from Operating Activities

	Unaudited	Unaudited	Audited
	6 months to	6 months to	12 months to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
Net profit after tax	1,262	395	1,963
Items not involving cash flows Depreciation Depreciation - RoU Asset Other non-cash items	2,028	2,039	4,110
	1,286	1,127	2,320
	(37)	(809)	(226)
Impact of changes in working capital items (Increase) / decrease in trade and other receivables (Increase) / decrease in work in progress (Increase) / decrease in inventories Increase / (decrease) in trade and other payables Increase / (decrease) in provision for tax Increase / (decrease) in employee entitlements	4,437	323	2,030
	(1,207)	(1,294)	(474)
	92	(231)	(388)
	(1,221)	209	1,260
	551	(1,066)	69
	453	(134)	497
Items classified as investing or financing activities Net gain on sale of property, plant and equipment Investment in Financial Instrument Movement in capital creditors in accounts payable	(140)	(42)	(83)
	(360)	(1,330)	(2,836)
	(71)	(50)	38
Net cash inflows from operating activities	7,073	(863)	8,280



Notes to the Financial Statements (unaudited) For the six months ending 31 December 2020

#### 4 Related Party Transactions

#### Transactions with Dunedin City Council

The Company undertakes transactions with Dunedin City Council (DCC) and other DCC controlled entities.

During the year, the Company provided services and traded with the DCC Group in respect of the following transactions:

	Unaudited 6 months to	Unaudited 6 months to	Audited 12 months to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
Sales of Services to DCC Group Entities:		9.10	19.757
Capital works constructed	12,775	13,182	26,279
Network maintenance and contracting services	10,022	9,686	17,655
Administration / Accounting / Tax / Rent	214	212	427
	23,011	23,080	44,361
Sales of Services to DCC:			
Other contracting	2,631	3,086	5,465
Amounts Receivable by the Company at period end f	rom DCC Entities:		
Receivable from DCC	544	598	368
Receivable from DCC Group Entities	4,065	7,482	6,646
	4,609	8,080	7,014
Intrgroup Transfers:			
Tax Compensation received	•	-	759
Purchases of Goods and Services from DCC Group En			
Interest	315	467	854
Contracting services and supplies	686	393	591
Rent / Administration	427	248	582
Tax Compensation / Tax loss offsets	12	-	24
Management fee		25	50
	1,440	1,133	2,101
Purchases of Goods and Services from DCC:			
Contracting services and supplies	56	43	138
Other	48	42	90
	104	85	228
Amounts Payable by the Company at period end to D	CC Entities:		
Payable to DCC	12	3	34
Payable to Dunedin City Council entities	1,197	226	905
	1,209	229	939

Notes to the Financial Statements (unaudited) For the six months ending 31 December 2020

#### 4 Related Party Transactions continued

#### Transactions with Companies in which Directors have an interest

	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited 12 months to 30 Jun 2020 \$'000
Services provided to Companies in which Directors have	an interest:		
Naylor Love Construction (Mr T J Kempton is the Chairman and a Shareholder)	1	108	111
Amounts receivable from Companies in which Directors	have an interest:		
Naylor Love Construction (Mr T J Kempton is the Chairman and a Shareholder)		45	-
Purchases from Companies in which Directors have an ir	nterest:		
Mainpower New Zealand (Mr B J Wood is a Director)	3	5	9
E-Spatial Limited (Mr B J Wood is a Director)	3	5	13
Naylor Love Construction (Mr T J Kempton is the Chairman and a Shareholder)	- -	115	115
Amounts payable to Companies in which Directors have Mainpower New Zealand (Mr B J Wood is a Director)	an interest:	-	1
E-Spatial Limited (Mr B J Wood is a Director)		3	3

 $\label{lem:matter} \mbox{Mr T D Allison was a Director of Dunedin International Airport Ltd during the period. Transactions with this entity are included under transactions with the Dunedin City Council group. \\$ 

#### **Transactions with Executive Staff**

There were no material transactions with executive staff during the period.



#### **Delta Utility Services Limited**

Notes to the Financial Statements (unaudited) For the six months ending 31 December 2020

#### 5 Property, Plant and Equipment

	Unaudited	Unaudited	Audited
	6 months to	6 months to	12 months to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
Additions Disposals (Book Value) Capital commitments	2,224	2,415	2,992
	27	76	91
	358	204	464
Capital Commitments	336	204	404

There have been no material changes to the fair value assessment methods for property, plant and equipment asset classes between 30 June 2020 and 31 December 2020.

#### **6 Intangible Assets**

	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited 12 months to 30 Jun 2020 \$'000
Additions Disposals (Book Value)	1,089	371	1,432
Disposais (book value)		-	-

There have been no material changes to the fair value assessment method for intangible assets between 30 June 2020 and 31 December 2020.

#### 7 Right-of-use Asset

	Unaudited	Unaudited	Audited
	6 months to	6 months to	12 months to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
Additions	3,433	1,257	2,729
Disposals (Book Value)	56		40

There have been no material changes to the fair value assessment method for right-of-use assets between 30 June 2020 and 31 December 2020.

#### 8 Term Borrowings

There has been no material changes to the accounting treatment of the term loan from Dunedin City Treasury Limited between 30 June 2020 and 31 December 2020.

#### **Delta Utility Services Limited**

Notes to the Financial Statements (unaudited) For the six months ending 31 December 2020

#### 9 Financial Instruments

All financial assets are recognised at cost/face value while financial liabilities are recognised at amortised cost except derivative financial instruments which are recognised at fair value.

#### 10 Contingent Liabilities

	Unaudited	Unaudited	Audited
	6 months to	6 months to	12 months to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
Performance Bonds	1,006	1,142	1,243

The performance bonds issued are principally in favor of South Island Local Authorities for contract work, There is no indication that any of these contingent liabilities will crystallise in the foreseeable future.

#### **Delta Utility Services Limited**

#### Directory

Directors

Brian Wood
Steven Grave
Tony Allison
Trevor Kempton

Registered Office 33 Sturdee St Dunedin New Zealand

Bankers Westpac Banking Corporation

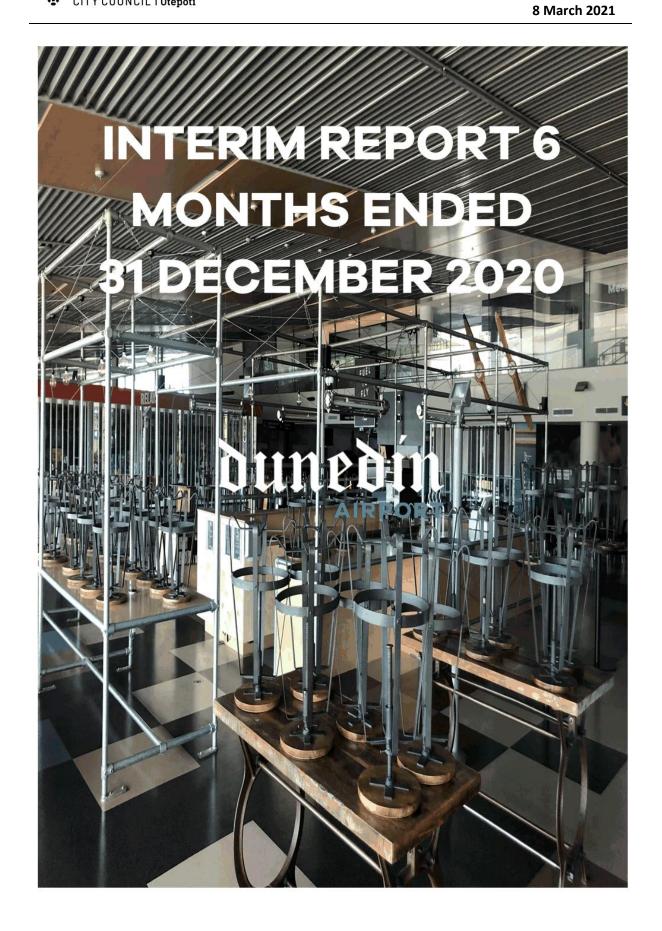
Solicitors Gallaway Cook Allan Anderson Lloyd

## Tax Advisors Deloitte

#### Auditor

Audit New Zealand on behalf of the Controller and Auditor-General







### **REVIEW OF THE SIX MONTHS ENDED**

## **31 DECEMBER 2020**

#### STATEMENT OF COMPREHENSIVE INCOME

	Ungudited	Budget	Unaudited	Audited	Budget
	6 months to	6 months to	6 months to	12 months to	12 months to
	31 December	31 December	31 December	30 June	30 June
	2020	2020	2019	2020	2021
		4.550.000			
Operating Revenue	6,437,009	4,552,702	9,054,367	15,300,000	10,901,423
Interest Received	293	3,000	3,915	7,000	6,000
Bad Debts Recovered	-	840	19	-	1,680
Gain/(Loss) On Investment	153,082	-	37,950	(31,000)	-
Depreciation Recovered	-	-	290	-	-
Dividend Received	12,820	12,500	1,094	1,000	25,000
Total Revenue	6,603,204	4,569,042	9,097,634	15,277,000	10,934,103
Audit Fee	49,832	30,498	28,752	58,000	60,996
Directors Fee	38,502	58,416	49,752	95,000	116,832
Interest Paid	258,775	399,774	257,877	541,000	809,342
Ineffective hedges	-	-	-	-	-
Wages and Salaries	1,364,993	1,258,776	1,593,561	3,031,000	2,517,552
Depreciation	1,755,218	1,796,537	1,553,457	3,252,000	3,616,652
Operating Exp	1,814,998	2,815,051	2,707,889	5,861,000	5,193,174
Loss On Disposal	-	-	-	97,000	-
Total Expenses	5,282,319	6,359,052	6,191,287	12,935,000	12,314,548
2					
Operating Surplus /(Deficit)	4000.005	(4.700.040)	0.000.040	0.040.000	(4.000.445
Before Income Tax	1,320,885	(1,790,010)	2,906,348	2,342,000	(1,380,445
Income Tax	426,199	(537,002)	804,230	(1,301,000)	(414,131
Tax Prior Year Adjustment	-	-	-	6,000	-
Operating Suplus/Deficit	894,686	(1,253,008)	2,102,118	3,637,000	(966,314
Other Comprehensive Income					
Ineffective Hedges Amortised to Expense	-	-	-	-	-
Cash Flow Hedges Gain/(Loss)	124,672	-	-	(62,000)	-
Revaluation of Property, Plant & Equipment	-	-	-	5,985,000	
Income Tax on Items of Other Comprehensive Income	(34,908)	-	-	(1,722,000)	-
Total Comprehensive Income/(Deficit)	984,450	(1,253,008)	2,102,118	7,838,000	(966,314
Statement of Movements in Equity					
Equity at Beginning of Year	69,206,682	62,187,783	63,736,335	63,728,000	62,187,783
Comprehensive Income/(Deficit)	984,450	(1,253,008)	2,102,118	7,838,000	(966,314
Less Dividends Paid		499,070	-	2,372,000	499,070
Closing Equity	70,191,132	60,435,705	65,838,453	69,194,000	60,722,399



#### STATEMENT OF FINANCIAL POSITION

Equity Ratio (Equity over Total Assets) Debt to Equity Ratio (Liabilities over Equity)	67.19% 48.82%	62.32% 60.46%	66.06% 51.39%	63.20 58.23
Total Assets	104,460,854	96,974,754	104,750,000	96,081,29
	101,398,752	95,578,521	102,600,000	94,404,41
nterest Rate Hedge Derivative	-	-	-	-
Deferred Tax Asset	112,311	269,000	271,000	193,00
nvestments	1,062,845	1,000,000	910,000	1,000,00
ixed Assets	100,223,595	94,309,521	101,419,000	93,211,4
Ion Current Assets				
	3,062,103	1,396,232	2,150,000	1,676,8
Stock on Hand Momona	32,524	32,000	23,000	32,0
Provision for Doubtful Debts	(169,532)	(235,121)	(196,000)	(203,3
Receivables and Prepayments	1,616,422	1,252,473	1,348,000	1,343,8
Cash and Cash Equivilants	1,576,689	340,479	969,000	497,9
Represented by Current Assets Cash On Hand	6,000	6.400	6,000	6.4
No.				
Total Equity & Liabilities	104,460,854	96,974,752	104,750,000	96,081,2
	28,452,159	35,157,808	28,880,000	34,204,6
Deferred Taxations	13,376,079	13,577,808	13,701,000	13,624,6
nterest rate term derivatives	326,080	330,000	429,000	330,00
Term Loans	14,750,000	21,250,000	14,750,000	20,250,0
lon Current Liabilities				
	5,817,563	1,381,239	6,676,000	1,154,2
Provision for Laxations	75,358	83,408	(107,000)	
Short Term Advance Provision for Taxations	4,500,000	-	4,500,000	-
Current Liabilities Payables and Accruals	1,242,205	1,297,830	2,283,000	1,154,2
	70,191,132	60,435,705	69,194,000	60,722,3
Final Dividend	-	(499,070)	(2,372,000)	(499,0
Current Surplus/Profit	894,686	(1,253,008)	3,637,000	(966,3
Reserves	22,418,235	19,594,986	21,136,000	19,645,0
Property Reserves	38,312,987	34,072,794	38,319,000	34,067,2
Hedge Reserves	(234,777)	(279,997)	(326,000)	(324,
hare Capital	8,800,000	8,800,000	8,800,000	8,800,0
Shareholders Equity	2020	2020	2020	
	2020	2020	2020	20
	31 December	31 December	30 June	30 Ju
	6 months to	6 months to	12 months to	12 months t



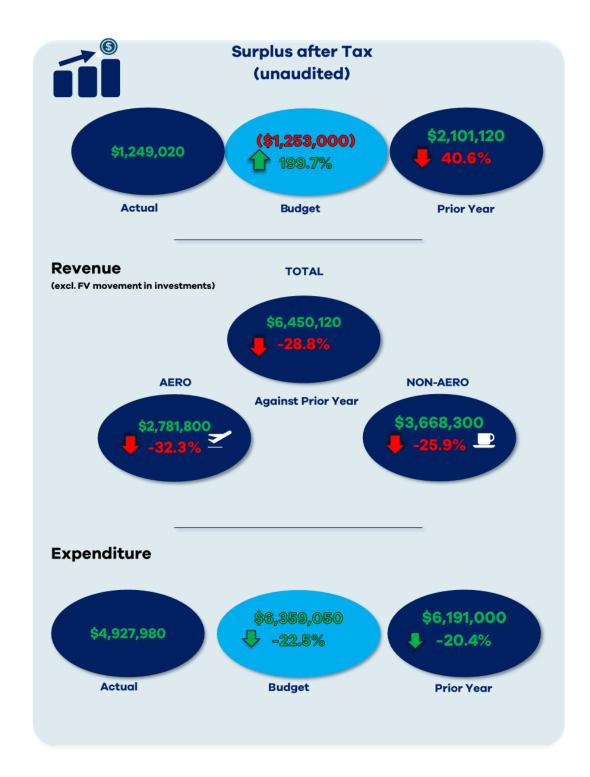
#### **STATEMENT OF CASHFLOWS**

	Unaudited	Unaudited
	6 months to	6 months to
	31 December	30 December
	2020	2019
	2020	2010
Cash Flows from Operating Activities		
Cash was provided from:		
Receipts from Customers	(6,173)	(9,576)
Interest Received	-	(4)
Dividends Received	(13)	(1)
Cash was applied to:		
Payments to Suppliers	2,332	3,477
Payments to Employees	1,440	1,633
Interest Paid	259	258
Taxation Paid/(Refund)	446	1,753
Net Cash Flows from Operating Activities	1,709	2,460
Cash Flows from Investing Activities		
Cash was provided from:		
Sale of Assets	-	(16)
Cash was applied to:		
Purchase of Shares	-	-
Purchase of Fixed Assets	1,101	7,191
Net Cash Flows from Investing Activities	(1,101)	(7,175)
Cash Flows from Financing Activities		
Dividend Paid	-	2,372
Net Loan Facilities (Drawdown)/Repaid	-	(8,250)
Net Cash Flows from Financing Activities	-	5,878
Not become (December) in Cook Held	000	4400
Net Increase/(Decrease) in Cash Held	608	1,163
Plus Opening Cash Brought Forward	975	473
Closing Cash Held	1,583	1,636

## RECONCILIATION OF NET SURPLUS AFTER TAXATION TO CASH FLOWS FROM OPERATING REVENUE

	Unaudited 6 months to	Unaudited 6 months to 30 December
	31 December	
	2020	2019
Operating Surplus after Taxation	894	2,105
Items not involving Cashflows		
(Increase)/Decrease in value of investments	(153)	(38)
Depreciation	1,755	1,553
Increase/(Decrease) in Deferred Tax	(202)	(305)
Loss/(Gain) on disposal of fixed asset	-	(4)
Ineffective Hedges	-	-
Impact of changes in working capital items		
Increase/(Decrease) in payables and accruals	(1,019)	(3,023)
(Increase)/Decrease in receivables and provision for doubtful debts	(207)	516
(Increase)/Decrease in prepayments	(73)	-
Increase/(Decrease) in tax payable	182	(643)
(Increase)/Decrease in stock	(10)	1
Movements in working capital items classified as investing	541	2,298
Net Cash Flows from Operating Activities	1,708	2,460







#### Revenue

Total passengers for the six months to 31 December 2020 were down 37.4% (198,934 passengers) against the prior year comparative on the back of an 31.5% decrease in capacity over the same period.

The decrease in passengers had a direct correlation to our aeronautical revenue which, for the six months to 31 December 2020, was 32.3% (\$1,327,000) down against the prior year.

The decrease in passenger numbers was marginally offset by a higher per passenger charge than that generated in the prior year. This was primarily as a result of the change in aircraft and airline mix.

Our non-aeronautical revenue streams are not immune (pun intended!) from the impacts of COVID-19.

At \$3,668,300 non-aeronautical revenue is 25.9% (\$1,282,300) down against the prior year.

The decrease in non-aeronautical revenue against the prior year is a function of:

- A \$706,500 (40.5%) decrease in carpark revenue. This decrease is a function of:
  - 1) the decrease in passenger numbers, and
  - 2) A decrease in the average length of stay of customers utilising the carpark. This is likely a function of the nature/reason for travel.
- A \$444,400 (50.1%) decrease in our garage revenue caused (again) by a decrease in visitors to/from the airport. This variance is further exasperated by the closure of the "in-store" shop at the garage, eliminating all non-fuel sales revenue (with fuel sales now only available via the Outside Payment Terminal situated at the pumps in the forecourt), and a significant decrease in average fuel prices (\$1.56 per litre in the current year to date vs \$1.82 in the prior year).
- A \$191,000 (11.7%) decrease in our terminal and airport rental revenue as a function of rental relief given to our tenants and decreased % of tenant revenue rental.
- A \$239,475 (100.0%) decrease in international passenger departure fee revenue following the Virgin Airlines entry into administration.

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These decreases are offset by an increase in Administration Revenue of \$210,000 as a result the receipt of COVID-19 subsidies.

#### **Expenditure**

Total expenditure is 14.7% (\$909,000) down against the prior year.

Wages and salaries are \$228,600 below the prior year as a result of the airport headcount decreasing from FTE staff of 39.8, to 26.4 for the year to date, following a post COVID-19 restructure.

Fuel and non-fuel purchases at the Momona Garage are \$346,000 and \$139,600 behind the prior year respectively. These decreases have been caused by the decreased demand for fuel associated with decreased passenger numbers, and the closure of the Momona Garage shop.

Marketing spend (sponsorship, campaigns, and route support) is \$218,400 behind the prior year.

AES training expenditure is \$61,800 behind the prior year due to the timing of recruit hot fire training (following an allowed deferral from CAA on that back of limited travel and accommodation options).

Terminal cleaning is \$29,900 below the prior year to date due to renegotiated scope of services regarding (primarily) the international terminal footprint.

Works and services expenditure is \$42,000 behind the prior year due to the timing of sewage and stormwater repairs and maintenance.

Terminal maintenance expenditure is \$33,300 behind the prior year due to the reduction in "non-essential" repair and maintenance spend.

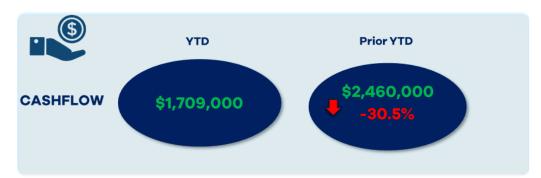
Administration bad debts expense is \$27,000 below the prior year due to the reversal of debtors previously provided for in the Provision for Doubtful Debts.

These variances are offset by depreciation which is \$201,800 above the prior year following the commissioning of the Terminal Expansion Project (TXP) in March 2020.

All other expenditure variances against budget are immaterial in nature and represent timing slides between actual spend and budget.



#### **OPERATING CASHFLOW**

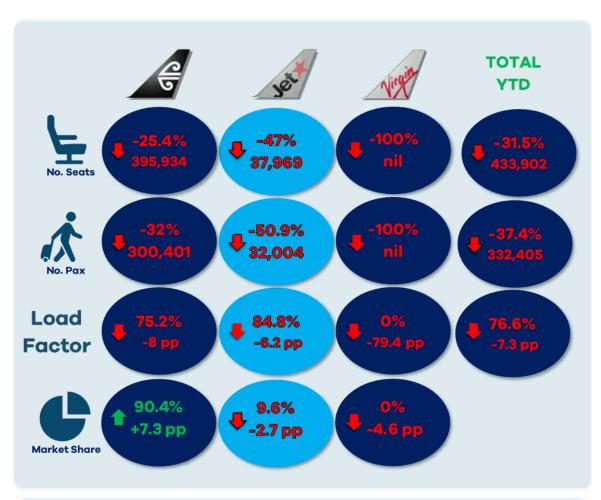


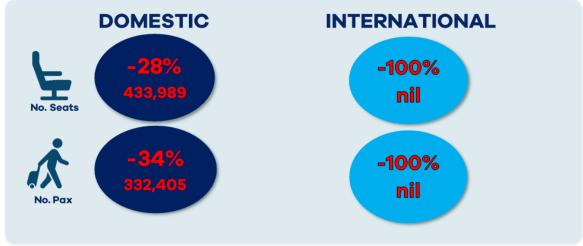
The decrease is caused by the decrease in net profit as outlined above.

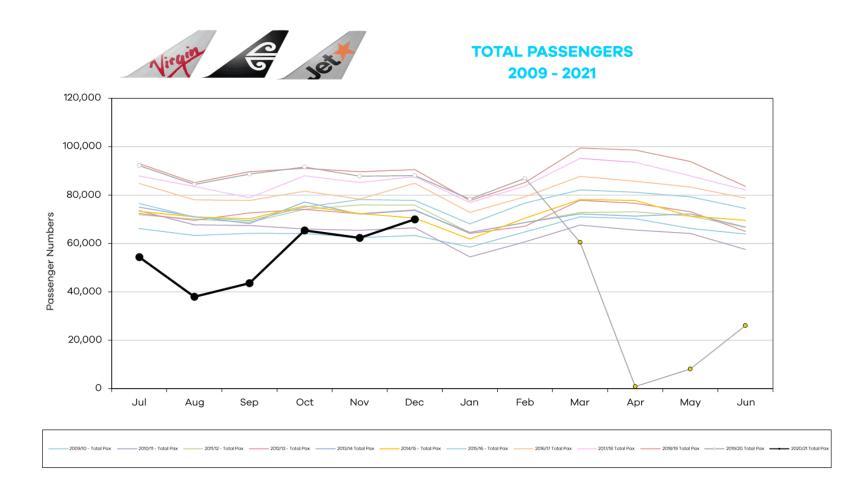
This is offset by decreased payments to suppliers due, in the main, to the significant creditors balance as at 30 June 2019, paid in the 2020 year and the decrease in the year to date provisional tax payments compared to the prior year following the strong (pre-COVID) 2020 year forecast financial performance.



## WHERE WE'VE BEEN







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# **SAFETY & COMPLIANCE**



Over the past six months we have completed many compliance activities including external MPI audits and regional compliance reports. We engaged the services of an external auditor, QAOSH, in December to conduct a full audit on the CAA rule parts we must comply with.

We have continued to meet our COVID-19 response obligations, review our pandemic processes, develop a generic pandemic response plan and ensure we encourage good COVID-19 'stay safe' practices throughout the airport environment.

Safety reporting remains a focus for the team and there has been a continued positive reporting culture. There have been no serious incidents reported over the reporting period.

#### **CIVIL AVIATION AMENDMENT BILL**



The Ministry of Transport is progressing work on a Civil Aviation Bill. The Bill will replace the Civil Aviation Act 1990 and the Airport Authorities Act 1966 with a single new statute that includes a number of proposals to improve the safety, security and efficiency of New Zealand's civil aviation system.

The company has been involved in the NZAA submission to the Civil Aviation Bill. This round of consultations is not the end of the process. The Ministry of Transport will now consider submissions and, if it is persuaded by them, may propose further changes for approval by the Minister and Cabinet. There will then be a Bill introduced to Parliament, with a further opportunity to make submissions and present our views at a hearing at a Select Committee of Parliament. It is possible the new Bill may not emerge until sometime in 2021. There has now been a further request by the MoT to consult further on "Achieving better policy outcomes at airports". We are working through this with NZAA and NZAA's lawyers



INTERIM REPORT For the six months ended 31 December 2020



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Statement of financial position	7	
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# FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE 8 March 2021

#### **Dunedin City Treasury Limited**

#### **Directors' report**

The Directors of Dunedin City Treasury Limited are pleased to present their report on the activities of the Company for the six months ended 31 December 2020.

Overview of results	unaudited	unaudited	audited
	6 months to	6 months to	full year to 30
	31 Dec 2020	31 Dec 2019	Jun 2020
	\$'000	\$'000	\$'000
Total income	12,634	14,534	27,259
Profit before tax	(75)	850	11
Income tax	(32)	238	-
Net profit after tax	(43)	612	11
Total assets	814,759	756,344	805,232

#### **Review of operations**

Dunedin City Treasury Ltd ("the Company") has continued to experience further reductions in the cost of funds for the DCC Group, with average cost of funding reducing from 3.36% to 2.75% over this six month period as wholesale interest rates have continued to fall.

The Company undertook two sucessful refinancings during the period. The \$45.0m 16 October 2020 Floating Rate Note (FRN) maturity was refinanced with a new \$50.0m three year Medium Term Note (MTN). The new MTN was priced at a coupon rate of 0.36%. The issue margin was 0.34% and the issue was priced above an extremely favourable benchmark swap yield of only 0.02%. The \$50.0m 16 November 2020 MTN maturity was refinanced with a new \$60.0m six year MTN with a coupon rate of 0.676%. Both issues contributed toward the further reduction in the cost of funds given the favourable market conditions.

The issuance of the six year tranche of MTN's will assist the Company to maintain at least 20% of debt with maturities of greater than five years, as debt is forecast to increase in the near term as the Group continues to fund significant infrastructure expenditure.

The Company's Promissory Note programme continues to perform strongly, achieving an average rate of +0.013% over the 3 month benchmark interest rate, and an average bid coverage 2.5 times the Promissory Notes tendered.

The Company has ensured that funding facilities are spread over time to assist with managing funding risk. Over the period the Company has continued to ensure that there is less than \$250 million of funding due to mature in any forward one year period, as required by DCC's Treasury Risk Management Policy. The Company also maintained compliance with all other aspects of the Treasury Risk Management Policy, an annual review of which was completed in October 2020. The Company continues to manage funds in the best interests of its borrowers.

Standard & Poor's reaffirmed the AA/Stable/A-1+ ratings of both Dunedin City Treasury Limited and the Dunedin City Council in December 2020.

The Board considers that Dunedin City Treasury Limited continues to provide significant benefit to the DCHL Group, Dunedin City Council, and Dunedin ratepayers through its provision of cost effective funding for the Dunedin City Council Group.

#### Seasonality

There is no seasonality of earnings within the Company.

# FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE 8 March 2021

#### **Dunedin City Treasury Limited**

#### **Directors' report**

#### **Dividends**

No dividends were paid by the Company during the period.

#### **Events after balance sheet date**

There were no significant events after balance date.

#### Outlook

Dunedin City Treasury Ltd is soundly based and conservatively managed. The Board believes that the Company will be able to continue to provide a sound treasury function to the Dunedin City Council Group in the coming years.



#### Statement of responsibility

The Directors accept responsibility for the preparation of the interim financial statements and the judgements used in them.

The Directors accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and

In the opinion of the Directors, the interim financial statements fairly reflect the financial position as at 31 December 2020 and operations for the six months to 31 December 2020 of Dunedin City Treasury Limited.

The Board of Directors of Dunedin City Treasury Limited have pleasure in presenting the interim financial statements, set out on pages 5 to 15, for the six months ended 31 December 2020 and authorises them for issue on 4 February 2021.

Chair

7000/5

Director



### Statement of comprehensive income For the six months ending 31 December 2020

	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Interest on advances & fees from related parties	12,546	14,025	27,082
Interest on other investments	48	90	166
Total financial income	12,594	14,115	27,248
Ineffectiveness on fair value hedge (gain)	40	419	11
Total income	12,634	14,534	27,259
Less expenses:			
Interest to related parties	12	12	20
Interest & fees on term loans	12,384	13,346	26,606
Total financial expenses	12,396	13,358	26,626
Audit fees	-	-	27
Directors remuneration	-	-	-
Management fees to related parties	180	167	346
Amortisation	1	6	10
Other operating expenses	132	153	239
Ineffectiveness on fair value hedge (loss)	-	-	
Total expenses	12,709	13,684	27,248
Profit before tax	(75)	850	11
Income tax	(32)	238	-
Net profit after tax	(43)	612	11
Other comprehensive income:			
Gain (loss) on cash flow hedges taken to equity Gain (loss) on cash flow hedges to related parties	(2,549)	3,026	(17,827)
taken to equity	9,245	(2,498)	(3,656)
Total other comprehensive income	6,696	528	(21,483)
Total comprehensive income/(loss) for the period	6,653	1,140	(21,472)



# Statement of changes in equity For the six months ending 31 December 2020

	Share capital \$'000	Hedge reserve \$'000	Retained earnings \$'000	Total equity \$'000
Unaudited	·	·		·
Equity as at 1 July 2020	100	(56,217)	271	(55,846)
Comprehensive income for the period	-	6,696	(43)	6,653
Equity as at 31 December 2020	100	(49,521)	228	(49,193)
Unaudited Equity as at 1 July 2019 Comprehensive income for the period	100	(34,734) 528	260 612	(34,374) 1,140
Equity as at 31 December 2019	100	(34,206)	872	(33,234)
Audited Equity as at 1 July 2019 Comprehensive income for the period	100	(34,734) (21,483)	260 11	(34,374) (21,472)
Equity as at 30 June 2020	100	(56,217)	271	(55,846)



# Statement of financial position As at 31 December 2020

	Note	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Current assets				
Cash and cash equivalents	_	38,500	40,978	46,666
Investments Derivative financial instruments	5 7	5,170	687	1,193
Trade and other receivables	/	4,591	4,899	3,791
Prepayments		524	530	444
Total current assets		48,785	47,094	52,094
Non-current assets				
Investments	5	756,050	692,800	733,205
Derivative financial instruments	7	9,923	16,444	19,931
Software	4	1	6	2
Total non current assets		765,974	709,250	753,138
Total assets		814,759	756,344	805,232
Current liabilities				
Short term borrowings	6	4,413	3,325	3,194
Trade and other payables		4,868	5,473	5,453
Derivative financial instruments	7	3,772	1,133	2,612
Provision for tax		(32)	238	
Total current liabilities		13,021	10,169	11,259
Non-current liabilities				
Term borrowings	8	801,186	739,101	790,136
Derivative financial instruments	7	49,745	40,308	59,683
Total non-current liabilities		850,931	779,409	849,819
Total liabilities		863,952	789,578	861,078
Equity				
Share capital		100	100	100
Hedge reserve		(49,521)	(34,206)	(56,217)
Retained earnings		228	872	271
Total equity		(49,193)	(33,234)	(55,846)
Total liabilities and equity		814,759	756,344	805,232

The accompanying notes form part of these financial statements



# Statement of cash flows For the six months ending 31 December 2020

	Unaudited 6 months to 31 Dec 2020	Unaudited 6 months to 31 Dec 2019	Audited full year to 30 Jun 2020
Note	\$'000	\$'000	\$'000
Cash flow from operating activities  Cash was provided from:			
Receipts from customers	142	10	323
Interest received	11,647	11,922	25,848
The est received	11,789	11,932	26,171
Cash was applied to:	/	/	
Payments to suppliers	392	371	575
Interest paid	12,976	13,007	26,295
Subvention paid/(received)	-	8	8
	13,368	13,386	26,878
Net cash flow from operating activities 3	(1,579)	(1,454)	(707)
Cash flow from investing activities Cash was provided from:			
Net decrease in investments	99,663	98,147	-
Cash was applied to: Purchase of Software	99,663	98,147	-
Net increase in investments	118,519	121,052	68,868
	118,519	121,052	68,868
Net cash flow from investing activities	(18,856)	(22,905)	(68,868)
Cash flow from financing activities Cash was provided from:			
Net loans raised	60,000	50,160	101,064
	60,000	50,160	101,064
Cash was applied to: Net loans repaid	47 721		
Net loans repaid	47,731 47,731		
	·		
Net cash flow from financing activities	12,269	50,160	101,064
Net increase/(decrease) in cash and cash equivalents	(8,166)	25,801	31,489
Opening cash and cash equivalents	46,666	15,177	15,177
Closing cash and cash equivalents	38,500	40,978	46,666

The accompanying notes form part of these financial statements

# FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE 8 March 2021

# **Dunedin City Treasury Limited**

#### Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### 1 Reporting entity

The financial statements presented here are for the company Dunedin City Treasury Limited.

Dunedin City Treasury Limited (the Company) is a Council Controlled Organisation as defined in the Local Government Act 2002. The Company, incorporated in New Zealand under the Companies Act 1993, is 100% owned by Dunedin City Holdings Limited which is wholly owned by the Dunedin City Council.

The registered address of the Company is 50 The Octagon, Dunedin 9016.

The primary objective of the Company is to provide funds management, cost effective funding and treasury management services to entities within the Dunedin City Council Group.

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Company operates.

#### 2 Basis of preparation

The financial statements for the six month period ended 31 December 2020 are unaudited.

The financial statements have been prepared in accordance with New Zealand Equivalents to International Reporting Standards 34, Interim Financial Reporting, and should be read in conjunction with the audited financial statements for the year ended 30 June 2020.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2020.

The judgement, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2020.



# **Dunedin City Treasury Limited**

### Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### 3 Reconciliation of operating surplus to net cash flows from operating activities

	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Net profit after tax	(43)	612	11
Items not involving cash flows			
Fair value change in SWAPs	(40)	(419)	(11)
Amortisation	1	6	10
	(82)	199	10
Impact of changes in working capital items			
(Increase)/Decrease in receivables	(800)	(2,193)	(1,085)
(Increase)/Decrease in prepayments	(80)	(41)	45
Increase/(Decrease) in trade and other payables	(585)	351	331
Increase/(Decrease) in provisions	(32)	230	(8)
Net cash inflows from operating activities	(1,579)	(1,454)	(707)

#### 4 Software

	Unaudited as at 31 Dec 2020 \$'000	Unaudited as at 31 Dec 2019 \$'000	Audited as at 30 Jun 2020 \$'000
Balance at beginning of period	2	12	12
Purchases	-	-	-
Amortisation	(1)	(6)	(10)
Balance at end of period	1	6	2



#### Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### **5** Investments

•	investments			
		Unaudited as at 31 Dec 2020 \$'000	Unaudited as at 31 Dec 2019 \$'000	Audited as at 30 Jun 2020 \$'000
	Current			
	Advances to Dunedin City Council	-	-	-
	Advances to Dunedin City Holdings Limited Group	-	-	-
	Investment at bank	-	-	-
		-	-	-
	Non-current			
	Advances to Dunedin City Council	251,500	230,500	243,500
	Advances to Dunedin City Holdings Limited Group	504,550	462,300	489,705
		756,050	692,800	733,205
	Total investments	756,050	692,800	733,205
	A maturity analysis of the company's investments is as follows:  Maturity within one year  Maturity one to five years	- - - 756.050		- - 722.205
	Maturity over five years	756,050	692,800	733,205
		756,050	692,800	733,205

The carrying amount of investments approximate their fair value.

There have been no indications of impairment of any investment.

## 6 Short term borrowings

	Unaudited	Unaudited	Audited
	as at 31 Dec	as at 31 Dec	as at 30 Jun
	2020	2019	2020
	\$'000	\$'000	\$'000
Due to related parties	2,600	2,200	2,000
Other short term deposits	1,813	1,125	1,194
	4,413	3,325	3,194

Audited



# **Dunedin City Treasury Limited**

#### Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### 7 Derivative financial instruments

	as at 31 Dec	as at 31 Dec	as at 30 Jun
	2020		as at 50 Juli
	2020	2019	2020
	\$'000	\$'000	\$'000
Assets			
Interest rate swaps - cash flow hedges - DCHL Group	2,275	4,381	4,031
Interest rate swaps - cash flow hedges - DCC	1,256	2,856	2,049
Interest rate swaps - cash flow hedges - Bank	-	-	-
Interest rate swaps - fair value hedges - Bank	11,562	9,894	15,044
	15,093	17,131	21,124
Current			
Interest rate swaps - cash flow hedges - DCC Group	2,387	687	1,193
Interest rate swaps - fair value hedges - Bank	2,783	-	-
	5,170	687	1,193
Non-current			
Interest rate swaps - cash flow hedges - DCC Group	1,144	7,237	6,080
Interest rate swaps - cash flow hedges - Bank	-	-	-
Interest rate swaps - fair value hedges - Bank	8,779	9,894	15,044
	9,923	17,131	21,124
Total Assets	15,093	17,818	22,317
Liabilities			
Interest rate swaps - cash flow hedges - Bank	53,050	41,441	62,295
Interest rate swaps - fair value hedges - Bank	467	-	-
	53,517	41,441	62,295
Current			
Interest rate swaps - cash flow hedges - Bank	3,772	1,133	2,612
	3,772	1,133	2,612
Non-current			
Interest rate swaps - cash flow hedges - Bank	49,278	40,308	59,683
Interest rate swaps - fair value hedges - Bank	467	-	-
	49,745	40,308	59,683
Total Liabilities	53,517	41,441	62,295

Upaudited

Unaudited

Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves.



# **Dunedin City Treasury Limited**

#### Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### 8 Term borrowings (secured)

The Company has an \$975 million multi option instrument issuance facility which is secured against certain assets and undertakings of the Dunedin City Council Group. Debt is raised by issuing long dated bonds, floating rate notes or by the issue of promissory notes usually issued for three month

terms.			
	Unaudited	Unaudited	Audited
	as at 31 Dec	as at 31 Dec	as at 30 Jun
	2020	2019	2020
	\$'000	\$'000	\$'000
Term borrowings			
Promissory notes	129,915	159,399	129,875
Floating rate notes 16/10/20	-	45,000	45,000
Bonds 16/11/20	-	50,000	50,000
Bonds 15/4/21*	30,000	30,000	30,000
Bonds 15/4/21	75,000	-	75,000
Bonds 25/11/21*	70,000	70,000	70,000
Floating rate notes 15/10/22	50,000	50,000	50,000
Bonds 15/11/22*	45,000	45,000	45,000
Bonds 16/10/23*	50,000	-	-
Floating rate notes 15/02/24	25,000	25,000	25,000
Bonds 16/10/24	35,000	35,000	35,000
Bonds 17/7/25	50,000	50,000	50,000
Bonds 15/4/26*	65,000	65,000	65,000
Bonds 15/3/26	50,000	50,000	50,000
Bonds 15/11/26*	55,000	55,000	55,000
Bonds 16/11/26	60,000	-	-
Fair value impact on bonds (*)	11,271	9,702	15,261
	801,186	739,101	790,136
The repayment period on the term borrowings is as follows:			
Repayable less than one year	307,712	254,399	330,399
Repayable between one to five years	263,474	259,353	230,057
Repayable later than five years	230,000	225,349	229,680
	801,186	739,101	790,136

### Fair value of borrowings

Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. Debt instruments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices.

Directors estimate the fair value of the Company's borrowings as at 31 December 2020 as being \$895,621,657 (December 2019 \$750,328,356).



Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### 9 Contingent liabilities

Performance bonds

Audited as at 30 Jun 2020 \$'000	Unaudited as at 31 Dec 2019 \$'000		
1.092	1.142	1.006	

The performance bonds issued are in favour of South Island local authorities, including the Dunedin City Council, for contract work by Delta Utility Services Limited. There is no indication that any of the above contingent liabilities will crystallise in the foreseeable future.



## Statement of Service Performance For the six months ending 31 December 2020

#### **Performance targets**

#### Zero breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.

#### Zero breaches of DCC Treasury Risk Management Policy's interest rate risk policy.

- Zero breaches of DCC Treasury Risk Management Policy's investment management policy.
- Successfully fill any issues brought to the market during the year.
- Maintain funding lines with preferred financial providers.
- Regular reporting of the Company's achievement against defined benchmarks.
- Manage the 'Waipori Fund' and meet investment objectives set by Council.
- 8 Review the Risk Register Dashboard quarterly and report DCTL's top 5 current risks regularly to the Shareholder.
- Advise shareholder within 1 business day of any breaches of policy.
- 10 Matters have been escalated to the Shareholder in a timely manner.
- 11 To report matters of substance to the Shareholder within 24 hours of the board becoming aware.
- 12 Establish systems for measuring and publicly reporting carbon emissions by end of FY2021.
- 13 Maintain a credit rating equal to that of Dunedin City Council.

#### Performance targets achieved

Achieved. There were no breaches of the DCC Treasury Risk Management Policy's borrowing maturity profile.

Achieved. There were no breaches of the DCC Treasury Risk Management Policy's interest rate risk policy.

Achieved. There were no breaches of the DCC Treasury Risk Management Policy's investment management policy.

Achieved. All debt issuance arranged during the period has been filled successfully.

Achieved. Funding lines have been maintained with ANZ, BNZ and Westpac.

Achieved. Reporting achievement against defined benchmarks are provided to the Board monthly and quarterly.

Achieved. Managed the 'Waipori Fund' and meet investment objectives. On track to meet annual investment objectives.

Achieved. The Risk Register Dashboard has been reviewed quarterly and the top 5 currents risks were reported to the Shareholder monthly.

Achieved. There were no breaches of policy that were required to be reported to the shareholder.

Achieved. There were no matters requiring escalation to the shareholder.

Achieved. There are no matters of substance to report to the shareholder.

Achieved. Systems for measuring and publicly reporting carbon emissions have been established.

Achieved. The Company received a credit rating of AA/Stable/A-1+; equal to that of Dunedin City Council.

## **Financial forecasts**

Financial forecasts are set in the Statement of Intent for the year ending 30 June 2021. The Company is on track to meet the financial forecasts set.



#### **Directory**

#### **Directors**

Keith T Cooper (Chair) Kathleen E Grant Linda M Robertson Christopher Hopkins Richard Thomson

## Registered Office

50 The Octagon Dunedin 9016

#### **Bankers**

Westpac Banking Corporation

#### Solicitors

Anderson Lloyd

#### Taxation Advisors

Deloitte

#### Auditor

Audit New Zealand on behalf of the Controller and Auditor-General





Interim Report
For the six months ended
31 December 2020



# DUNEDIN RAILWAYS WORLD CLASS TRAIN TRIPS

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## **Directors' report**

The Directors of Dunedin Railways Limited are pleased to present their report for the six months ended 31 December 2020.

#### Result

The company returned a loss after tax of \$83,000 in the half year to 31 December 2020 compared with a loss after tax of \$862,000 in the half year to 31 December 2019.

#### Review of operations

Dunedin Railways Limited operates a tourist train on the Taieri Gorge and Pacific Coastal railway lines, and provides other train services.

The Company entered hibernation mode on 1 July 2020. Six staff remain employed by the Company, to actively maintain key assets during hibernation.

Focus has turned to identifying and evaluating options for sustainable tourism offerings based on the Company's assets. This work is being led by Dunedin Venues Management Limited (DVML), a sibling company, with experience and expertise in the tourism and visitor sector. A Reference Group has been established to ensure broad input.

A report will be presented to Council in early 2021 setting out options for the Company's future. Decisions will then be for Dunedin City Council to make.

From 20 December 2020, Dunedin Railways Limited has been operating limited rail services for the Trains Not Planes promotion, which will run until 31 March 2021.

#### Dividends

No dividends were paid by the Company.

### Events after balance sheet date

There were no significant events after the reporting period that would require adjustment or disclosure.

# FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE 8 March 2021

## Statement of responsibility

The Directors accept responsibility for the preparation of the interim financial statements and the judgements used in them.

The Directors 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; and

In the opinion of the Directors, the interim financial statements to 31 December 2020 fairly reflect the financial position and operations of Dunedin Railways Limited.

On behalf of the Directors:

Director

Date 4 February 2020

3





# Statement of comprehensive income For the six months ending 31 December 2020

	unaudited	unaudited	audited
	6 months to	6 months to	full year to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
Operating Revenue	47	2,831	6,145
Government Grants	578	-	370
Total income	625	2,831	6,515
Less expenses:			
Audit fees	12	10	23
Directors remuneration	-	55	91
Depreciation	7	264	450
Interest to Dunedin City Treasury Limited	-	49	88
Impairment	-	-	4,486
Other operating expenses	721	3,650	8,008
Total expenses	740	4,028	13,146
Net loss before tax	(115)	(1,197)	(6,631)
Income tax (expense)/credit	(32)	(335)	(25)
Net loss after tax	(83)	(862)	(6,606)
Other comprehensive income:			
Interest rate swap hedges gains			
(losses) during the year	-	-	-
Total other comprehensive income	-	-	-
	()	()	(
Total comprehensive income	(83)	(862)	(6,606)





# Statement of changes in equity For the six months ending 31 December 2020

	Share capital	Retained earnings	Total equity
	\$'000	\$'000	\$'000
unaudited			
Equity as at 1 July 2020	6,822	(6,365)	457
Shareholder contributions	-	-	-
Loss after income tax	-	(83)	(83)
Other comprehensive income for the period	-	-	-
Equity as at 31 December 2020	6,822	(6,448)	374
Equity as at 1 July 2019	1,572	241	1,813
Shareholder contributions	1,000	-	1,000
Loss after income tax	-	(862)	(862)
Other comprehensive income for the period	-	-	-
Equity as at 31 December 2019	2,572	(621)	1,951
audited			
Equity as at 1 July 2019	1,572	241	1,813
Shareholder contributions	5,250	-	5,250
Loss after income tax	-	(6,606)	(6,606)
Other comprehensive income for the period	-	-	-
Equity as at 30 June 2020	6,822	(6,365)	457



# DUNEDIN RAILWAYS

# Statement of financial position As at 31 December 2020

		unaudited	unaudited	audited
		6 months to	6 months to	full year to
		31 Dec 2020	31 Dec 2019	30 Jun 2020
	Note	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents		75	209	229
Trade and other receivables		109	730	14
Inventories		56	506	61
Prepayments		23	51	-
Current taxation asset		44	335	47
Total current assets		307	1,831	351
Non-current assets				
Property, plant and equipment	3	228	4,525	236
Intangible assets		-	60	-
Total non - current assets		228	4,585	236
Total assets		535	6,416	587
Current liabilities				
Trade and other payables		44	880	36
Contract liabilities		14	-	16
Provision for employee entitlements		36	383	_
Other current liabilities (provisions)		67	-	45
Total current liabilities		161	1,263	97
Non-current liabilities				
Provisions		-	-	33
Term borrowings	4	-	3,130	-
Deferred tax liability		-	25	-
OETT shareholder's advance		-	47	-
Total non-current liabilities		-	3,202	33
Total liabilities		161	4,465	130
Fauity				
Equity Share capital		6 922	2 572	6,822
Share capital		6,822	2,572	,
Retained earnings (deficits)		(6,448)	(621)	(6,365)
Total equity		374	1,951	457
Total liabilities and equity		535	6,416	587
• •			,	





# Statement of cash flows For the six months ending 31 December 2020

	unaudited	unaudited	audited
	6 months to	6 months to	full year to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
Note	\$'000	\$'000	\$'000
Cash flow from operating activities			
Cash was provided from			
Receipts from customers	651	3,359	6,580
	651	3,359	6,580
Cash was disbursed to			
Interest paid	-	49	88
Payments to suppliers & employees	818	4,759	8,994
Income tax paid	-	-	25
Net GST movement	(13)	-	40
	805	4,808	9,147
Net cash flow from operating activities	(154)	(1,449)	(2,567)
Cash flow from investing activities			
Cash was disbursed to			
Purchase of property, plant and equipment	-	328	264
Net cash flow from investing activities	-	(328)	(264)
Cash flow from financing activities			
Cash was provided from			
Funds from shareholders	-	720	5,250
Borrowings from DCTL	-	2,584	5,724
	-	3,304	10,974
Cash was disbursed to			
Repayment of borrowings to DCTL	-	1,344	7,940
	-	1,344	7,940
Net cash flow from financing activities	-	1,960	3,034
Net increase/(decrease) in cash and cash equivalents	(154)	183	203
Opening cash and cash equivalents	229	26	26
Closing cash and cash equivalents	75	209	229

Attachment H



# DUNEDIN RAILWAYS WORLD CLASS TRAIN TRIPS

Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### 1 Reporting entity

The financial statements presented are for the reporting entity Dunedin Railways Limited.

#### Company Details:

Incorporated in NZ under the Companies Act 1993.

A Council Controlled Trading Organisation as defined in the Local Government Act 2002.

Registered address of the company is 50 The Octagon, Dunedin.

Classed as a For-profit entity for financial reporting.

Dunedin Railways Limited, Shareholding interests:

100% owned by Dunedin City Holdings who are wholly owned by Dunedin City Council.

The financial statements of Dunedin Railways Limited are for the six months ended 31 December 2020 and comply with the Financial Reporting Act 1993.

The financial statements are presented in New Zealand dollars (the functional currency of the company) and have been rounded to the nearest thousand.

#### 2 Basis of preparation

The financial statements for the period ended 31 December 2020 are unaudited.

The financial statements have been prepared in accordance with and comply with NZ IAS 34, Interim Financial Reporting as it applies to Tier 2 entities, and should be read in conjunction with the audited financial statements for the year ended 30 June 2020.

The financial statements are prepared on a non-going concern basis of accounting. The Company was put into hibernation from 1 July 2020. The Company is operating limited services from 20 December 2020 to 31 March 2021 relating to the Trains Not Planes promotion. There is a high degree of uncertainty associated with the future of the Company and a decision on the future of the Company will not be known until early 2021.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2020.

The judgements, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2020.





Notes to the financial statements (unaudited) For the six months ending 31 December 2020

# 3 Property, plant and equipment

	6 months to	6 months to	12 months to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
Additions (cost)	-	301	599
Disposals (cost)	-	(48)	(337)
Impairment (cost)	-	-	(7,961)

There have been no material changes in fair value for all property, plant and equipment asset classes for the current year.

#### 4 Term borrowings

	6 months to	6 months to	12 months to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
Dunedin City Treasury Limited			
Loan balance	-	3,130	-

#### 5 Financial instruments

All financial assets are recognised at cost/face value while financial liabilities are recognised at amortised cost except derivative financial instruments which are recognised at fair value.

#### 6 Contingent liabilities

The company has no contingent liabilities at the end of each reporting period.

#### 7 Industry segment reporting

The company operates a single business stream being a tourism based passenger train service, in a single geographic segment, the South Island of New Zealand.





## **Directory**

#### **Directors**

Keith Cooper (Chair) Kathleen Grant Christopher Hopkins Linda Robertson Richard Thomson

# Registered Office

50 The Octagon Dunedin 9016

#### **Bankers**

Westpac Dunedin

#### Solicitors

Anderson Lloyd Dunedin

## Tax Advisors

Deloitte Dunedin

#### **Auditor**

Audit New Zealand on behalf of the Controller and Auditor-General



# DUNEDIN RAILWAYS

# Statement of service performance For the six months ending 31 December 2020

Performance targets	Results as at 31 December 2020
Hibernation Plan in place and report against it to the Board.	Reporting against the hibernation plan is presented at each Board meeting.
Reduce harm to employees and contractors.	There were zero lost time injuries during the reporting period.
Ensure Statement of Intent is consistent with objectives of the shareholder.	A draft 2021/2022 Statement of Intent has been submitted to the shareholder.
Contribute to Council's Carbon Neutrality initiatives.	In progress. A system to measure and report carbon emissions is expected to be complete by 30 June 2021.
Consult with the shareholder in a timely manner on DRL strategic or operational matters which could compromise Council's community outcomes.	Monthly reporting has kept the shareholder informed of strategic and operational developments.
Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	There were no matters, which may have the potential to negatively impact on the shareholder and the company, that required to be reported to Dunedin City Holdings Limited.



# **INTERIM REPORT**

For the six months ended 31 December 2020



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#### **Directors' report**

The Directors of Dunedin Stadium Property Limited are pleased to present their report for the six months ending 31 December 2020.

Overview of Results	unaudited 6 months to 31 Dec 2020 \$'000	unaudited 6 months to 31 Dec 2019 \$'000	audited full year to 30 Jun 2020 \$'000
Total income	1,336	1,338	2,163
Loss before taxation and subvention	(3,816)	(4,012)	(8,192)
Net cash flow from operating activities	(1,670)	338	(384)
Total assets	155,038	161,226	157,919

#### Review of operations

Dunedin Stadium Property Limited (DSPL) owns and manages the asset of Forsyth Barr Stadium.

The Company has outsourced the management of the stadium on its behalf to Dunedin Venues Management Limited.

The Company recorded a loss before taxation and subvention payments for the six months ended 31 December 2020 of \$3,816k which is \$196k better than the same period last year.

The reduction in loss compared to the same period last year is primarily due to a reduction in the Company's cost of funding. Subvention receipts were not received this year. These receipts are determined by the tax positions of the other subsidiaries of Dunedin City Holdings Limited. The Company is working with the Dunedin City Holdings Group on maintaining the cash funding model that has been in place with a mix of subvention receipts and other sources.

#### Outlook

The Company has funding lines in place ensuring it is able to maintain its operational, capital and debt financing requirements going forward.

#### Seasonality

There is no seasonality of earnings within the Company.

#### Dividends

No dividends were paid by the Company during the period.

#### Events after balance sheet date

There were no significant events after the reporting period that would require adjustment or disclosure.



#### Statement of responsibility

The Directors accept responsibility for the preparation of the interim financial statements and the judgements used in them.

The Directors accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and

In the opinion of the Directors, the interim financial statements fairly reflect the financial position as at 31 December 2020 and operations for the six months to 31 December 2020 of Dunedin Stadium Property Limited.

The Directors of Dunedin Stadium Property Limited have pleasure in presenting the interim financial statements, set out on pages 4 to 10, for the six months ended 31 December 2020 and authorises them for issue on 4 February 2021.

Chair

Director



### Statement of comprehensive income For the six months ending 31 December 2020

	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Rentals & costs from Dunedin Venues	1 226	1 227	2 161
Management Limited Interest received	1,336	1,337 1	2,161 2
Total income	1,336	1,338	2,163
Loca evinences			
Less expenses: Audit fees	_	_	16
Directors remuneration	10	10	19
Depreciation	3,096	3,096	6,192
Interest to Dunedin City Treasury Limited	1,638	1,849	3,557
Other operating expenses	408	395	571
Total expenses	5,152	5,350	10,355
Loss before tax and subvention	(3,816)	(4,012)	(8,192)
Subvention receipt	-	506	1
Net loss before tax	(3,816)	(3,506)	(8,191)
Income tax	-	-	(6)
Net loss after tax	(3,816)	(3,506)	(8,197)
	(5/525)	(=/===/	(-,,
Other comprehensive income:			
Interest rate swap hedges gains (losses) during the year	643	449	771
Total other comprehensive income	643	449	771
Total comprehensive loss for the period	(3,173)	(3,057)	(7,426)



# Statement of changes in equity For the six months ending 31 December 2020

	Share capital \$'000	Hedge reserve \$'000	Retained deficits \$'000	Total equity \$'000
Unaudited				
Equity as at 1 July 2020	122,679	(1,010)	(52,372)	69,297
Comprehensive income for the period	-	643	(3,816)	(3,173)
Equity as at 31 December 2020	122,679	(367)	(56,188)	66,124
Unaudited Equity as at 1 July 2019 Comprehensive income for the period	120,429 -	(1,781) 449	(44,175) (3,506)	74,473 (3,057)
Equity as at 31 December 2019	120,429	(1,332)	(47,681)	71,416
Audited Equity as at 1 July 2019 Comprehensive income for the period Share capital contribution	120,429 - 2,250	(1,781) 771	(44,175) (8,197)	74,473 (7,426) 2,250
Equity as at 30 June 2020	122,679	(1,010)	(52,372)	69,297
Equity as at 50 same 2020	122,073	(1,010)	(32,372)	33,231

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#### **Dunedin Stadium Property Limited**

### Statement of financial position As at 31 December 2020

	Note	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Current assets				
Cash and cash equivalents		238	235	23
Trade and other receivables		-	-	-
Subvention payment receivable		-	-	-
Total current assets		238	235	23
Non-current assets				
Property, plant and equipment	4	154,800	160,991	157,896
Total non-current assets		154,800	160,991	157,896
Total assets		155,038	161,226	157,919
Current liabilities				
Trade and other payables		727	803	1,677
Total current liabilities		727	803	1,677
Non-current liabilities				
Term borrowings	5	87,820	87,675	85,935
Derivative financial instruments	6	367	1,332	1,010
Total non-current liabilities		88,187	89,007	86,945
Total liabilities		88,914	89,810	88,622
Equity				
Share capital		122,679	120,429	122,679
Cash flow hedge reserve		(367)	(1,332)	(1,010)
Retained deficits		(56,188)	(47,681)	(52,372)
Total equity		66,124	71,416	69,297
Total liabilities and equity		155,038	161,226	157,919



### **Dunedin Stadium Property Limited**

### Statement of cash flows For the six months ending 31 December 2020

Note	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Cash flow from operating activities			
Cash was provided from			
Receipts from customers	1,336	1,336	2,161
Subvention receipts	-	1,015	504
Interest received	-	1	2
Net GST received	-	-	
	1,336	2,352	2,667
Cash was disbursed to			
Interest paid	1,585	1,622	3,464
Payments to suppliers	1,453	418	(419)
Net GST paid	(32)	(26)	6
	3,006	2,014	3,051
Net cash flow from operating activities 3	(1,670)	338	(384)
Cash flow from investing activities Cash was disbursed to Purchase of property, plant and equipment Net cash flow from investing activities	-	-	-
Cash flow from financing activities  Cash was provided from  Shareholder capital	_	_	2,250
Borrowings	2,135	1,550	-
	2,135	1,550	2,250
Cash was disbursed to			
Repayment of borrowings	250	1,700	1,890
	250	1,700	1,890
	1,885	(150)	360
Net increase/(decrease) in cash	215	188	(24)
Opening cash and cash equivalents	23	47	47
Closing cash and cash equivalents	238	235	23

The accompanying notes form part of these financial statements

#### **Dunedin Stadium Property Limited**

#### Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### 1 Reporting entity

The financial statements presented here are for the reporting entity Dunedin Stadium Property Limited.

Dunedin Stadium Property Limited (the Company) is a Council Controlled Organisation as defined in the Local Government Act 2002. The Company, incorporated in New Zealand under the Companies Act 1993, is 100% owned by Dunedin City Holdings Limited which is wholly owned by Dunedin City Council.

The registered address of the Company is 50 The Octagon, Dunedin 9016.

The principal objective of Dunedin Stadium Property Limited is the ownership of Forsyth Barr Stadium. In particular, the company oversees that the Stadium is maintained to a standard that enables it to operate effectively.

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Company operates.

Dunedin Stadium Property Limited is a public benefit entity.

#### 2 Basis of preparation

The financial statements for the six month period ended 31 December 2020 are unaudited.

The financial statements have been prepared in accordance with and comply with PBE IAS 34, Interim Financial Reporting as it applies to Tier 2 entities, and should be read in conjunction with the audited financial statements for the year ended 30 June 2020.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2020.

The judgements, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2020.



### **Dunedin Stadium Property Limited**

### Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### 3 Reconciliation of operating surplus to net cash flows from operating activities

		6 months to 31 Dec 2020 \$'000	6 months to 31 Dec 2019 \$'000	12 months to 30 Jun 2020 \$'000
	et loss after tax	(3,816)	(3,506)	(8,197)
	ems not involving cash flows	2 005	2.006	6 402
	epreciation	3,096	3,096	6,192
	ther	-	-	-
	npact of changes in working capital items			
	ncrease)/decrease in rent receivable	-	-	-
(1	ncrease)/decrease in subvention payment receivable	-	509	509
In	crease/(decrease) in trade and other payables	(868)	13	1,019
In	crease/(decrease) in interest accrued	(82)	226	93
Ne	et cash inflows from operating activities	(1,670)	338	(384)

#### 4 Property, plant and equipment

	6 months to	6 months to	12 months to
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
Additions	_	_	_
Disposals	-	-	-
Capital commitments	-	-	-

There have been no material changes in fair value for all property, plant and equipment asset classes between 30 June 2020 and 31 December 2020.



#### **Dunedin Stadium Property Limited**

Notes to the financial statements (unaudited) For the six months ending 31 December 2020

#### 5 Term borrowings

There has been no material change in the term loan from Dunedin City Treasury Limited between 30 June 2020 and 31 December 2020.

#### 6 Derivative financial instruments

Fair Value
Interest rate swaps
Analysed as:
Current
Non-current

6 months to 31 Dec 2020 \$'000	6 months to 31 Dec 2019 \$'000	12 months to 30 Jun 2020 \$'000
367	1,332	1,010
-	-	-
367	1,332	1,010
367	1,332	1,010

#### 7 Financial Instruments

All financial assets are recognised at cost/face value while financial liabilities are recognised at amortised cost except derivative financial instruments which are recognised at fair value.

#### 8 Contingent liabilities

The company has no contingent labilities at the end of each reporting period.



JNEDIN | kaunihera a-rohe o Y COUNCIL | Ōtepoti

#### Statement of Service Performance For the six months ending 31 December 2020

#### Performance targets Performance targets achieved 1 An Asset Management Plan is in place. Achieved. An Asset Management Plan is in place. The Asset Management Plan is internally In progress. An external review of the Asset

Asset maintenance is compliant with the asset management schedules and

reviewed annually, and externally reviewed every three years (next due

2021).

- In progress. Timing differences have occurred and no capital expenditure has been incurred for principles, including condition based the year to date. It is uncertain whether the budgeted capital expenditure will still occur prior assessments. to 30 June 2021.
- Seek advice on potential impact of climate change (e.g. sea level rise or increased frequency of severe weather events) on Forsyth Barr Stadium.
- In progress. Obtaining advice on the potential impact of climate change on Foryth Barr Stadium is underway.

Management Plan is underway.

- A debt repayment program is in place and reviewed annually.
- Achieved. A debt repayment program is in place and annually reviewed.
- A draft 2022 Statement of Intent will be submitted to the shareholder by 1 March 2021
- In progress. A draft 2022 Statement of Intent is under development.
- Establish systems for measuring and publicly reporting carbon emissions by end of FY2021, in a cost effective manner, with a view to then identifying and setting emissions reductions targets.
- Achieved. Systems have been established for measuring and publicly reporting carbon emissions by end of FY2021.
- Matters have been escalated to the shareholder.
- Achieved. There were no matters requiring escalation to the shareholder.
- To report matters of substance to the Shareholder within 24 hours of the board becoming aware.
- Achieved. There are no matters of substance to report to the shareholder.

#### **Financial forecasts**

Financial forecasts are set in the Statement of Intent for the year ending 30 June 2021. The Company is on track to meet the financial forecasts set.



#### **Dunedin Stadium Property Limited**

#### **Directory**

#### Directors

William H Cockerill (Chair)
Keith T Cooper
Kathleen E Grant
Linda M Robertson
Christopher Hopkins
Richard Thomson

#### Registered Office

50 The Octagon Dunedin 9016

#### **Bankers**

Westpac Banking Corporation

#### Solicitors

Anderson Lloyd

#### Tax Advisors

Deloitte

#### Auditor

Audit New Zealand on behalf of the Controller and Auditor-General



# Dunedin Venues Management Limited Report for the Six Months Ended 31 December 2020



#### Dunedin Venues Management Limited Contents For the Six Months Ended 31 December 2020

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Statement of Profit and Loss	3
Statement of Changes in Equity	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Directory	11
Statement of Service Performance	12



#### Dunedin Venues Management Limited Directors Report For the Six Months Ended 31 December 2020

The Directors of Dunedin Venues Management Limited are pleased to present their report on the activities of the Company for the six months ended 31 December 2020.

#### **Principal Activities of the Company**

The organisation is a stadium operator and an events and venues management company.

#### Results for the Six Months Ended 31 December 2020

The report covers the financial period 1 July 2020 to 31 December 2020

	unaudited 6 months to 31 Dec 2020 \$'000	unaudited 6 months to 31 Dec 2019 \$'000	audited full year to 30 Jun 2020 \$'000
Total Revenue	4,283	5,134	11,937
Profit/(Loss) before tax	(273)	81	(81)
Net cash flow from operating activities	1,602	1,927	2,926
Total Assets	23,051	21,871	23,700

#### **Review of Operations**

The net deficit before taxation was \$273,000 for the six months to 31 December 2020 compared to a surplus of \$81,000 for the same period in the previous year.

#### COVID-19

The effects of the COVID-19 pandemic are still being felt by Dunedin Venues Management Limited. Due to border restrictions in place, there has been no stadium concerts or international rugby in the six months to 31 December; these events are a significant source of income for the company.

#### Dividends

No dividends were paid by the Company.

#### **Changes in Directors**

Andrew Douglas commenced an Intern Directorship on 1 January 2020 and resigned from this position on 21 July 2020.

#### Events after Balance Date

There were no significant events after the reporting period that would require adjustment or disclosure.



#### Dunedin Venues Management Limited Directors Report For the Six Months Ended 31 December 2020

#### Statement of Responsibility

The Directors accept responsibility for the preparation of the interim financial statements and the judgements used in them;

The Directors accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and

In the opinion of the Board of Dunedin Venues Management Limited, the interim financial statements fairly reflect the financial position and operations of Dunedin Venues Management Limited.

The Board of Dunedin Venues Management Limited have pleasure in presenting the interim financial statements, set out on pages 3 to 10, for the six months ended 31 December 2020 and authorises them for issue on 12 February 2021.

Mais .	Sattood
Raewyn Lovett, Chair	Adam La Hood, Director



#### Dunedin Venues Management Limited Statement of Profit and Loss For the Six Months Ended 31 December 2020

No	unaudited 6 months to 31 Dec 2020 te \$'000	6 months to 31 Dec 2019	audited full year to 30 Jun 2020 \$'000
Revenue Operating revenue Government Grants Interest received from funds on deposit	3,801 478 4	4,739 379 16	10,637 1,272 28
Total revenue	4,283	5,134	11,937
Less expenses Audit Fees Bad Debts Depreciation and impairment - PP&E Depreciation - Right of Use lease asset Directors fees Employee Expenses Finance Costs - Lease Liability Operating expenses	16 6 173 810 41 958 265 2,287	16 9 178 693 38 1,385 445 2,289	32 11 393 1,620 79 2,843 561 6,479
Total expenditure	4,556	5,053	12,018
Profit/(Loss) before taxation	(273)	81	(81)
Income tax expense/(credit)	(76)	23	(17)
Total comprehensive profit after taxation	(197)	58	(64)



#### Dunedin Venues Management Limited Statement of Changes in Equity For the Six Months Ended 31 December 2020

	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
unaudited Equity as at 1 July 2020	9,777	(7,859)	1,918
Profit/(Loss) after taxation	-	(197)	(197)
Equity as at 31 December 2020	9,777	(8,056)	1,721
unaudited Equity as at 30 June 2019 Accounting Policy change	9,477 -	(7,032) (1,536)	2,445 (1,536)
Equity as at 1 July 2019	9,477	(8,568)	909
Profit/(Loss) after taxation	-	58	58
Equity as at 31 December 2019	9,477	(8,510)	967
audited			
Equity as at 30 June 2019	9,477	(7,032)	2,445
Accounting Policy change - IFRS 16 Capital Contribution	300	(763)	(763) 300
Profit/(Loss) after taxation	-	(64)	(64)
Equity as at 30 June 2020	9,777	(7,859)	1,918

Share Equity as at 31 December 2020 is made up of 9,777,065 fully paid ordinary shares



#### Dunedin Venues Management Limited Statement of Financial Position As at 31 December 2020

As at 31 December 2020	Note	unaudited 31 Dec 2020 \$'000	unaudited 31 Dec 2019 \$'000	audited 30 Jun 2020 \$'000
Current Assets				
Cash and cash equivalents		3,457	2,704	2,858
Trade and other receivables	3	758	1,254	921
Assets held for sale		-	-	173
Total Current Assets		4,215	3,958	3,952
Non-Current Assets				
Property, plant and equipment	5	1,118	1,576	1,296
Right of Use Assets		17,013	15,971	17,823
Deferred Tax		705	366	629
Total Non-Current Assets		18,836	17,913	19,748
Total Assets		23,051	21,871	23,700
Current Liabilities				
Trade and other payables	4	575	409	500
Contract liabilities / Income in advance		2,025	2,645	1,636
Employee entitlements		112	102	. 79
Current portion of Lease Liabilities		1,509	1,162	1,492
Total Current Liabilities		4,221	4,318	3,707
Non-Current Liabilities				
Contract liabilities / Income in advance		311	107	517
Lease Liabilities		16,798	16,479	17,558
Total Non-Current Liabilities		17,109	16,586	18,075
Equity				
Share capital		9,777	9,477	9,777
Retained deficits		(8,056)	(8,510)	(7,859)
Total Equity		1,721	967	1,918
TOTAL EQUITY AND LIABILITIES		23,051	21,871	23,700



#### **Dunedin Venues Management Limited Statement of Cashflows** For the Six Months Ended 31 December 2020

For the SIX Months Ended 31 December 2	2020			
		unaudited 6 months to	unaudited 6 months to	audited full year to
No		31 Dec 2020 \$'000	31 Dec 2019 \$'000	30 Jun 2020 \$'000
Cashflows from Operating Activities	nte	\$ 000	\$ 000	\$ 000
Cash was provided from				
Receipts from customers Interest received		4,980 4	6,687	12,929
Income tax received		-	16	28 12
Net GST received		32	-	-
Subvention payments		5	-	-
Code was the was the		5,021	6,703	12,969
Cash was disbursed to Payments to suppliers and employees		3,419	4,669	9,913
Income tax paid		-	-	-
Subvention payments Net GST paid		-	107	(3) 133
	_	3,419	4,776	10,043
	_			
Net Cashflow from Operating Activities	2 =	1,602	1,927	2,926
Cashflows from Investing Activities Cash was provided from				
Sale of property, plant and equipment		11	_	_
Cash was disbursed to Purchase of property, plant and equipment		6	351	484
Net Cashflow from Investing Activities		5	(351)	(484)
Cashflows from Financing Activities Cash was provided from				
Shareholder capital		-	-	300
		-		300
Cash was disbursed to Interest paid		265	445	561
Repayment of lease liability		743	559	1,453
	-	1,008	1,004	2,014
Net Cashflow from Financing Activities		(1,008)	(1,004)	(1,714)
Net Casinow from Financing Activities		(1,008)	(1,004)	(1,/14)
Net Increase/(Decrease) in Cash and Cash Equivale	ents	599	572	727
Opening Cash and Cash Equivalents		2,858	2,132	2,132
Closing Cash and Cash Equivalents		3,457	2,704	2,858
Composition of Cash and Cash Equivalents				
Cash on Hand Bank Current Account		4 853	4 500	4 854
Deposit/(Overdraft) accounts		2,600	2,200	2,000
, ,		·		
Cash and Cash Equivalents at the end of the y	ear _	3,457	2,704	2,858

The accompanying notes and accounting policies form an integral part of these financial statements.

Dunedin Venues Management Limited Notes to the Financial Statements (unaudited) For the Six Months Ended 31 December 2020

#### 1 REPORTING ENTITY

The financial statements presented here are for the reporting entity Dunedin Venues Management Limited (the Company).

Dunedin Venues Management Limited is a Council Controlled Trading Organisation as defined in the Local Government Act 2002. The Company, incorporated in New Zealand under the Companies Act 1993, is owned by Dunedin City Holdings Limited.

The registered address of the Company is 130 Anzac Avenue, Dunedin 9016.

The financial statements of Dunedin Venues Management Limited are for the six months ended 31 December 2020 and comply with the Financial Reporting Act 1993.

The primary objective of Dunedin Venues Management Limited is to ensure the successful operation of Forsyth Barr Stadium and the Dunedin Centre (a multi-purpose entertainment, conference and events hub including the Dunedin Town Hall and the Glenroy Auditorium). Dunedin Venues Management Limited is the central hub for premier events and entertainment in Dunedin.

Dunedin Venues Management Limited is a for profit company.

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Company operates.

#### **Basis of Preparation**

The financial statements are unaudited.

The financial statements have been prepared in accordance with New Zealand Equivalents to International Reporting Standards 34, Interim Financial Reporting, and should be read in conjunction with the audited financial statements for the year ended 30 June 2020.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2020.

The judgement, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2020.



Dunedin Venues Management Limited Notes to the Financial Statements (unaudited) For the Six Months Ended 31 December 2020

	unaudited 6 months to 31 Dec 2020 \$'000	unaudited 6 months to 31 Dec 2019 \$'000	audited full year to 30 Jun 2020 \$'000
2 RECONCILIATION OF NET PROFIT FOR THE YEAR TO CASHFLOWS FROM OPERATING ACTIVITIES	<b>\$ 000</b>	<b>4</b> 000	<b>4</b> 000
Profit/(Loss) for the year after taxation	(197)	58	(64)
Plus Items Not Involving Operating Cashflows			
Depreciation and impairment	173	178	393
Depreciation of Right of Use Asset	810	693	1,620
Loss on fixed asset disposal	-	-	12
Interest paid	265	445	561
Impact of Changes in Working Capital Items			
(Increase) / Decrease in trade and other receivables	350	441	491
(Increase) / Decrease in assets held for sale	140	-	-
(Increase) / Decrease in inventory held for sale	33	-	(33)
(Increase) / Decrease in accrued income and prepayments	(219)	(372)	(3)
(Increase) / Decrease in GST receivable	32	(94)	(39)
(Increase) / Decrease in subvention receivable	(1)	62	3
(Increase) / Decrease in deferred tax	(76)	(39)	(302)
(Increase) / Decrease in deferred tax - non cash impact	-		297
Increase / (Decrease) in GST payable	-	(13)	(94)
Increase / (Decrease) in trade payables	76	(520)	(382)
Increase / (Decrease) in employee entitlements	33	(40)	(63)
Increase / (Decrease) in income received in advance	183	1,128	529
Net cashflows from operating activities	1,602	1,927	2,926
	unaudited	unaudited	audited
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
3 TRADE AND OTHER RECEIVABLES			
Trade and other receivables	459	870	820
Provision for Doubtful Debts	(27)	(47)	(38)
Accrued income and prepayments	319	469	100
Subvention receivable	-	(51)	-
GST receivable	7	13	39
	758	1,254	921
	unaudited	unaudited	audited
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$'000	\$'000	\$'000
4 TRADE AND OTHER PAYABLES			
Trade payables	584	409	508
GST payable	(0)	-	- (0)
Subvention payable	(9)		(8)
	575	409	500





Dunedin Venues Management Limited Notes to the Financial Statements (unaudited) For the Six Months Ended 31 December 2020

#### 5 PROPERTY, PLANT AND EQUIPMENT

Accumulated depreciation
Balance at beginning of period

Balance at end of period

Depreciation

	31 Decemb unaudited Buildings \$'000	er 2020 Furniture & Fittings \$'000	Office Equipment \$'000	Stadium Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Cost or Valuation Balance at beginning of period Additions	573 -	462	364	3,541 6	23	4,963 6
Disposals	-	-	-	(21)	(23)	(44)
Balance at end of period	573	462	364	3,525	-	4,925
Accumulated depreciation Balance at beginning of period	227	240	341	2,846	14	3,667
Depreciation	17	22	7	126	-	173
Disposals	-	-	-	(19)	(14)	(33)
	244	262	348	2,953	-	3,807
Balance at end of period	329	200	16	572	-	1,118
	31 Decemb unaudited Buildings \$'000	er 2019 Furniture & Fittings \$'000	Office Equipment \$'000	Stadium Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Cost or Valuation						
Balance at beginning of period	457	441	345	3,468	23	4,734
Additions	84	10	33	271	-	398
Balance at end of period	541	451	378	3,739	23	5,132

192

24

216

235

300

320

58

20

2,680

2,802

937

122

11

12

11

3,378

178

3,556

1,576

195

206

335

Dunedin Venues Management Limited Notes to the Financial Statements (unaudited) For the Six Months Ended 31 December 2020

30 June 2020

	audited					
	Buildings	Furniture & Fittings	Office Equipment	Stadium Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or Valuation						
Balance at beginning of period	457	441	345	3,468	23	4,734
Additions	116	21	19	328	-	484
Transfer to Assets held for sale	-	-	-	(234)	-	(234)
Disposals	-	-	-	(21)	-	(21)
Balance at end of period	573	462	364	3,541	23	4,963
Accumulated depreciation						
Balance at beginning of period	195	192	300	2,680	11	3,378
Depreciation	32	48	41	270	3	393
Transfer to Assets held for sale	-	-	-	(95)	-	(95)
Impairment	-	-	-	-	-	-
Disposals	-	-	-	(9)	-	(9)
	227	240	341	2,846	14	3,667
Balance at end of period	346	222	23	695	9	1,296

#### 6 CAPITAL EXPENDITURE COMMITMENTS

The Company had no capital expenditure commitments at the end of the period (2019: nil).

#### 7 CONTINGENT LIABILITIES

There were no contingent liabilities at year end of the period (2019: \$nil).

#### 8 EVENTS AFTER BALANCE DATE

There have been no significant events subsequent to balance date.



### Dunedin Venues Management Limited Directory

For the Six Months Ended 31 December 2020

#### DIRECTORS

Raewyn Lovett Joanne Conroy Adam La Hood Dylan Rushbrook

#### CHIEF EXECUTIVE OFFICER

Terry Davies

#### REGISTERED OFFICE

130 Anzac Avenue 50 The Octagon Dunedin 9016

#### BANKERS

Westpac Dunedin

#### **SOLICITORS**

Anderson Lloyd Dunedin

#### AUDITOR

Audit New Zealand on behalf of the Controller and Auditor-General



#### Dunedin Venues Management Limited Statement of Service Performance For the Six Months Ending 31 December 2020

Performance Targets	Results as at 31 December 2020
Safety and Compliance	
Meet Ministry of Health and Government requirements as set out in New Zealand's alert level system which specifies measures to be implemented against COVID-19 at each level.	All systems are in place and no breaches identified.
Ensure all staff have access to required systems in the event they are not able to work in the office.	In place and operational.
Health and Safety Plan has been reviewed. Corrective actions are prioritised and actioned.	Completed.
Site, Contractor and Event Audits show no breaches of agreed procedures.	No breaches identified.
Only inducted Contractors gain entry into venues.	No breaches identified.
An Incident Frequency Rate Events (IFRE) of less than 0.05% of the total number of people attending events at the venues.	The IFRE of total attendance is 0.020% for the 6 month reporting period.
Total Incident Rate (TIR) rate of less than 6 incidents per 200,000 hours worked.	The TIR is zero for the 6 month reporting period (2019 HY: 0).
Total Recordable Incidents (TRI) rate of less than 3	The TRI rate was zero for the 6 month reporting period (2019 HY: 0).
Lost Time Incident rate of less than 2	Lost Time Incident rate was zero for the six month reporting period (2019 HY: 0).
Lost Time Incident Frequency Rate (LTIFR) less than 17 per 1,000,000 hours worked.	The LTIFR is zero for the 6 month reporting period (2019 HY: 0).
Staff training is current and meets current legislative requirements.	All training is current.
Achieve Performing score or better across all elements of the SafePlus criteria within three years.	Internal safety audit completed and action items included into the Strategic Health and Safety Improvement Plan.
Facilities and infrastructure are maintained as fit for purpose and in accordance with the Asset Management Plan (AMP) entered into with Dunedin Stadium Property Limited (DSPL).	All facilities and infrastructure have been maintained in accordance with the asset management plan.
Provide to DSPL for each board meeting updates on the AMP, warranty and compliance and any significant maintenance undertaken	Completed.
No material breaches of legislation	There were no breaches of compliance or warranties during the reporting period.

COMMITTEE 8 March 2021

Financial Achieve or exceed budget results.	Achievement against forecasted SOI results are as follows:
Achieve of exceed budget results.	Target Actual 30 June 2021 \$ ,000 \$ ,000
	EBITDA 70  Net Profit after Lax (3/2)  Cash Flow from  Operations These will be (1,250)  Capital Expenditure reported at year  Shareholder Funds to end  Total Assets 0.07:1  Dividend/Subvention  Distribution -
Achieve a 15:1 return on investment of the Event Attraction Fund.	The Event Attraction Fund has not been utilised at 31 December 2020.
	A breakdown of the return on investment for the six months to 31 December 2019 were as follows:  Event Return Fleetwood Mac 67:1 Total 67:1
Marketing and Business Objectives Survey Commercial Partners for satisfaction level - minimum 80% satisfaction to be achieved.	The Commercial Partners survey has not been completed at 31 December 2020.
Produce a Venue Hirer document that encompasses all venues and shows the diversity of space.	Completed.
Venue bookings to be secured through engagement with venue hirers both new and existing.	Engaging with new and existing clients on a regular basis to secure new and diverse content.
New business opportunities are created through non-event business activity.	Engaging with new and existing clients on a regular basis to secure new and diverse content.
Members receive quality engaging communication and content through a regular newsletter.	Newsletter sent to Members monthly.
Achieve 75% retention rate of Member renewals.	Of the membership contracts up for renewal, 60% resigned during the reporting period. This equated to 28% retention when calculated on a Membership seats basis.
Achieve 45 new memberships.	A total of 2 memberships were sold for the six months to 31 December 2020 (2019 HY: 19).
Introduce one new Member initiative each year. Survey Members for satisfaction level – minimum 80% satisfaction to be achieved.	New initiatives are currently under development.  Membership survey scheduled to be sent out in Q3.

FINANCE AND COUNCIL CONTROLLED ORGANISATIONS

Human Resources	
Staff numbers are at a level and	Staff numbers and skillbase are constantly reviewed
skillbase whereby all business activity	against the event calendar to ensure business activity can
can be undertaken safely and	be undertaken safely and successfully.
successfully.	be undertaken salely and successfully.
Performance reviews are conducted	Six monthly staff performance reviews were completed
with all staff at least every six months.	during December 2020 and January 2021.
With an star at least every six months.	daring becomes 2020 and sandary 2021.
DVML employees are paid at least the	All staff are paid the living wage, or more.
living wage.	- I - I - I - I - I - I - I - I - I - I
Staff participate in at least one	To date, this has not been activated.
community activity, eg charity	
collection.	The annual conservation has biotestically been undertaken in
Conduct a confidential staff survey	The annual survey has historically been undertaken in June.
annually and implement	June.
improvements/recommendations.  Shareholder	
Submit annually DVML's Statement of	DVML's Statement of Intent was submitted within Dunedin
,	
Intent having given consideration to Dunedin City Council's expectations.	City Holdings Limited timeframes after taking into consideration the expectations of Dunedin City Holdings
Dunedin City Council's expectations.	Limited.
Matters have been escalated to	There were no matters, where there may be conflict
the shareholder.	between the Dunedin City Holdings Limited outcomes, that
life shareholder.	required escalation to the shareholder.
Report to Dunedin City Holdings	There were no matters, which may have the potential to
Limited within 24 hours of the	negatively impact on the shareholder and the company,
board becoming aware of	that were required to be reported to Dunedin City Holdings
substantive matters which have	Limited.
the potential to negatively	Effica
impact on the shareholder and	
the company with a particular	
focus on matters of interest to	
the media.	
Social and Wellbeing	
Positive community feedback and	DVML reaches out to its community through various social
	media channels. Senior staff members also attend
increased satisfaction levels through	
the residents opinion survey.	speaking engagements with community groups. The DCC
	Residents Opinion Survey 2020 resulted in 89% satisfaction with the Forsyth Barr Stadium. Satisfaction
	with the Dunedin Centre is at 80%.
	with the Dunedin Centre is at 80%.
Report to the Dunedin City Council on	Completed and submitted to the Dunedin City Council.
the application of the Service Level	
Agreement for Community Event	
Funding to ensure it is applied	
efficiently and caters to a variety of	
events and community groups.	
Senior management conduct a	Senior Management have participated in 4 speaking
minimum of 5 speaking engagements.	engagements to 31 December 2020.
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COMMITTEE 8 March 2021

Economic Development Strategy Achieve a minimum of \$5m visitor spend per each major event (>10,000 pax) for DVML and Dunedin City.	There have been no m	ajor events to 31	December 2020.
	The Economic Impact to 31 December 2019  Event	were as follows: Direct ex (\$,	or the six months ependiture
	Fleetwood Mac  Total	13,500 <b>13,500</b>	
Achieve minimum 80% satisfaction rating through surveys of all major events (>10,000 pax).	There have been no m	ajor events to 31	December 2020.
60% of attendees of all major events (>10,000 pax) to come from outside of Dunedin City.	The following satisfaction and attendance numbers were achieved for the six months to 31 December 2019:		
	Event	Satisfaction	% Attend outside of Dunedin
	Fleetwood Mac	78%	73%
In conjunction with the DCC, submit bids of a high quality that will drive economic benefit and civic pride for the city.	Bidding documentation have been submitted t		
Environment Strategy			
Identification of Hazardous Substances and New Organisms (HSNO) across DVML operated facilities.	All HSNO requirements are in place and being audited regularly.		
Establish measuring systems and publicly reporting carbon emmissions by the end of FY 2021.	Currently in progress.		
Increased communications with attendees at all venues about recycling and waste management.	New signage and recylcing stations deployed throughout Forsyth Barr Stadium.		
Building Management System has been reviewed annually.	The Building Managem	nent System will b	e reviewed in Q4.
Sustainability team is formed and develops a sustainability plan in conjunction with an external sustainability consultant.	The Sustainability tear Project to identify opp		

FINANCE AND COUNCIL CONTROLLED ORGANISATIONS



### DRAFT 2021/22 STATEMENTS OF INTENT - DUNEDIN CITY HOLDINGS LIMITED GROUP COMPANIES

Department: Executive Leadership Team

#### **EXECUTIVE SUMMARY**

This report presents the draft 2021/22 Statements of Intent of Dunedin City Holdings Group companies for Council comments and/or noting.

#### RECOMMENDATIONS

That the Committee:

a) **Notes** the draft 2021/22 Statements of Intent of Dunedin City Holdings Group companies;

#### **BACKGOUND**

- 2 Council Controlled Organisations (CCOs) are required to deliver draft Statements of Intent (SOIs) to Council each year.
- The SOI demonstrates accountability to the shareholder and the public by outlining the company's activities and intentions for the next three financial years. The SOI provides the basis for the accountability of the directors to their shareholder for the performance of their organisation.
- Draft SOIs have been prepared to reflect the Letter of Expectation (LoE) from the Dunedin City Council dated 25 February 2021.

#### **DISCUSSION**

- The DCHL Report that is included in the attachments identifies key considerations that are relevant when reviewing these draft SOIs.
- Please note that due to the compliance timeframes and the length of time between preparation of these draft SOIs and the final SOIs, the financial projections contained in draft SOIs are likely to be at a variance with those presented on or before 30 June 2021.
- As a shareholder of DCHL the Council may provide comments on the draft SOIs to the Board of DCHL, who must consider any such comments. DCHL will also co-ordinate providing any feedback to subsidiary and/or associate companies.





Final SOIs must then be delivered to shareholders on or before 30 June 2021. SOIs are made available publicly on the DCC website on or before 1 July 2021.

#### **OPTIONS**

9 Not applicable.

#### **NEXT STEPS**

- 10 Elected Members will be asked to provide email feedback to the Acting General Manager Finance by 31 March 2021. That feedback will then be collated into a report to Council on 13 April 2021 for Council to consider if it wishes to amend the SOIs. Council's decisions at that meeting will then be provided to DCHL by the statutory deadline of 1 May 2021.
- 11 Financial projections will be updated prior to the completion of final SOIs in June 2021.

#### **Signatories**

Author:	Gavin Logie - Acting General Manager Finance
Authoriser:	Sandy Graham - Chief Executive Officer

#### **Attachments**

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ŪA	DCHL Group Cover Report	173
<u></u> ₽B	Draft Statement of Intent - Dunedin City Holdings Limited	175
<u> </u>	Draft Statement of Intent - Aurora Energy Limited	184
₫D	Draft Statement of Intent - City Forests Limited	199
ŢE	Draft Statement of Intent - Delta Utility Services Limited	211
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ŪG	Draft Statement of Intent - Dunedin Treasury Limited	243
<u> </u>	Draft Statement of Intent - Dunedin Railways Limited	251
<u> </u>	Draft Statement of Intent - Dunedin Stadium Property Limited	258
$\overline{\Pi}$ l	Draft Statement of Intent - Dunedin Venues Management Limited	265



SUMMARY OF CONSIDERATIONS					
Fit with purpose of Local Government					
This report relates to providing local infrastructure, public services and regulatory functions for the community.					
Fit with strategic framework					
	Contributes	Detracts	Not applicable		
Social Wellbeing Strategy			$\boxtimes$		
Economic Development Strategy			$\boxtimes$		
Environment Strategy			$\boxtimes$		
Arts and Culture Strategy			$\boxtimes$		
3 Waters Strategy			$\boxtimes$		
Spatial Plan			$\boxtimes$		
Integrated Transport Strategy			$\boxtimes$		
Parks and Recreation Strategy			$\boxtimes$		
Other strategic projects/policies/plans			$\boxtimes$		
All draft SOIs take Council's Strategic Framework, DCHL into account.	and the theme	s of Council's L	etter of Expectation to		
Māori Impact Statement					
There are no known impacts for tangata whenua.					
Sustainability					
There are no known implications for sustainability.					
LTP/Annual Plan / Financial Strategy /Infrastructure Strategy					
The financial forecasts within the DCHL SOI (page 6) shows annual levels of interest (\$5.9m) and dividend (\$NiI) payable to DCC that are consistent with the DCC Long Term Plan.					
Financial considerations					
Refer "LTP/Annual Plan/Financial Strategy/Infrastructure Strategy" section above. Also note that final projections (including group debt) will be updated prior to finalisation of the Sols.					
Significance					
This matter is considered Low in terms of Council	's Significance a	nd Engagemer	nt Policy.		
Engagement – external					
There has been no external engagement outside of DCHL Group.					
Engagement - internal					
There has been no internal engagement to date. Feedback on the SOIs will be provided by elected members and considered by Council prior to being conveyed to DCHL					
Risks: Legal / Health and Safety etc.					
There are no known ricks					



#### **SUMMARY OF CONSIDERATIONS**

#### Conflict of Interest

There are no known conflicts of interest.

### **Community Boards**

There are no known implications for Community Boards.





### Report

TO: Dunedin City Council

FROM: Keith Cooper, DCHL Chair

Jemma Adams, General Manager DCHL

**DATE:** 1 March 2021

**SUBJECT:** Draft 2021/2022 Statements of Intent of DCHL Group companies

#### SUMMARY

This report accompanies the Draft 2021/2022 Statements of Intent of Dunedin City Holdings Ltd (DCHL) and its subsidiary and associate companies.

#### **BACKGROUND**

- The Local Government Act 2002 (the Act) requires that the Board of a Council Controlled Organisation (CCO) deliver to its shareholders a draft Statement of Intent (SoI) on or before 1 March each year. Schedule 8 of the Act sets out the specific requirements of SoIs.
- The SoI demonstrates accountability to the shareholder and the public by outlining the company's activities and intentions for the next three financial years. The SoI provides the basis for the accountability of the directors to their shareholder for the performance of their organisation.
- This report accompanies the draft Statements of Intent for the Year Ending 30 June 2022 of:
  - a. Dunedin City Holdings Ltd (DCHL)
  - b. Aurora Energy Ltd
  - c. City Forests Ltd
  - d. Delta Utility Services Ltd
  - e. Dunedin International Airport Ltd
  - f. Dunedin City Treasury Ltd
  - g. Dunedin Railways Ltd
  - h. Dunedin Stadium Property Ltd
  - Dunedin Venues Management Ltd.

#### DISCUSSION

- Draft SoIs have been drafted to reflect the Letter of Expectation (LoE) from the Dunedin City Council to Dunedin City Holdings Ltd dated 25 February 2021.
- The financial forecasts in these draft SoIs should be viewed as indicative only. Most DCHL Group companies undertake their budgeting for the coming year in April and May, when

Page 1 of 2



- current year data and market outlook information is available. The financial forecasts presented in these draft SoIs is likely to be at variance from final SoIs in June 2021.
- 6. This disclaimer is particularly relevant for Aurora Energy Ltd. The forecasts in Aurora Energy's attached draft SoI are based on the company's Customised Price-quality Path (CPP) application made in June 2020. The Commerce Commission's final determination on that application is due on 31 March 2021 and this will influence the company's financial forecasts going forward. The forecasts presented in Aurora Energy's final Statement of Intent in June will therefore likely be at variance to the current draft.
- 7. Dunedin Railways Ltd's draft SoI should be considered a placeholder. A paper setting out options for the company's future is due to be considered by Council before the SoI is finalised. The SoI will be re-drafted once the outcome of Council's decisions and the plan for the company over FY2022 is known.
- 8. Group debt forecasts set out in DCHL's and Dunedin City Treasury Ltd's SoIs comprise the forecast borrowings of the DCHL Group companies and those of Dunedin City Council. Final SoIs will be updated to include the most recent debt forecasts for all group entities, including the DCC, which will be available when SoIs are finalised in June.

#### **NEXT STEPS**

- The LGA allows for shareholder feedback on draft Statements of Intent to be provided by 1 May. DCHL is available throughout this period to answer questions or provide further information about SoIs. DCHL will also co-ordinate providing any feedback to subsidiary and/or associate companies.
- Final SoIs must be delivered to shareholders on or before 30 June 2021. SoIs are made available publicly on the DCC website on or before 1 July 2021.

Keith Cooper Chair

Jemma Adams General Manager





### **DRAFT STATEMENT OF INTENT**

For the Year Ending 30 June 2022

#### DRAFT Statement of Intent 2021/22

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DRAFT Statement of Intent 2021/22

#### 1. INTRODUCTION

Dunedin City Holdings Limited (DCHL) is a Council-Controlled Organisation (CCO) owned by Dunedin City Council (the Council).

DCHL oversees eight subsidiary and associate companies that own and manage key city infrastructure and provide benefit to the city. DCHL's portfolio comprises 100% shareholdings in Aurora Energy Ltd, City Forests Ltd, Delta Utility Services Ltd, Dunedin City Treasury Ltd, Dunedin Railways Ltd, Dunedin Stadium Property Ltd and Dunedin Venues Management Ltd. It also owns 50% of Dunedin International Airport Ltd.



This Statement of Intent (SoI) sets out DCHL's planned activities, objectives and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in DCHL's 2022 Annual Report.

#### 2. OBJECTIVES

DCHL's purpose is to achieve for Dunedin the best from its investments. This purpose is supported by more specific strategic objectives and activities, as shown in the company's strategic framework:

#### To achieve for Dunedin the best from its investments.



2021/22 SoI

**Dunedin City Holdings Limited** 

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#### DRAFT Statement of Intent 2021/22

In 2021/2022, DCHL intends to focus on active management of its portfolio, and further development of its long-term strategy to build shareholder value.

DCHL's objectives and targets for the year, as set out on the following page, support this focus.

As a CCO, DCHL also has the following objectives, as defined in the Local Government Act 2002:

- a) achieve the objective of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) be a good employer; and
- exhibit a sense of social and environmental responsibility by having regard to the interests
  of the community in which it operates and by endeavouring to accommodate or encourage
  these when able to do so.

DCHL conducts its affairs in accordance with sound business practice.

#### 3. APPROACH TO GOVERNANCE

DCHL is governed by a board of independent directors appointed by the company's shareholder. Directors meet regularly to direct and control DCHL's proceedings.

The role of a Director of a CCO is defined in the Local Government Act 2002 as "to assist the organisation to meet its objectives and any other requirements in its Statement of Intent."

The DCHL board operates in accordance with accepted best practice.

DCHL holds responsibility for appointing directors to the boards of Aurora Energy Ltd, City Forests Ltd, Delta Utility Services Ltd, Dunedin Railways Ltd¹ and Dunedin Venues Management Ltd. DCHL is also responsible for appointing two of the four directors of Dunedin International Airport Ltd, and for appointing the Chair of Dunedin Stadium Property Ltd.

DCHL makes all appointments in accordance with its procedures. This includes giving consideration to a range of factors, including demographic diversity, location, succession planning, stakeholder and community relationships, whether knowledge of tikanga Māori may be relevant, potential actual or perceived conflicts of interest of candidates, and DCHL's objectives for the relevant board.

DCHL are supportive of equal employment opportunities at all levels within the Dunedin City Holdings Ltd Group.

#### 4. NATURE AND SCOPE OF ACTIVITIES

DCHL is responsible for setting the strategic direction of Dunedin City Council's companies as a group, monitoring their operational performance, appointing directors to their boards, providing input to annual planning documents, and providing or withholding approval for transactions where approval is required. These activities are reflected in the company's strategic framework above.

The undertaking by DCHL of any activity of a nature or scope outside of this would be subject to the prior approval of the shareholder.

2021/22 SoI

 $<sup>^1</sup>$  As at 1 July 2020, Dunedin City Council has appointed DCHL directors to the Board of Dunedin Railways Ltd as an interim arrangement. Longer term governance decisions will be made once options for Dunedin Railways Ltd have been evaluated and reported back to Council.

DRAFT Statement of Intent 2021/22

#### 5. PERFORMANCE TARGETS

Strategic Objective	Activity	Target
To encourage and facilitate increased shareholder value of DCHL Group companies	Monitor performance of DCHL Group companies to ensure returns (financial and other) are optimised  Seek opportunities to create synergies, leverage experience or expertise across DCHL Group, where appropriate	DCHL Board perform a monthly review of DCHL Group companies' operating activities, including financial performance against budget (DIAL quarterly) DCHL Board monitor DCHL Group companies' progress against their SoI targets quarterly Synergies have been made across the DCHL Group
To take a long term and strategic view of the portfolio, and make proposals to Council on strategic issues	Monitor performance of DCHL portfolio as a whole to ensure returns (financial and other) are optimised  Consider strategic issues	DCHL Board review consolidated DCHL Group financial performance against budget (monthly) DCHL Board review of DCHL Group companies' rates of return (quarterly) DCHL Board provide a quarterly update to Council on the DCHL Group's performance (financial and other) DCHL Board review the ownership and
	Provide input on DCHL Group companies' medium to long term strategies	Consider color the DCHL Group companies (at least annually)     Consider capital expenditure proposals and business cases in accordance with company constitutions and SoIs     DCHL Board engage with each group company at least annually on strategy     DCHL Board meet with full group of
To promote and support DCHL Group companies' contribution to Council's Strategic	Review and approve DCHL Group Statements of Intent for consistency with Council's strategic direction Set expectations through annual	Chairs twice annually Review draft SoIs by 1 March 2022 Approve SoIs by 30 June 2022  Send Letters of Expectation to subsidiary
Framework and Climate Change and Carbon Neutrality initiatives	Letters of Expectation to DCHL Group companies Support progress across the DCHL group in moving towards measuring, reporting and reducing carbon emissions	and associate companies by 20 December 2021  • Co-ordinate DCHL Group companies (including DCHL) to disclose their carbon footprint in their Annual Report  • DCHL Board review subsidiary and associate companies' carbon footprint
To ensure DCHL Group companies have best practice governance, are good employers, and operate in an environmentally and socially responsible	Appoint Directors to DCHL Group companies; appoint Chairs to subsidiary companies Ensure companies are good employers, and operate in an environmentally and socially responsible way. DCHL expects	reduction strategies and activities     Appointments and re-appointments are all completed on time, and in compliance with DCHL and Council policy     Ensure DCHL Group companies have appropriate policies and procedures in place     Co-ordinate with companies on additional
Communicate with the shareholder on a 'no surprises' basis.	Group companies to maintain ongoing focus on health and safety as a top priority.  Consult with the shareholder in a timely manner on DCHL Group strategic or operational matters which could compromise the Council's community outcomes.	ESG disclosures in 2022 Annual Reports, including CEO remuneration and board and senior management gender diversity     All such matters escalated to the shareholder in a timely manner.
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	All such matters reported to the shareholder within 24 hours.

2021/22 SoI **Dunedin City Holdings Limited** 

DRAFT Statement of Intent 2021/22

#### 6. FINANCIAL FORECASTS

This section sets out DCHL Group's financial forecasts for the next three financial years.

The ratio of Shareholder's Funds to Total Assets and the definition of those terms.

	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Shareholder's funds to total assets	19%	19%	19%

<sup>&</sup>quot;Shareholder's Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings. "Total Assets" means the aggregate amount of all current and non-current assets.

Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholder.

	Year ending 30/06/2022 \$'000	Year ending 30/06/2023 \$'000	Year ending 30/06/2024 \$'000
Interest paid to shareholder	5,902	5,902	5,902
Dividend distributions	0	0	0

#### **Other Financial Forecasts**

	Year ending 30/06/2022 \$'000	Year ending 30/06/2023 \$'000	Year ending 30/06/2024 \$'000
Net profit after tax	14,726	19,569	29,449
Cash flow from operations	51,813	58,181	72,301
Capital expenditure	95,176	100,986	98,261
Contributions of equity	2,550	2,550	2,550
Term loans – parent	22,861	20,041	15,481
loan group	1,044,311	1,100,998	1,117,796

Contributions of equity of \$2,550,000 are injected as capital into the DCHL parent, as recommended in the 2015 Stadium Review. It is then injected into Dunedin Stadium Property Limited and Dunedin Venues Management Limited to assist with the operational, capital and debt financing requirements of these companies.

Financial forecasts are based on forecasts from subsidiary and associate companies. The projections provided have been prepared using the best information available at the time of preparation.

#### 7. ACCOUNTING POLICIES

General Accounting Policies

The accounting policies recognised by the External Reporting Board (XRB) for the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

2021/22 SoI

**Dunedin City Holdings Limited** 

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#### DRAFT Statement of Intent 2021/22

#### Particular Accounting Policies

The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are fully listed in DCHL's annual report.

#### 8. DIVIDEND POLICY

DCHL's dividend policy is to pay a minimum 60% of the DCHL parent company's after-tax profit, subject to the Directors' obligations to act in accordance with their statutory duties and in the best interest of DCHL. The actual level of dividend will be determined by the Directors each year in light of the circumstances that exist at the time.

In arriving at a dividend recommendation, Directors will consider:

- a) DCHL's financial performance, in particular, the cash flows from operations;
- b) The ratio of DCHL's shareholders funds to total assets (equity ratio);
- c) DCHL's future investment plans and profitability thereof;
- d) DCHL's ability to raise loans and the terms thereof;
- e) DCHL's current cost of borrowings; and
- f) The objective to provide a consistent dividend flow to the shareholder.

Any dividend will be paid by 30 June.

The Directors anticipate no dividend will be paid for the next three financial years.

#### 9. COMMERCIAL VALUE OF THE SHAREHOLDER'S INVESTMENT

The commercial value of the Shareholder's investment in DCHL is considered by the directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

This will be considered annually when the Statement of Intent is completed.

#### 10. TRANSACTIONS WITH RELATED PARTIES

Dunedin City Council is the sole Shareholder of DCHL.

DCHL is the sole Shareholder of Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited, Dunedin Railways Ltd, Dunedin Venues Management Limited and Dunedin Stadium Property Limited.

DCHL owns 50% of Dunedin International Airport Limited.

Transactions between the Companies, DCC and other DCC controlled enterprises will be on a wholly commercial basis

Charges from DCC and its other entities and charges to DCC and its other entities will be made for goods and services provided as part of the normal trading activities of each Company.

2021/22 SoI

**Dunedin City Holdings Limited** 

#### DRAFT Statement of Intent 2021/22

#### **Related Party Transactions**

Dunedin City Council	Provision of administrative and financial services DCHL	
	Interest on shareholder advance and dividends to DCC	
Dunedin City Treasury Limited	Provision of debt funding to DCHL generating interest payments to DCTL	
Group Companies	Subvention and dividends to DCHL	
	Provision of management services to DCHL Group companies	

DCHL and its subsidiaries will undertake to obtain all debt funding from DCTL, with exceptions as agreed with the Board of DCHL.

#### 11. OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD

Information to be provided to the shareholder

Information	Quarterly	Half Yearly	Annual
Key financial performance indicators	✓	✓	✓
Statement of Financial Performance		✓	✓
Statement of Financial Position		✓	✓
Statement of Cash Flows		✓	✓
Statement of Movement in Equity		✓	✓
Notes to the Financial Statements		✓	✓
Statement of Service Performance against SoI targets	✓	✓	✓
Directors' Report		✓	✓
Auditors' Report			✓
Draft Statement of Intent			Prior to 1 Mar
Final Statement of Intent			Prior to 30 Jun

#### Working with the shareholder

DCHL will undertake to keep the shareholder informed of all substantive matters, as set out in the performance targets above. DCHL will work to build a culture of accountability and constructive working practices between DCHL, its subsidiaries and the shareholder. It is expected that any conflicts that may arise will be resolved directly between the shareholder and DCHL, in accordance with appropriate governance practices.

Acquisition / divestment of assets or shares in any company or organisation

DCHL will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to DCHL. In order to maximise benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that DCHL or its subsidiaries should acquire assets, they will obtain prior approval of the Shareholder where an investment into the new assets exceeds \$5 million. For the purpose of this section, "asset(s)" includes a group of assets similar in type, cost and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the Directors intend that DCHL or its subsidiaries should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) exceeding a total investment of \$5 million they will obtain prior approval of the Shareholder.

2021/22 SoI

**Dunedin City Holdings Limited** 

#### DRAFT Statement of Intent 2021/22

The approval of the Shareholder is required before disposal by DCHL of any segment of its business or shares in a subsidiary or associate company where the value of the asset to be disposed of exceeds the investment delegated authority of \$5 million.

#### Compensation sought

At the request of the Shareholder, DCHL may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities. At present, DCHL does not have any activities in respect of which its Board wishes to seek compensation from any local authority.

#### Group Facility Use

DCHL will undertake "Group" purchasing of goods and services, unless it is demonstrated conclusively to the Shareholder that the total combined cost of such Group purchasing to the Group and Dunedin City Council (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

#### Other agreements

DCHL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position.

DCHL will disclose in its Annual Report the proportion of DCHL Group staff receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).



2021/22 SoI

**Dunedin City Holdings Limited** 





### Draft Statement of Intent

for the year ending 30 June 2022

As at 26 February 2021



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#### 1 Introduction and Purpose of Statement of Intent

Aurora Energy Ltd ('the Company') transports electricity from the national grid to the end-use consumer ensuring the safe, reliable and efficient supply of electricity to homes, farms and businesses throughout the Otago region.

The Company is an Energy Company and a wholly owned subsidiary of Dunedin City Holdings Ltd. Dunedin City Holdings Ltd is wholly owned by the Dunedin City Council.

This Statement of Intent (SoI) sets out the Company's planned activities and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in the Company's 2022 Annual Report.

The planned activities and performance measures take shareholder comments into consideration.

#### 2 Objectives

The Company aims to support the future growth and wellbeing of communities in the Otago region by supplying electricity when and where it is needed - safely, reliably and efficiently, and supporting customers' future energy choices by embracing the new and innovative technologies that are now emerging.

During the year ended 30 June 2022, the Company's focus will be on the key business initiatives detailed in its recent Customised Price-Quality Path (CPP) application. These initiatives will build further asset management and work delivery capabilities, enhance customer experiences and continue to improve the safety and reliability performance of the network assets.

As an Energy Company, the Company has the following objectives, as defined in the Energy Companies Act 1992:

- 1. The principal objective on an Energy Company is to operate as a successful business; and
- In seeking to attain its principal objective, an Energy Company shall have regard, among other things, to the desirablity of ensuring the efficient use of energy.

In operating its business, the Company also has regard to the objectives of a Council Controlled Trading Organisation to:

- a) achieve the objective of its shareholder, both commercial and non-commercial, as specified in the statement of intent; and
- b) be a good employer (as per clause 36 of Schedule 7 to the Local Government Act; and
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- d) conduct its affairs in accordance with sound business practice.

Health, Safety and Wellbeing is integral to the manner in which Aurora Energy Ltd operates and conducts its business affairs.

#### 3 Approach to Governance

In addition to the obligations of the Energy Companies Act 1992, the Company is also subject to the requirements of the Companies Act 1993 and is governed by a Board of independent directors appointed by the Company's shareholder, Dunedin City Holdings Ltd.

The Board of independent directors operates in accordance with accepted best practice governance.

The role of a director of an Energy Company is defined in Section 37 of the Energy Companies Act 1992. This section states that all decisions relating to the operation of an Energy Company shall be made by or pursuant to the authority of the directorate of the Company in accordance with its

Statement of Intent. The Board is responsible for the preparation of the Sol which requires approval from the Company's shareholder.

The Board meets on a regular basis to direct and control the company's activities. Directors are appointed by the shareholder and a Board performance evaluation framework is in place.

The Board accepts that it is responsible for the overall control system operating within the company but recognises that no cost-effective internal control system will permanently preclude all errors or irregularities. The control systems reflect the specific risks associated with the business of the company.

The shareholder reviews and approves the SoI and three year financial plan.

Six-monthly and annual reports of financial and operating performance are provided to the shareholder.

#### 4 Nature and Scope of Activities

The principal activities of the Company are the ownership, development and strategic management of electricity distribution network assets in Dunedin and Central Otago. The Company is also engaged in activities aimed at supporting customers' future energy choices through the deployment of new and innovative emerging technologies.

The Company's function is to transport electricity from the national grid to the end-use consumer, ensuring a safe, reliable and efficient distribution network.

Customers include large directly billed consumers, distributed generators and New Zealand's electricity retailers.

Key suppliers include field service providers contracted to build and maintain the Company's electricity distribution network assets.

Under the Commerce Commission's Electricity Information Disclosure Requirements, the Company is required to publish, at least biennially, a 10 year Asset Management Plan. The Company's Asset Management Plan sets out the way in which it plans to ensure that long-lived assets are managed sustainably.

Aurora invites comment on its Asset Management Plan from electricity retailers (on behalf of their customers) and provides opportunity for public comments via its website.

The undertaking by the Company of any activity of a nature or scope outside of the activities outlined above would be subject to the prior approval of the shareholder.



#### 5 Performance Targets and Other Measures

Goals	Objectives	Performance Measures
	SAFETY	
Overall Objective: To build a hig	h-performance Safety culture in which Safety Nothin	ng Less is our performance standard
Overall Outcome: S	safety Nothing Less for Aurora Energy staff, Contracto	ors and the Community
To deliver on Aurora Energy's, Health, Safety and Wellbeing strategies and associated business plans	Zero serious harm events involving members of the public	Number of serious injury events (excluding third party contacts with the network) involving members of the public
		Targets:
		2022 0
		2023 0
		2024 0
	Reduce levels of recordable harm	Total Recordable Injury Frequency Rate (TRIFR) per 200,000 hours worked by Aurora and Contractors
		Targets:
		2022 < 4.00
		2023 < 3.75
		2024 < 3.50



Goals	Objectives	Performance Measures
	ASSET MANAGEMENT	
Overall	Objective: Deliver Excellence in lifecycle Asset Man	nagement
	Overall Outcome: Asset Management Excellence	
	Reliability Performance Targets	
SAIDI and SAIFI Performance Measures are cal	culated in accordance with the Commerce Comm	ission's Default Price Quality Path methodology.
	sures for 2022, 2023 and 2024 are consistent with the s Customised Price-Quality Path released 12 Novem	
To deliver electricity supplies to consumers on the	SAIDI	Average minutes without electricity per consumer
Aurora network of a reliability standard that meets the service level targets in the company's	System Average Interruption Duration Index	Limits for years ended 31 March :
2021-2030 Asset Management Plan.	- Class B Interruptions (Planned)	2022 ≤ 195.96 minutes 2023 ≤ 195.96 minutes 2024 ≤ 195.96 minutes
	SAIDI	Average minutes without electricity per consumer
	System Average Interruption Duration Index	Limits for years ended 31 March:
	- Class C Interruptions (Unplanned)	2022 ≤ 124.94 minutes 2023 ≤ 124.94 minutes 2024 ≤ 124.94 minutes
	SAIFI	Average frequency of outages per consumer
	System Average Interruption Frequency Index	Limits for years ended 31 March:
	- Class B Interruptions (Planned)	2022 ≤ 1.11 2023 ≤ 1.11 2024 ≤ 1.11
	SAIFI	Average frequency of outages per consumer
	System Average Interruption Frequency Index	Limits for years ended 31 March:
	- Class C Interruptions (Unplanned)	2022 ≤ 2.07 2023 ≤ 2.07 2024 ≤ 2.07



Goals	Objectives	Performance Measures
	Asset Management Maturity	
Enhance asset management practices across the business	Implement process and capability improvements identified as necessary to enhance asset management practice	New asset management system is successfully implemented and operational by 30 June 2022
Develop mature & compliant asset management planning approaches	Effective long-term planning for Aurora Energy's asset portfolio is in place	Annual and compliant Asset Management Plan is published as per regulatory requirements.
	OPERATIONAL PERFORMANCE	
Overall Ol	ojective: Deliver demonstrably optimised business pe	erformance
Overa	ll Outcome: A capable & streamlined business perfor	mance
Improve Aurora Energy's work programme scheduling	Ensure forward-looking work programmes are in place	Work programmes are delivered to Contractors on a rolling quarterly basis in accordance with Field Service contract terms
New Enterprise Risk Management Framework is an ongoing reference point for managing risks	Aurora Energy Risk Register is regularly reviewed & updated and the risk profile is managed in accordance with Board approved risk tolerance levels.	Risk Management Framework embedded as evidenced by:
		- Risk registers reviewed regularly and up to date,
		- Risk treatment plans reviewed regularly and up to date
		- Regular reporting to Board and Audit & Risk Committee
Aurora Energy is prepared and able to respond appropriately to emergencies	Regularly test Aurora Energy's emergency response plan	Annual test of Aurora Energy's emergency response is completed and actions for improvements are documented



Goals	Objectives	Performance Measures
	CUSTOMER ORIENTATION	
Overall Objective	e: To deliver value to our customers and stakeholders	s – current & future
	Overall Outcome: Satisfied customers & stakeholder	s
Streamline the process for customers wanting to connect to the Aurora Energy network	Roll-out improvements to the Customer connection process	New customer connection process improvement in place for:
		- Standard connection process
		- Strategic connection process
		- Distributed Generation connection process
To make a positive contribution to our community	Maintain community support through approved sponsorships and community initiatives	Sponsorship and community intitives \$ per annum Targets:
		2022 \$10,000 2023 \$10,000 2024 \$10,000
Consult and engage with customers and stakeholders	To provide regular updates and consult with the community on the delivery of our CPP programme	Annual delivery reporting and regional community engagements are delivered in accordance with the final CPP decision
	OUR TEAM	
Over	all Objective: To build a high performing & respected	d team
Overall C	Outcome: An engaged, diverse, inclusive and motive	ated team
To develop a high performing team	Support development opportunities for each team member	Learning & development plans in place for >75% of team members by 31 October each year
To create a motivated & satisfied team	Understand opportunities for improvement within our team environment	>75% staff satisfaction result on annual employee survey
To create an environment that supports overall individual & team wellness	Develop opportunities across the business that support the overall wellness of our team	A Board-approved Wellbeing Programme is in place. The Programme is reviewed and updated annually.



Goals	Objectives	Performance Measures		
	SUSTAINABILITY			
Overall	Objective: Embed Sustainability processes across ou	r business		
Overall Outco	me: Enable the management of a reduction in our c	arbon footprint		
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Contribute to Council's Carbon Neutrality initiatives	Systems for measuring and publicly reporting carbon emissions are established and maintained on a regular basis. Reporting is reviewed on a regular basis. A strategy for reducing emissions is in place.		
Uphold the Resource Management Act	Maintain full compliance with the Resource Management Act	Number of breaches of the Resource Management Act Targets: 2022 0 2023 0 2024 0		
	SHAREHOLDER			
Bring to the attention of the Shareholder any strategic or operational matters where there may be conflict between the Council's community outcomes and those of the Company and seek the Shareholder's view on these	Consult with the Shareholder at the earliest possible time on matters where conflict may or could result	Potential conflicts notified to the Shareholder Targets: 2022 No unnotified potential conflicts 2023 No unnotified potential conflicts 2024 No unnotified potential conflicts		
Keep the Shareholder informed of all substantive matters	On a "no surprises" basis, advise the Shareholder promptly of any substantive matter that has the potential to impact negatively on the Shareholder and the Company with a particular focus on the media	Substantive matters reported to the Shareholder within 24 hours  Targets:  2022 All substantive matters reported within 24 hours  2023 All substantive matters reported within 24 hours  2024 All substantive matters reported within 24 hours		

**Attachment C** 

#### **Financial Forecasts**

Please note that the financial forecasts included in this section are derived from assumptions in relation to the future price path and expenditure allowances determined by the Commerce Commission for Aurora Energy Ltd.

The financial forecasts are currently based on expenditure and revenue forecasts included in the Company's Customised Price-Quality Path application as submitted to the Commerce Commission in August 2020 for approval. As the final outcome of this application will not be known until on or around 31 March 2021, it will be necessary to prepare and provide updated financial forecasts for Aurora Energy Ltd, prior to the finalisation of this Statement of Intent.

#### a) The ratio of Shareholder's Funds to Total Assets and the definition of those terms

	Year ending	Year ending	Year ending
	30/06/2022	30/06/2023	30/06/2024
Shareholder's Funds to Total Assets	24%	23%	24%

The ratio of Shareholder's Funds to Total Assets (equity ratio) will fluctuate depending on a variety of circumstances including asset renewal and investment cycles. During the three years ended 30 June 2024, the company's equity ratio is forecasted to decline slightly during 2023 before returning to around the June 2022 level in 2024.

"Shareholder's Funds" are represented by the paid up capital, reserves created by the revaluation of specific assets, and retained earnings.

"Total Assets" means the aggregate amount of all current and non-current assets.

#### b) Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the Shareholder

	Year ending	Year ending	Year ending
	30/06/2022	30/06/2023	30/06/2024
	\$000	\$000	\$000
Dividend/subvention distributions	Nil	Nil	Nil

#### c) Other financial forecasts

	Year ending 30/06/2022 \$000	Year ending 30/06/2023 \$000	Year ending 30/06/2024 \$000
EBITDA	51,632	59,707	74,066
Net profit after tax	9,088	12,691	19,585
Cash flow from operations	36,141	43,207	55,422
Capital expenditure	83,846	90,160	90,230
Term borrowings	459,075	505,525	540,290
Shareholder's funds	172,626	185,317	204,902



#### **Accounting Policies**

#### a) General Accounting Policies

The Company is a Tier-1 For-profit entity as defined by the External Reporting Board and reports in accordance with Tier 1 For-profit Accounting Standards. The Company's accounting policies are based on NZ IFRS standards and interpretations, as recognised by Chartered Accountants Australia and New Zealand.

NZ IFRS standards and interpretations are subject to change and therefore the Company's accounting policies are also subject to change during the period of the SOI.

#### b) Particular Accounting Policies

The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are fully listed in the Company's annual report.

#### 8 Dividend Policy

As a regulated business, Aurora Energy has a responsibility to its customers to provide safe, reliable electricity infrastructure. To maintain a reliable network and cater for growth, we are planning to invest in excess of \$790 million in the network over the next decade to be funded by increased revenue, increased borrowings and reduced dividends.

Accordingly, the Board anticipates that no dividend will be paid for at least the next three years during this reinvestment phase.

Should the Board determine that the company's future performance is at a level where a dividend could be considered and approved, the amount of that dividend would be based on 50% of the free cash flow of the Company for the relevant year, subject to the Directors' obligations to act in accordance with their statutory duties and in the best interest of the Company. For the avoidance of doubt, free cash flow is defined as net cash flows from operations less capital expenditure, for the purpose of this dividend policy statement.

The actual level of dividend will be determined by the Directors each year in light of the circumstances that exist at the time.

In arriving at a dividend recommendation, Directors will consider:

- the Company's financial performance, in particular, the cash flows from operations;
- the ratio of the Company's shareholders funds to total assets (equity ratio);
- the Company's future investment plans and profitability thereof;
- the Company's ability to raise loans and the terms thereof; and
- the Company's current cost of borrowings.

Any dividend will be paid by 30 June.

The Company's dividend policy will be reviewed by the Board at least annually and the basis on which dividends are calculated may be subject to change from time to time.

#### Commercial Value of Shareholder's investment

The commercial value of the Shareholder's investment in the Company is considered by the Directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

This will be considered annually when the Statement of Intent is completed.



#### **Transactions with Related Parties**

Dunedin City Council is the sole Shareholder of Dunedin City Holdings Limited.

Dunedin City Holdings Limited is the sole Shareholder of Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited (DCTL), Dunedin Railways Ltd, Dunedin Venues Management Limited and Dunedin Stadium Property Limited.

Dunedin City Holdings Limited owns 50% of Dunedin International Airport Limited.

Transactions between the Companies, Dunedin City Council and other Dunedin City Council controlled enterprises will be on a wholly commercial basis.

Charges from Dunedin City Council and its other entities and charges to Dunedin City Council and its other entities will be made for goods and services provided as part of the normal trading activities of each Company.

Dunedin City Holdings Ltd and its subsidiaries will undertake to obtain all debt funding from DCTL, with exceptions as agreed with the Board of Dunedin City Holdings Ltd.

#### **Related Party Transactions**

Delta Utility Services Ltd	Operations and maintenance, asset construction
Dunedin City Council	Council rates for properties owned by the Company
Dunedin City Holdings Ltd	Functions appropriate between parent companies and subsidiaries
Dunedin City Treasury Ltd	Provision of debt funding to the Company generating interest payments to DCTL.

DCHL and its subsidiaries will undertake to obtain all debt funding from DCTL, with exceptions as agreed with the Board of DCHL.



#### 11 Information to be provided to the Shareholder

	Quarterly	Half Yearly	Annual
Key financial performance indicators	Х	Х	Х
Statement of Financial Performance		Х	Х
Statement of Financial Position		Х	Х
Statement of Cash Flows		Х	Х
Statement of Service Performance against SOI targets	Х	Х	Х
Statement of Movement in Equity		Х	Х
Notes to the Financial Statements		Χ	Х
Directors' Report		Х	Х
Auditor's Report			Х
Draft Statement of Intent			Prior to 1 February
Final Statement of Intent			Prior to 30 June

#### 12 Working with the Shareholder

The company will undertake to keep the Shareholder informed of all substantive matters, in accordance with the performance targets above. The Company will work to build a culture of accountability and constructive working practices between the Company and the Shareholder. It is expected that any conflicts that may arise between the Company and the Shareholder will be resolved directly between the Company and the Shareholder, in accordance with appropriate governance practices.



### 13 Acquisition/Divestment of Assets or Shares in any Company or Organisation

The Company will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to the Company. In order to maximise benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that the Company or its subsidiaries should acquire assets, they will obtain prior approval of the Shareholder where an investment into the new assets exceeds \$5 million, provided however that this approval requirement does not apply to expenditure set out in the Company's Asset Management Plan. For the purpose of this section, "asset(s)" includes a group of assets similar in type, cost and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the Directors intend that the Company or its subsidiaries should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) exceeding a total investment of \$5 million they will obtain prior approval of the Shareholder.

The approval of the Shareholder is required before disposal by the Company of any segment of its business or shares in a subsidiary or associate company where the value of the asset to be disposed of exceeds the investment delegated authority of \$5 million.

#### 14 Compensation Sought

At the request of the Shareholder, the Company may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities.

At present, the Company does not have any activities in respect of which its Board wishes to seek compensation from any local authority.

#### 15 Group Facility Use

The Company will undertake to operate "Group" purchasing of goods and services, unless this would cause the company to breach regulatory requirements or it is demonstrated conclusively to the Shareholder that the total combined cost of such Group purchasing to the Group and Dunedin City Council (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.



### 16 Other matters as agreed by the Shareholder and the Board

- a) The Company is committed to open and transparent engagement with its stakeholders and customers and will maintain a publicly available and actively promoted Customer and Stakeholder Charter and public Information Disclosure Policy consistent with its responsibilities as an Energy Company providing essential infrastructure services.
- b) The Company will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with the Dunedin City Council's ethical position. For reference, those activities are: tobacco, armaments, fossil fuel extraction, gambling and pornography.
- c) The Company will disclose in its Annual Report the proportion of its workforce receiving the Living Wage (as calculated by the New Zealand Family Centre Social Policy Unit – currently \$22.10/hour).





# City Forests Limited Statement of Intent For the Year Ending 30 June 2022

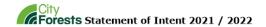




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City Forests Limited Statement of Intent 2021 / 22

#### 1 INTRODUCTION

City Forests Ltd ("the Company") owns and manages approximately 24,000 hectares of land and commercial forestry estate in the coastal Otago region. It is a Council Controlled Trading Organisation (CCTO) owned wholly by Dunedin City Holdings Ltd, which is wholly owned by Dunedin City Council.

This Statement of Intent (SoI) sets out City Forests' planned activities and financial forecasts for the next three years. It includes performance measures and targets which will be reported on in the City Forests Limited 2022 Annual Report.

#### 2 OBJECTIVES

City Forests' **Purpose** is to "operate sustainable forests for our future".

#### Company Values:

- · Protect, respect and invest in our people.
- Our actions Bring mana to our forests, environment and communities to create long term, sustainable wealth.
- We act with integrity, openness and honesty.
- We innovate and apply knowledge that strengthen our forests and communities.

City Forests' primary objective is to maintain and enhance the values of the forest estate investment including; economic, social and environmental values.

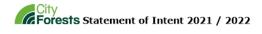
This is achieved through a strategy of:

- · sustainable forest management
- · sustainable harvest levels
- · fit for purpose asset maintenance
- maintaining a safe and capable workforce of both staff and contract employees
- caring for and enhancing environmental values, particularly carbon sequestration, water quality and rare, threatened and endangered species.

Acknowledging that the Company's success is a result of past investment in land, trees, people and the environment the Company has a strategy of continuing to build shareholder wealth through incremental land and forest acquisition to increase future prosperity and to expand the social and environmental values under management.

As defined in Section 59 of the Local Government Act (LGA), the principal objectives of City Forests Limited as a council-controlled trading organisation are to:

- a) achieve the objective of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and
- b) be a good employer; and
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- d) conduct its affairs in accordance with sound business practice."



City Forests Limited Statement of Intent 2021 / 22

#### **3 APPROACH TO GOVERNANCE**

City Forests Limited is governed by a Board of independent directors, appointed by the company's shareholders. Directors meet regularly to direct and control City Forests' proceedings.

The role of a Director of a CCO is defined in the Local Government Act as "to assist the organisation to meet its objectives and any other requirements in its Statement of Intent."

The City Forests Limited board operates in accordance with accepted best practice governance.

#### 4 NATURE AND SCOPE OF ACTIVITIES

City Forests Limited is committed to providing sustainable commercial returns to its Shareholder through plantation forest ownership, harvesting and added value activities while maintaining the long-term productive capacity of its land holdings and maximising the environmental and community benefits of Company activities.

The Company's forests are principally located in the Coastal Otago Region while the products from its activities are sold on local and international markets. The Company's scope of activities includes expansion of opportunities in forest ownership and activities across the value chain.

The functions of City Forests Limited are:

- To ensure the safety, health and well-being of staff, contractors and visitors to the forest.
- To own and manage a commercial plantation forest resource.
- To optimise the return from the Company's activities for the long-term benefit of the Company's shareholder and stakeholders.
- To manage the forest asset and other resources in such a way as to ensure their long-term economic, social and environmental sustainability.
- To support added value wood processing in Otago and Southland.

The undertaking by City Forests Limited of any activity of a nature or scope outside of this would be subject to the prior approval of the shareholder.





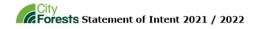
#### 5 PERFORMANCE TARGETS AND OTHER MEASURES

Goals	Objectives	Performance Measures
The principal goal of City Forests Limited is to operate a long-term sustainable business and to maintain and enhance the values of the forest estate investment including; economic, social and environmental values. The specific corporate goals of City Forests Limited are:	The implementation of the goals will be facilitated by the adoption of the following specific objectives	The objectives will be met on achievement of the following indicators.
	ECONOMIC OBJECTIVES	
Goals	Objectives	Performance Measures
I	ncrease Long Term Shareholder Value of the Co	mpany
To achieve a long term after tax return to Shareholders on their investment in the Company of 6% and to maximise the long term sustainable financial return to Shareholders. Attention will be given to cash flow performance.	To implement strategic actions which will increase the long term profitability and cash flow generation of the Company.	The Company will achieve a 6% return (or greater) on Shareholders' funds measured on a post-tax 3 year rolling average basis.  A review of the Company's long term strategic plan will be completed each year which targets a 6% return (or greater) on Shareholders' funds on a post-tax 3 year rolling average basis.
	Market Diversification	
To develop diversified markets for the Company's products.	To develop a market strategy that optimises returns while managing risk through market diversification.  To balance exposure to both domestic and export markets taking into account market risk and product margin.  To drive sustainable long-term value from the Company's carbon generating activities while balancing risk and environmental benefits.	No single customer will have received more than 30% of the Company's annual harvest by volume.  The percentage of annual supply to the domestic market by volume will be tracked.  The Company will participate in the New Zealand ETS and may realise returns from the sales of carbon stored in the Company forests in compliance with its Carbon Policy.  The Company will incorporate carbon accounting into the strategic plan in accordance with the requirements of the Emissions Trading Scheme.





Goals	Objectives	Performance Measures			
Sustainable Yield					
To optimise the Net Present Value of the estate in perpetuity with the overall goal of managing the financial returns from the forest on a long-term sustainable basis.	To ensure that the appropriate yield monitoring systems are in place and sufficient forest is available to achieve long term sustainable yield from the forest estate.  To ensure that the risk to the forest estate from pests, fire and disease is minimised through appropriate management practices and audit.  To respond to and manage legislative and compliance risk to the Company's operations and license to operate.	The Company's annual harvest volumes as detailed in the strategic plan will be within 30% of projected long term sustainable yield.  The Company will carry out annual forest inventory to measure and verify forest yield. The number of sample plots measured will be reported.  A forest surveillance program will be in place as part of the National surveillance program to assess the forest estate for pests and disease.  The annual fire plan will be updated and operational by 1 October for each fire season.  The Company will actively participate in regional land use and environmental planning processes.			
Goals	Objectives	Performance Measures			
	Research and Development				
To support and participate in Research and Development to enable the Company to undertake continuous performance improvement to achieve industry best practice forest management, value recovery and supply chain performance.	To actively participate in value-added research into forest management, tree breeding, wood products, supply chain and environmental management.  To leverage collaborative industry research initiatives and implement research results through technology transfer.	The Company will participate in industry research consortia (via the Forest Levy) to ensure research objectives are in line with Company Strategy and to gain financial leverage to achieve research objectives.  The implementation of research outcomes into operational management plans will be tracked.			
To support the sustainable development of added value wood processing in Otago and Southland.	To support integrated wood processing capacity within the Otago and Southland regions, subject to optimising the long-term return from the Company to the Shareholder.  The Company will support regional bio-energy initiatives subject to optimising the long-term return from the Company to the Shareholder.	The Company will maintain supply arrangements with Otago and Southland wood processors provided customers match (or better) alternative market options. Annual supply volumes to major wood processors (Pan Pac, Daiken & Niagara) will be tracked and reported.  The annual volume of wood supplied to bio-energy uses will be tracked and reported.			



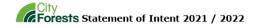


ENVIRONMENTAL AND SOCIAL OBJECTIVES				
Goals	Objectives	Performance Measures		
	Corporate Responsibility			
To be a socially and environmentally responsible corporate citizen and maintain comprehensive environmental and health and safety systems for the Company's forests and operations.	To minimise lost time accidents, injuries and property damage.  To maintain Environmental Certification of the Company's forests. (Currently FSC)  To preserve and enhance rare threatened and endangered (RT&E) species on the Company's estate.	Lost time accident rates for staff and contractors will be minimised and not more than 15 lost time accidents per 1,000,000 hours worked.  The Company will undertake drug and alcohol testing of staff and contract workforce. The number of random tests and percentage of positive random tests will be reported.  Forest Stewardship Council Certification of the Forest Estate will be maintained.  The Company will have in place an environmental management system which will include procedures for sustainability monitoring. Results of water sampling and reserve area environmental assessments will be publicly available on the Company's website.  The Company will work with partners Doc, University of Otago & contractors to maintain and enhance RT&E species on and around the Company estate. Sponsorship amounts for these activities will be reported annually.		
Goals	Objectives	Performance Measures		
	Skilled Workforce			
To maintain an experienced, trained for task and reliable staff and contract workforce.	To increase the level of training within the Company's staff and contract workforce.	The company will report on the number of National Certificates achieved by its workforce each year.		
To operate a personnel policy that complies with and adopts the principle of being a good employer.	To actively encourage "Forestry" as a vocation.	The Company will engage with its contractors to participate in Modern Apprenticeship programs. The number of apprentices working in Company operations will be reported each year.		





Goals	Objectives	Performance Measures
	Recreation and Education	
To encourage the use where appropriate, of the Company's forests for recreational and educational purposes by both organised groups and individuals.	To promote and manage community recreation and educational use of the Company's forests.	The Company will maintain a Forest Access permit system, track and report on forest recreational use statistics.
	Shareholder Outcomes	
To recognise and maintain the vision of our forbearers in creating the Company Forest Estate and to apply the principle of Kaitiakitanga (Guardianship and Protection).	To maintain and grow the forest estate for future generations of Dunedin Ratepayers.	A continued and measured expansion of the forest estate will be part of Company Strategy. The area of acquired land will be reported annually
Communicate with the shareholder on a "no surprises" basis	Consult with the shareholder in a timely manner on DCHL Group strategic or operational matters which could compromise the Council's community outcomes.	Any such matters were escalated to the shareholder in a timely manner.
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	Any such matters were reported to the shareholder within 24 hours.
Living Wage employer	The Company will disclose in its Annual Report the proportion of its workforce (staff) receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).	The Company will report on the proportion of its workforce (staff) receiving the living wage.
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Contribute to Council's Carbon Neutrality initiatives	Systems for measuring and publicly reporting carbon emissions are established and maintained on a regular basis. Reporting is reviewed on a regular basis. A strategy for reducing emissions is in place





#### **6 FINANCIAL FORECASTS**

### a. The ratio of Shareholders' Funds to Total Assets and the definition of those terms.

	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Shareholders' Funds to Total Assets	73.6%	74.5%	75.5%

The Company has adopted a target Shareholder Funds to Total Assets ratio (equity ratio) of between 70-75%, but expects this ratio will fluctuate depending on a variety of circumstances.

"Shareholders' Funds" are represented by the paid up capital, reserves created by the revaluation of specific assets, and retained earnings.

"Total Assets" means the aggregate amount of all current and non-current assets. Included in Total Assets is the revalued (as 30 June) forest asset.

### b. Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders.

	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Dividend Distribution	\$6.7m	\$6.5m	\$7.2m

#### c. Other Financial Forecasts

	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Net Profit before Tax	\$15.8m	\$17.3m	\$18.6m
Net Profit after Tax	\$11.4m	\$12.4m	\$13.4m
Cash Flow from operations	\$12.7m	\$12.2m	\$13.4m
Capital Expenditure	\$4.1m	\$4.3m	\$3.7m
Term Loans	\$16.5m	\$15.3m	\$13.2m

The projections provided have been prepared using the best information available at the time of preparation.



#### 7 ACCOUNTING POLICIES

#### a) General Accounting Policies

The accounting policies recognised by the External Reporting Board (XRB) for the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

#### b) Particular Accounting Policies

The particular accounting policies which materially affect the measurement and reporting of financial performance and financial position, are consistent across the Dunedin City Holdings Limited group and are fully listed in the Company annual report and website.

#### 8 DIVIDEND POLICY

City Forests Limited will plan for a minimum base annual dividend payment equal to the lessor of; 75% of forecast after tax profit, or 75% of net operating cash flow less capitalised forest costs, subject to the Directors' obligations to act in accordance with their statutory duties and in the best interest of DCHL. The actual level of dividend will be determined by Directors each year in light of the circumstances that exist at the time.

In arriving at a dividend recommendation, Directors will consider:

- the Company's financial performance, in particular, the cash flows from operations;
- the ratio of the Company's shareholders funds to total assets (equity ratio);
- · the Company's future investment plans and profitability thereof;
- the Company's ability to raise loans and the terms thereof; and
- the Company's current cost of borrowings.

Budgeted base dividend payments will be agreed as part of the annual business planning cycle. Any dividend will be paid by 30 June.

### 9 COMMERCIAL VALUE OF THE SHAREHOLDER'S INVESTMENT

The commercial value of the Shareholder's investment in the City Forests Limited is considered by the Directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

This will be considered annually when the Statement of Intent is completed.

#### 10 TRANSACTIONS WITH RELATED PARTIES

Dunedin City Council is the sole Shareholder in Dunedin City Holdings Limited, Dunedin City Holdings Limited is the sole Shareholder in Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited, Dunedin Venues Management Limited, Dunedin Stadium Property Limited and Dunedin Railways Limited.

Dunedin City Holdings Limited owns 50% of Dunedin International Airport Limited.

Transactions between the Companies, Dunedin City Council and other Dunedin City Council controlled enterprises will be on a wholly commercial basis.





Charges from Dunedin City Council and its other entities and charges to Dunedin City Council and its other entities will be made for goods and services provided as part of the normal trading activities of each Company.

#### Related Party Transactions

Dunedin City Council	Council rates for properties owned by the Company
	Lease of Council owned land
Dunedin City Treasury Limited	Provision of debt funding to the Company generating interest payments
	Management of foreign exchange
Delta Utility Services Limited	Maintenance and construction of forest roads and infrastructure
Dunedin City Holdings Limited	Management services provided to the Company

Dunedin City Holdings Limited and its subsidiaries will undertake to obtain all debt funding from Dunedin City Treasury Limited, with exceptions as agreed with the Board of Dunedin City Holdings Limited.

### 11 INFORMATION TO BE PROVIDED TO THE SHAREHOLDERS IN THE FINANCIAL REPORTS

	Quarterly	Half Yearly	Annual
Key Financial Performance Indicators	Х	x	X
Statement of Financial Performance		X	X
Statement of Financial Position		Х	X
Statement of Cash Flows		X	X
Statement of Movement in Equity		X	X
Notes to the Financial Statements		X	X
Statement of Service Performance against SOI targets		Х	Х
Directors' Report		X	X
Auditors Report			X
Statement of Intent (Draft)			Prior to 1 <sup>st</sup> March
Statement of Intent (Final)			Prior to 30 <sup>th</sup> June



### FINANCE AND COUNCIL CONTROLLED ORGANISATIONS

City Forests Limited Statement of Intent 2021 / 22

#### 12 OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD

#### Working with the shareholder

The company will undertake to keep the shareholder informed of all substantive matters, as set out in the performance targets above. The Company will work to build a culture of accountability and constructive working practices between the Company and the shareholder. It is expected that any conflicts that may arise between the Company and the shareholder will be resolved directly between the shareholder and the Company, in accordance with appropriate governance practices.

Acquisition/Divestment of Shares or Assets in any Company or Organisation The Company will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to the Company. In order to maximise benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that the Company should acquire assets, they will obtain prior approval of the Shareholder where an investment into the new assets exceeds \$5 million. For the purpose of this section, "asset(s)" includes a group of assets similar in type, cost and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the Directors intend that the Company should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) exceeding a total investment of \$5 million they will obtain prior approval of the Shareholder.

The approval of the Shareholder is required before disposal by the Company of any segment of its business or shares in a subsidiary or associate company where the value of the asset to be disposed of exceeds the investment delegated authority of \$5 million.

#### Compensation Sought

At the request of the Shareholder, the Company may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities. At present, the Company does not have any activities in respect of which its Board wishes to seek compensation from any local authority.

#### Group facility use

City Forests Limited will undertake "Group" purchasing of goods and services, unless it is demonstrated conclusively to the Shareholder that the total combined cost of such Group purchasing to the Group and Dunedin City Council (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

#### Other agreements

City Forests Limited will not give sponsorship to, accept sponsorship from or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position.

City Forests Limited will disclose in its Annual Report the proportion of staff receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).







### **Delta Utility Services Limited**

**Draft Statement of Intent** for the year ending 30 June 2022

Statement of Intent 2021/2022

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30 June 2021

**Delta Utility Services Limited** 

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Statement of Intent 2021/2022

#### 1 INTRODUCTION

Delta Utility Services Ltd ("the Company") provides contracting services, including the construction, operation, and maintenance of essential energy and environmental infrastructure. It is a Council Controlled Trading Organisation (CCTO) owned wholly by Dunedin City Holdings Ltd, which is wholly owned by Dunedin City Council.

A CCTO is required by law to produce a Statement of Intent (SOI). A SOI is an annual planning document. This SOI sets out the Company's planned activities, objectives and financial forecasts for the next three years. It includes performance measures and targets which form the basis of the Company's organisational accountability and will be reported on in the Company's Annual Report. This SOI takes shareholder comments into consideration.

#### 2 OBJECTIVES

As a CCTO, the Company also has the following objectives, as defined in the Local Government Act 2002:

- a) achieve the objective of its shareholder, both commercial and non-commercial, as specified in the statement of intent; and
- b) be a good employer; and
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- d) conduct its affairs in accordance with sound business practice.

Health and Safety performance is essential to the achievement of Delta's objectives. Delta's safety goal is "Everyone Home Safe, Every Day".

Delta's focus for FY2022 centres around our Occupational Health & Safety and Environmental management systems. Delta is actively pursuing the internationally recognised ISO 45001 and 14001 accreditations.

Delta will also continue its journey to become a living wage employer. During FY2022, Delta will work alongside its Shareholder to develop a plan to realising this.

Achieving a baseline for our carbon footprint as an organisation will also be a key focus in FY2022. Delta has started to measure its carbon intake and aims to manage and reduce our consumption in the future.

30 June 2021

**Delta Utility Services Limited** 

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Statement of Intent 2021/2022

#### 3 APPROACH TO GOVERNANCE

In addition to the obligations of the Local Government Act 2002 (LGA), the Company is also subject to the requirements of the Companies Act 1993 and is governed by directors in accordance with the law and best practise.

As defined in Section 58 of the LGA:

- (1) The role of a director of a council-controlled organisation is to assist the organisation to meet its objectives and any other requirements in its statement of intent.
- (2) This section does not limit or affect the other duties that a director of a councilcontrolled organisation has.

The Board meets on a regular basis to direct and control the company's activities. Directors are appointed by the shareholder, Dunedin City Holdings Ltd.

The Board accepts that it is responsible for the overall control system operating within the company but recognises that no cost-effective internal control system will permanently preclude all errors or irregularities. The control systems reflect the specific risks associated with the business of the company.

The Shareholder reviews and approves the SOI and three-year financial plan. Six-monthly and annual reports of financial and operating performance are provided to the shareholder.

#### 4 NATURE AND SCOPE OF ACTIVITIES

The principal activity of the Company is the provision of contracting services, which include the construction, operation, and maintenance of essential energy and environmental infrastructure. The undertaking by the Company of any activity of a nature or scope not provided for in the Company's mission or goals would be subject to the prior approval of the Shareholder.

Our purpose is to be local professionals with innovative ideas, passionate about serving our communities. Our purpose directly relates to our vision of great people shaping better communities together. Our values of Do it First, Do it Right, Do it Together allow us to make a difference through fresh thinking, dependability, and working together.

We're a team of more than 550 skilled professionals, with a dedication and passion for the job. We are committed to our people, safety, and the environment, and support the communities we live and work in.

The Company's total assets were \$66.1 million as at 30 June 2020, and it generated revenues of \$100.4 million for the year then ended.

30 June 2021

**Delta Utility Services Limited** 

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Statement of Intent 2021/2022

#### **5** PERFORMANCE TARGETS AND OTHER MEASURES

The company will record its performance relating to the targets stated in Section 5 and 6 in its annual report.

Goals	Objectives	Performance Measures	
Community			
	rhich we operate. Our main contribution is through the essi trure the next generation of smart thinking infrastructure sp		
To make a positive contribution to the communities in which we operate	Maintain community support through local sponsorship/donations whilst ensuring that no monies are provided to companies deemed inconsistent with the Dunedin City Council's ethical position	Sponsorship \$ per annum Targets: 2022 \$25,000 2023 \$25,000 2024 \$25,000	
To support community recreation and visitor experience	Maintain parks, reserves, sports fields, walking tracks, and amenities in the northern part of Dunedin city, including significant tourist attractions (e.g. the Railway Station and Chinese Gardens)	Achieve KPIs on service contracts Targets: 2022 Achieved 2023 Achieved 2024 Achieved	
To promote economic development	Maintain essential infrastructure to support Dunedin City Council's strategy to be one of the world's great small cities	Deliver maintenance services per contractual arrangements Targets: 2022 Plan delivered 2023 Plan delivered 2024 Plan delivered	

**Delta Utility Services Limited** Page 5 of 14 30 June 2021



#### Statement of Intent 2021/2022

Goals	Objectives	Performance Measures		
People				
It is the skill and dedication of c	our people that makes the difference for our customers and	d keeps everyone safe at work.		
Our safety goal is 'Everyone Home Safe, Every da	y'. We are committed to the provision of safe and healthy	work environments for our workers and the public.		
To ensure safe and healthy outcomes for our people are expected. This goal is reflected in the attention to detail with regards to how we plan and prepare our work across all areas of service delivery	Reduce harm to employees and contractors	Maximum total recordable injury frequency rate (TRIFR) per 200,000 hours worked Targets: 2022 3.50 2023 3.50 2024 3.50		
		Maximum total lost time injury frequency rate per 200,000 hours worked Targets: 2022 1 2023 1 2024 1		
Fo implement and maintain a certified and well ecognised occupational health and safety management system	The company is targeting accreditation of the widely recognised International Organisation for Standardisation (ISO) 45001 Occupational Health and Safety Management System	Implement / maintain ISO 45001 Occupational Heal and Safety Management System		
To maintain the health and wellbeing of staff	Monitor absences due to illness	Sick leave % based on total hours worked Targets: 2022 ≤ 2.5% 2023 ≤ 2.5% 2024 ≤ 2.5%		
	Maintain an employee wellbeing programme	Programme maintained throughout the year		

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Goals	Objectives	Performance Measures	
To continue to develop Delta's apprenticeship scheme	Develop skill sets and succession planning through Delta's apprenticeship/trainee scheme	Average number of apprentices/trainees per annum Targets: 2022 ≥ 20 2023 ≥ 20 2024 ≥ 20	
To maintain a positive and satisfying working environment with low levels of voluntary staff turnover	Monitor voluntary leavers relative to permanent staff	Staff turnover % Targets: 2022 ≤ 13% 2023 ≤ 12% 2024 ≤ 11%	

30 June 2021 **Delta Utility Services Limited** Page 7 of 14

DUNEDIN | kaunihera a-rohe o OITY COUNCIL | otepoti

#### Statement of Intent 2021/2022

Goals	Objectives	Performance Measures
	Environment	
We are committed to continual improvement in our er	vironmental performance, to the prevention of harm to the practices.	environment and to the adoption of sustainable work
To ensure a well-recognised environmental accreditation is maintained	Maintain Enviro-Mark Gold accreditation for all Delta depots  Transition to the more widely recognised International Organisation for Standardisation (ISO)14001  Environmental Management Systems	Maintain Enviro-Mark Gold accreditation at all Delta depots throughout the year Implement and have accredited a companywide ISO14001 Environmental Management System      Maintain ISO14001 accreditation  2024: Maintain ISO14001 accreditation
o ensure full compliance with environmental and esource consents	Maintain full compliance with the Resource Management Act (RMA)	Number of breaches Targets: 2022 0 2023 0 2024 0
To improve fuel efficiency and therefore lower carbon emissions	Maintain or improve fuel efficiency in the Company's light commercial/passenger fleet	Maximum litres of fuel used per 100 km Targets: 2022 9.25 2023 9.00 2024 9.00
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Contribute to Council's Carbon Neutrality initiatives	Systems for measuring and publicly reporting carbon emissions are established and maintained on a regula basis. Reporting is reviewed on a regular basis. A strategy for reducing emissions is in place

30 June 2021 **Delta Utility Services Limited** Page 8 of 14

DUNEDIN | kaunihera a-rohe o CITY COUNCIL | Ōtepoti



#### Statement of Intent 2021/2022

Goals	Objectives	Performance Measures			
The Shareholder					
We are committed to communicating ou	ur activities and strategy clearly to our shareholder and to c	ontinue to maintain an active dialogue.			
Engage with the Shareholder annually on opportunities for the Company to contribute, or assist where possible, with Council's community outcomes (as listed in the Annual Plan)	Consult with the Shareholder on matters to be included in the Company's Statement of Intent	Shareholder approval of the Company's Statement of Intent Targets: 2022 Approved 2023 Approved 2024 Approved			
Bring to the attention of the Shareholder any strategic or operational matters where there may be a conflict between the Council's community outcomes and those of the Company and seek the Shareholder's view on these	Consult with the Shareholder at the earliest possible time on matters where conflict may or could result	Potential conflicts notified to the Shareholder Targets: 2022 All potential conflicts notified 2023 All potential conflicts notified 2024 All potential conflicts notified			
Keep the Shareholder informed of all substantive matters	On a "no surprises" basis, advise the Shareholder promptly of any substantive matter that has the potential to impact negatively on the Shareholder and the Company with a particular focus on the media	Substantive matters reported to the Shareholder within 24 hours  Targets:  2022 All substantive matters reported within 24 hours  2023 All substantive matters reported within 24 hours  2024 All substantive matters reported within 24 hours			

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Statement of Intent 2021/2022

#### **6** FINANCIAL/ECONOMIC TARGETS

a) The ratio of Shareholder's Funds to Total Assets and the definition of those terms

	Year ending	Year ending	Year ending
	30/06/2022	30/06/2023	30/06/2024
Shareholder's Funds to Total Assets	≥ 40%	≥ 45%	≥ 55%

The Company has adopted a target Shareholder's Funds to Total Assets ratio (equity ratio) of 50%, but expects this ratio will fluctuate depending on a variety of circumstances including asset renewal and investment cycles.

The Company is presently focused on increasing its equity ratio towards the targeted level.

"Shareholder's Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings.

"Total Assets" means the aggregate amount of all current and non-current assets.

b) Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the Shareholder

	Year ending	Year ending	Year ending
	30/06/2022	30/06/2023	30/06/2024
	\$000	\$000	\$000
Dividend/subvention distributions	2,000	2,000	2,250

#### c) Other financial forecasts

	Year ending 30/06/2022 \$000	Year ending 30/06/2023 \$000	Year ending 30/06/2024 \$000
EBITDA	≥ 11,678	≥ 11,796	≥ 11,833
Net profit after tax	≥ 3,436	≥ 3,699	≥ 4,057
Return on Shareholder's funds	≥ 14%	≥ 14%	≥ 14%
Cash flow from operations	≥ 9,560	≥ 9,709	≥ 9,858
Capital expenditure	≤ 3,884	≤ 3,884	≤ 3,884
Term borrowings	≤ 19,300	≤ 15,700	≤ 5,850
Shareholder's funds	≥ 25,417	≥ 27,116	≥ 28,523

The projections provided have been prepared using the best information available at the time of preparation.

30 June 2021

**Delta Utility Services Limited** 

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Statement of Intent 2021/2022

#### 7 ACCOUNTING POLICIES

#### a) General Accounting Policies

The Company is a Tier 1 For-profit entity as defined by the External Reporting Board and reports in accordance with Tier 1 For-profit Accounting Standards. The Company's accounting policies are based on NZ IFRS standards and interpretations, as recognised by Chartered Accountants Australia and New Zealand.

NZ IFRS standards and interpretations are subject to change and therefore the Company's accounting policies are also subject to change during the period of the SOI.

#### b) Particular Accounting Policies

The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the Dunedin City Holdings Limited group and are fully listed in the Company's annual report.

#### 8 DIVIDEND POLICY

Delta aims to manage its long-term capital structure so it has sufficient flexibility to cope with significant capital replacements and investments without the need to seek additional capital or borrowings, while at the same time maintaining a sustainable and reliable dividend stream to our shareholder.

Delta's dividend policy is to pay dividends within the range of 50-75% of the Company's net surplus after tax, subject to the Directors' obligations to act in accordance with their statutory duties and in the best interests of the Company. The actual level of dividend will be determined by the Directors each year in light of the circumstances that exist at the time.

In arriving at a dividend recommendation, Directors will consider:

- The Company's financial performance, in particular, the cash flows from operations;
- The ratio of DCHL's shareholders funds to total assets (equity ratio);
   The Company's future investment plans and profitability thereof;
- The Company's future investment plans and profitability thereof;
- · The Company's ability to raise loans and the terms thereof; and
- · The Company's current cost of borrowings.

Dividends will be paid by 31 December and 30 June (based on forecast) with provision for a further final dividend based on actual year-end results.

#### 9 COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

The commercial value of the Shareholder's investment in the Company is considered by the Directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

This will be considered annually when the Statement of Intent is completed.

30 June 2021

**Delta Utility Services Limited** 

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Statement of Intent 2021/2022

#### 10 TRANSACTIONS WITH RELATED PARTIES

Dunedin City Council is the sole Shareholder of Dunedin City Holdings Limited.

Dunedin City Holdings Limited is the sole Shareholder of Delta Utility Services Limited, Aurora Energy Limited, City Forests Limited, Dunedin City Treasury Limited, Dunedin Railways Limited, Dunedin Venues Management Limited, and Dunedin Stadium Property Limited.

Dunedin City Holdings Limited owns 50% of Dunedin International Airport Limited.

Transactions between the Companies, Dunedin City Council and other Dunedin City Council controlled enterprises will be on a wholly commercial basis.

Charges from Dunedin City Council and its other entities and charges to Dunedin City Council and its other entities will be made for goods and services provided as part of the normal trading activities of each Company.

Delta will undertake to obtain all debt funding from Dunedin City Treasury Limited, with any exceptions agreed with the Dunedin City Holdings Limited board.

#### Related Party Transactions

Aurora Energy Ltd	Provision of maintenance and construction services
City Forests Ltd	Provision of roading services and reserves maintenance
Dunedin City Council	Provision of greenspace services
Dunedin City Holdings Ltd	Functions appropriate between parent companies and subsidiaries
Dunedin City Treasury Ltd	Provision of debt funding to the Company generating interest payments to DCTL
Dunedin Venues Management Ltd	Provision of greenspace services

30 June 2021

**Delta Utility Services Limited** 

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Statement of Intent 2021/2022

### 11 OTHER MATTERS AGREED BY DELTA UTILITY SERVICES AND THE SHAREHOLDER

#### Information to be provided to the shareholder:

	Quarterly	Half Yearly	Annual
Key financial performance indicators	Х	X	Х
Statement of Financial Performance		X	X
Statement of Financial Position		X	X
Statement of Cash Flows		X	X
Statement of Movement in Equity		X	X
Notes to the Financial Statements		Χ	X
Statement of Service Performance against SOI targets	X	Х	Х
Directors' Report		X	X
Auditor's Report			Χ
Statement of Intent (Draft)			Prior to 1 March
Statement of Intent (Final)			Prior to 30 June

#### Working with the Shareholder

The Company will undertake to keep the Shareholder informed of all substantive matters, as set out in the performance targets above. The Company will work to build a culture of accountability and constructive working practices between the Shareholder and the Company. It is expected that any conflicts that may arise between the Shareholder and the Company will be resolved directly between the Shareholder and the Company, in accordance with appropriate governance practices.

#### Acquisition/Divestment of Assets, or Shares in any Company or Organisation

The Company will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to the Company. In order to maximise the benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that the Company or its subsidiaries should acquire assets, they will obtain prior approval of the Shareholder where an investment into the new assets exceeds \$5 million. For the purpose of this section, "asset(s)" includes a group of assets similar in type, cost, and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the Directors intend that the Company or its subsidiaries should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) exceeding a total investment of \$5 million they will obtain prior approval of the Shareholder.

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**Delta Utility Services Limited** 

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#### Statement of Intent 2021/2022

The approval of the Shareholder is required before disposal by the Company of any segment of its business or shares in a subsidiary or associate company where the value of the asset to be disposed of exceeds the investment delegated authority of \$5 million.

#### **Compensation Sought**

At the request of the Shareholder, the Company may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities.

At present, the Company does not have any activities of this nature.

#### **Group Facility Use**

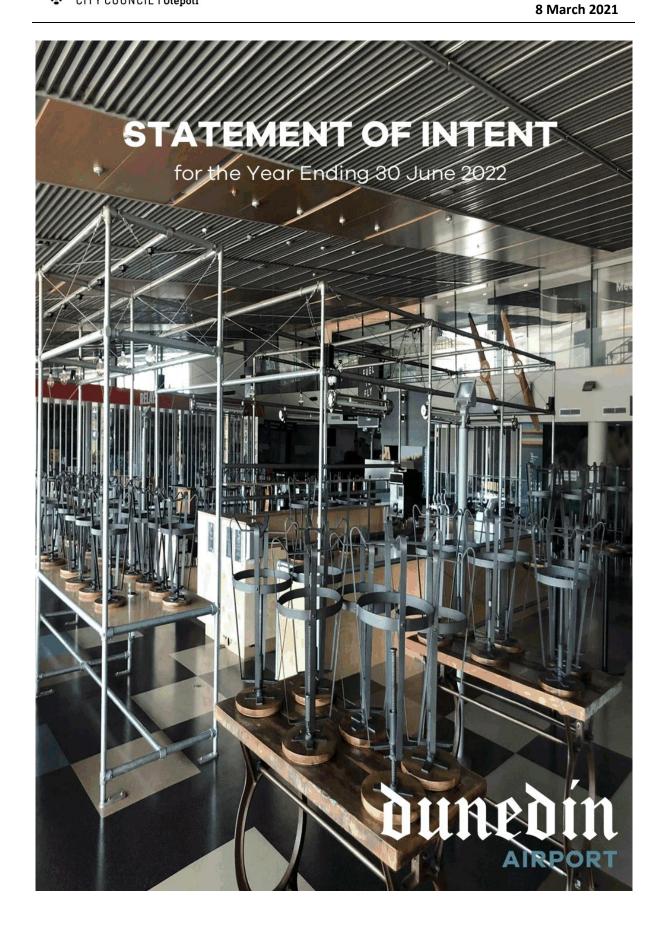
The Company will undertake to operate "Group" purchasing of goods and services, unless it is demonstrated conclusively to the Shareholder that the total combined cost of such Group purchasing to the Group and Dunedin City Council (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

#### Other agreements

The company will not accept sponsorship or give naming rights to companies involved in activities deemed inconsistent with Dunedin City Council's ethical position.

The Company will continue to work with the Shareholder to develop and/or cost options for adoption of a living wage. The Company will disclose in our Annual Report the proportion of staff receiving above the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).







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### 1. NATURE AND SCOPE OF ACTIVITIES

This Statement of Intent ("Sol") sets out for Dunedin International Airport Limited the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the company may be judged in relation to its objectives. These performance targets and other measures will be reported against in Dunedin International Airport Limited's 2022 Annual Report.

This Sol is prepared by the Board of Directors of Dunedin International Airport Limited in accordance with Section 64(1) of the Local Government Act 2002 (LGA).

The airport operates under the Airport Authorities Act 1966 which states in Section 4 (3) the Company must be operated as a commercial undertaking.

### 2. CORPORATE GOVERNANCE STATEMENT

Dunedin International Airport Limited is a Council Controlled Trading Organisation (CCTO) and is governed by a board of independent directors appointed by the company's shareholders.

Dunedin International Airport Limited has two shareholders; Dunedin City Holdings Limited and Her Majesty the Queen (The Crown), whom each have a 50% shareholding in the company.

The directors' role is defined in Section 58 of the Local Government Act 2002. This section states that all decisions relating to the operation of the CCTO shall be made pursuant to the authority of the directorate of the CCTO and its Statement of Intent (SOI). The Board is responsible for the preparation of the SOI. Under the LGA, shareholders of a council-controlled organisation may, by resolution, require the board to modify the statement of intent in accordance with the LGA.

In addition to the obligations of the Local Government Act 2002, Dunedin International Airport Limited is also subject to the requirements of The Companies Act 1993 and is governed by directors in accordance with the law and best practice.

The Board meets on a regular basis to direct and control the company's activities. Directors are appointed by shareholders who are each entitled to appoint two directors.

The Board accepts that it is responsible for the overall control system operating within the company but recognises that no cost-effective internal control system will permanently preclude all errors or irregularities. The control systems reflect the specific risks associated with the business of the company.

The shareholders review the SOI and three-year financial plan. Quarterly, six-monthly and annual reports of financial and operational performance are provided to the shareholders.

#### 3. WHAT WE DO

The primary activity of the company is to operate a safe and efficient airport utilising sound business principles, for the benefit of both commercial and non-commercial aviation users and in accordance with the terms of its aerodrome certificate issued by the Civil Aviation Authority of New Zealand (CAA).

Operating an airport includes the provision of appropriate "landside" and "airside" infrastructure and facilities at the airport

- 1) Landside functions include the provision of a terminal building, carpark, and passenger transportation. Additionally, it incorporates the management of commercial tenants and aeronautical related commercial buildings.
- 2) Airside functions include the provision of a safe and secure aircraft and passenger operating environment, including passenger and baggage screening in line with the CAA NZ operating requirements. This incorporates the responsibility for the design, provision and maintenance of runways, taxiways, and aprons.

The company is also responsible for managing assets not currently used for airport activities, but which may be used in the future, for example, land held for airport expansion, environmental control purposes, or commercial operations inside the airport zone. This includes the operation of a dairy farm, a service station, and a residential property portfolio.



The undertaking of any activity of a nature or scope outside of this would be subject to the prior approval of the shareholders.



### 4. HOW WE DO IT

Dunedin International Airport Limited's key objectives are to operate as a successful commercial entity and through that deliver sustainable benefits to customers and the travelling public, and to deliver growth in long-term value and dividends to shareholders. We do this within the following Strategic Framework:





### 5. GOALS, OBJECTIVES AND PERFORMANCE MEASURES

	SAFI	ETY & OUR ENVIRONMENT
Strategic Goals	Actions	Performance Measures
TO MAKE SAFETY & SECURITY OUR FIRST PRIORITY	To work with our staff and stakeholders to maximise safety on site for all staff, passengers and visitors.	<ul> <li>No Serious Harm incidents at Dunedin Airport for any passenger or airport user.</li> <li>Review the Health and Safety Plan and objectives with the Health and Safety Committee each year.</li> <li>Implement a staff wellbeing programme.</li> <li>Maintain our CAA Part 139 operating certificate.</li> <li>Proactively manage Wildlife Hazards.</li> </ul>
TO BE ENVIRONMENTALLY RESPONSIBLE	Act as a socially and environmentally responsible corporate citizen.  Maintain high quality dairy farming practices.	<ul> <li>Measure and increase the diversion rate of waste from landfill.</li> <li>Develop and implement a sustainability strategy appropriate for our organisation.</li> <li>Review carbon footprint results and investigate potential mitigation measures.</li> <li>Be Carbon Neutral by the end of 2030.</li> <li>Maintain our obligations on any current resource consents in place.</li> <li>Remain compliant with Fonterra dairy farm inspections.</li> <li>Implement applicable recommendations from the Fonterra Sustainable Farm Environment Plan.</li> </ul>



		FINANCIAL
Strategic Goals	Actions	Performance Measures
TO OPTIMISE COMMERCIAL RETURN TO OUR SHAREHOLDERS	Comply with financial covenants and policy.	<ul> <li>Fulfil lender borrowing facility financial covenant:         <ul> <li>Earnings Ratio (EBITDA / interest expense) &gt; 1.75</li> </ul> </li> <li>Comply with the company's Dividend Policy as outlined in Section 8 below.</li> <li>Comply with the company's Treasury Policy.</li> <li>Generate a X% Return on Shareholders' Funds adjusted for IFRS fair value movements and asset revaluations. **</li> <li>Generate a X% Return on Shareholders' Capital invested. **</li> <li>Note: historic and forecast performance against financial metrics, including those noted above are encompassed in Section 7.</li> </ul>
	On-going monitoring and refinement of the company's strategic business plan and business risks.	<ul> <li>Annual update to strategic Business Plan.</li> <li>Six monthly risk analysis undertaken and reported to the Board.</li> <li>Audit, Risk and Strategic Opportunities/Investment Committee to meet three times during the year.</li> </ul>

BUSINESS DEVELOPMENT			
Strategic Goals	Actions	Performance Measures	
INCREASE	Partner with our airline,	International Regular Scheduled Services reinstated to the airport. **	
PASSENGER	airport, region and tourism	Achieve 820,000 passengers on Regular Scheduled Services for the 2021-2022	
NUMBERS ON	industry.	financial year. **	
REGULAR			
SCHEDULED			
SERVICES			



TO DEVELOP & Implemen	nt initiatives to O Ensure vacant business premises are tenanted.
STRENGTHEN OUR improve to	the performance Ochauct stakeholder engagement surveys once a year with our strategic
PARTNERSHIPS of our-rele	ationships. partners to review the strength of the relationships.

	OUR CUSTOMERS						
Goals	Objectives	Performance Measures					
TO PROVIDE THE BEST CUSTOMER SERVICE EXPERIENCE	Provide a high standard of service to our customers.	<ul> <li>Conduct a minimum of two customer insight surveys to better understand our customer.</li> <li>Achieve a majority of "good" or better across all surveyed areas of customer service.</li> </ul>					
infrastructure maintenance causes no delays to airline operations.		No delays to regular scheduled passenger operations are incurred as a result of airside infrastructure.					
		Ensure any new development is considered in conjunction with the District Plan and Airport Master Plan.					

	OUR PEOPLE						
Goals	Objectives	Performance Measures					
TO BE A GREAT PLACE TO WORK	To recognise and review staff performance.	Each staff member to have a formal Annual Performance Review and Personal Development Plan.					
	Ensure that our staff are engaged with the company's Vision, Purpose and Values.	<ul> <li>Conduct an annual staff engagement survey, acting on any matters that require attention as appropriate.</li> </ul>					



	OUR COMMUNITY						
Goals	Objectives	Performance Measures					
TO CONNECT & ENGAGE WITH OUR	Provide sponsorship to community events and	<ul> <li>Invest 0.25% of prior year operating revenue to sponsorship in line with our sponsorship application criteria.</li> </ul>					
PLACE	organisations.	<ul> <li>Not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's and Dunedin Airport's ethical positions, i.e. tobacco, armaments, fossil fuel extraction, gambling and pornography.</li> </ul>					
	Engage with our community and share information.	<ul> <li>Arrange for Dunedin Airport staff to work within the community each year.</li> <li>Identify opportunities to incorporate cultural diversity within the Airport team and public spaces.</li> </ul>					

	SHAREHOLDERS SHAREHOLDERS						
Goals	Objectives	Performance Measures					
TO CONNECT & ENGAGE WITH OUR PLACE	Consult with shareholders on matters to be included in the company's Statement of Intent.	Prepare annually the company's Statement of Intent having given consideration to shareholders expectations.					
	Consult with shareholders at the earliest possible time on matters where conflict may or could result.	Report to and consult with shareholders on matters where the company's and shareholders requirements are in conflict.					
	On a "no surprises" basis advise shareholders promptly of any substantive matter that has the potential to	Report to shareholders within 24 hours substantive matters which have the potential to impact negatively on shareholders and the company with a particular focus on matters of interest to the media.					



impact negatively on shareholders and the company with a particular focus on matters of interest to the media.	

Achieving those performance measures marked with \*\*\* are dependent on New Zealand remaining in COVID-19 Alert Level One.





### 6. PERFORMANCE MEASURES

The company will record its performance relating to the objectives stated in Section 5. in its Annual Report.

### 7. FINANCIAL AND PASSENGER FORECASTS AND ASSUMPTIONS

The tables below summarise key performance indicator information relating to financial metrics and passenger number data. The tables provide actual as well as budget data for the period to 2024/25.

The impacts on the airports 2020/21 to 2024/25 budget financial performance as a result of the COVID-19 pandemic are not insignificant. As shown in the passenger numbers table below, in the short to medium term, the Airport is forecasting a considerable decrease in domestic and international passenger numbers.

PASSENGER NUMBERS (excluding	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25		
general aviation)	ACTUAL	BUDGET						
Domestic	756,656	556,070	840,850	924,935	971,181	1,019,740		
International	42,238	-	-	-	-	-		
TOTAL	790,888	556,070	840,850	924,935	971,181	1,019,740		
Percentage Increase/(Decrease) from Prior Year	(26.6%)	(28.66%)	51.21%	10.00%	5.00%	5.00%		

Airport revenue and operating cashflows correlate closely with passenger numbers movements, both directly from Airport Charges but also indirectly from carparking, terminal concession sales, and Momona Garage fuel sales. Accordingly, the impacts of the reduced passenger numbers shown above significantly influence financial performance.

These impacts are highlighted in the Performance Measure table below.



	ACTUAL	L BUDGET					
PERFORMANCE MEASURE	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	
Revenue (includes sundry income)	15,031	10,934	14,844	16,076	16,784	17,526	
EBITDA	6,133	3,046	6,536	7,511	8,030	8,569	
Net Profit after Taxation	3,636	(966)	1,275	1,765	2,160	2,630	
Shareholders' Funds (average)	66,461	61,455	60,360	59,497	58,048	56,015	
Cash Flow from Operations	3,563	2,201	5,773	6,048	6,100	6,776	
Capital Expenditure	7,570	1,844	4,520	4,425	525	525	
Term Loans	14,750	20,250	21,000	22,250	20,750	19,250	
Dividend Paid	2,372	499	2,000	2,765	4,059	4,796	

			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
MEASURE	DESCRIPTION	CALCULATION	ACTUAL			BUDGET		
Profitability/Efficiency								
Return on Assets	The profit a company is able to generate from its assets.	Net profit after tax / Total Assets	3.5%	(1.0%)	1.3%	1.8%	2.3%	2.9%
Return on Capital Employed	The efficiency and profitability of a company's capital from both debt and equity sources	EBIT adjusted for IFRS fair value movements/ Average capital employed	32.8%	(6.5%)	29.8%	38.2%	44.7%	51.6%
Operating Margin	The profitability of the company per dollar of revenue	EBITDA/ Revenue	40.8%	27.9%	44.0%	46.7%	47.8%	48.9%
Leverage/Solvency								
Equity Ratio	The relative portion of the equity used to finance the company's assets.	Total shareholders' funds / Total assets	66.2%	63.3%	62.0%	60.6%	60.8%	60.8%
Earnings Ratio (Interest Cover)	The number of times that earnings can cover interest	EBITDA/ Interest paid	11.3	3.8	8.2	8.9	9.5	10.9
Gearing Ratio (net)	The ratio of debt (liabilities on which a company is required to pay interest) less cash, to debt less cash plus equity	Net debt / Net debt plus equity	17.57	25.01	25.93	27.39	26.65	25.95



			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
MEASURE	DESCRIPTION	CALCULATION	ACTUAL			BUDGET		
Shareholders' Return								
Dividend Pay-out	allowance for capital	Dividends paid / Net cash flow from operating activities less depreciation expense	7.60	(0.35)	1.08	1.46	2.03	1.74
Return on Equity	How much profit a company generates with the funds the shareholder has invested in the company	Net profit after tax / Average equity	5.5%	(1.6%)	2.1%	3.0%	3.7%	4.7%
Return on equity adjusted for IFRS fair value movements and asset revaluations	Return on equity after removing the impact of IFRS fair value movements and asset revaluations	Net profit after tax adjusted for IFRS fair value movements (net of tax) / Average of share capital plus retained earnings	12.8%	(3.5%)	4.8%	6.9%	8.9%	11.8%

The critical assumptions for the 2020/21 – 2024/25 financial and passenger budgets are:

#### a) Passenger Numbers

Passenger numbers are based on projected flight schedules and forecast load factors.

There is a forecast increase in Airport Charge revenue for the development charge associated with the terminal expansion project (TXP) effective January 2020.

There has not been a budgeted increase in Airport Charges for the triannual airport charges review effective 1 July 2020.

#### b) Wages

Wages are based on current actual salaries and wage rates and have been inflated by 2.0% year on year from 1 July 2020. The number of full-time equivalents have been amended to reflect post-COVID-19 staff numbers. There are no new roles included in the forecast period.

#### c) Depreciation

Depreciation is based on current depreciation rates after allowance for fixed asset additions. Depreciation is reflective of the timing of fixed asset additions and disposals.

#### d) Interest Rates

Term loan interest excluding margin has been held constant at 2.95% for the budget period. Interest rate swaps derivatives are included based on the age profile of swaps in place at time of forecast.

#### e) Car Park

The financial forecasts assume no change to the current carparking charges.

#### f) Tenant Rental

Tenant rental revenue is based on guaranteed annual rental. To the extent a rental agreement contains an element of rental revenue that is based on a percentage of tenant sales, only the Minimum Annual Guarantee (MAG) has been included in revenue forecasts.

#### g) All other items of income and expense

All other items of income and expense, including administration expenses have been reviewed on an individual basis based on current trends and known changes from the proceeding financial year.

An inflation allowance of 2.0% has been applied for each year subsequent to 2020/21 for both non-aeronautical income and expenditure items (excluding landing charges revenue which grows at the rates highlighted in the Passenger Numbers table above from 2021/22 and 2024/25 on the back of forecast passenger number movements).

This excludes apron, runway, and taxiway operational expenditure which is based on defined maintenance plans.

#### h) Asset Revaluations

No infrastructural asset revaluations have been included in the forecast period.



#### 8. DIVIDEND POLICY

8.1 The company's dividend policy is to pay 60% of the operating surplus after tax, adjusting for fair value movements in any investments in equity securities. The actual level of dividend will be determined by the directors each year in light of the circumstances that then exist.

In arriving at a dividend recommendation, directors will take into account:

- (a) The company's financial performance and, in particular, the cash flows generated by the company from operations.
- (b) The ratio of the company's Shareholders funds to the assets.
- (c) The company's investment proposals and profitability thereof.
- (d) Private corporate sector dividend payments in relation to earnings, net worth and financial structures.
- (e) The company's ability to raise loans and the terms thereof.
- (f) The company's capital expenditure programme.
- (g) The current cost of borrowings to the company.
- (h) The risks associated with the uncertainty of airline schedules in the short and medium term.
- (i) The Debt/Equity ratio

Any final dividend will be paid by 30 November.

### 9. REPORTING TO SHAREHOLDERS

- 9.1 Annually January, a draft Statement of Intent.Annually 30 June, a finalised Statement of Intent agreed by the shareholders.
- 9.2 The Directors will deliver to the shareholders an annual report and audited financial statements, which will consist of no less than:
  - (i) A Director's Report including
    - o a review of operations,
    - o a comparison of actual performance with targeted performance recommendation in respect of dividend (if any).



- (ii) Statement of Financial Position;
- (iii) Statement of Comprehensive Income & Statement of Movements in Equity;
- (iv) Statement of Cash flows;
- (v) Notes to the financial statements;
- (vi) Auditor's Report.

All reporting requirements noted in 9.2 above will be delivered within legislative timeframe deadlines.

- 9.3 Within 30 days of the end of each quarter, including Half Yearly, the directors will deliver to the shareholders a report consisting of:
  - (i) Financial review detailing actual performance against budget for revenue, expenditure and taxation. This will include a Statement of Comprehensive Income, a Statement of Financial Position and a Statement of Cash Flows.
  - (ii) Aircraft and passenger activity.
  - (iii) Commentary on any matters relating to the performance of the company.
- 9.4 Working with the Shareholder

The company will undertake to keep the shareholder informed of all substantive matters, as set out in the performance targets above. The Company will work to build a culture of accountability and constructive working practices between the shareholder and/or its subsidiaries, and the Company. It is expected that any conflicts that may arise between the shareholder and/or its subsidiaries, and the Company will be resolved directly between the shareholder the Company, in accordance with appropriate governance practices.

### 10. ACCOUNTING POLICIES

10.1 GENERAL ACCOUNTING POLICIES

The accounting policies recognised by the External Reporting Board ('XRB') for the measurement and reporting of financial performance, and financial position, will be adopted by Dunedin International Airport Limited.



#### 10.2 ACCOUNTING POLICIES

The accounting policies which materially affect the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

The accounting policies are listed in full in the annual report of the company and on the company website; www.dunedinairport.co.nz

### 11. ACQUISITION OF SHARES IN ANY COMPANY OR ORGANISATION

The Company will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to the Company. In order to maximise benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that the Company:

- (a) carry on any business other than the management and operation of Dunedin International Airport;
- (b) form any subsidiary company; or
- (c) acquire more than 20% of the shares in any other company,

the Company will obtain prior approval of the Shareholder through special resolution, or the transaction must be contingent on a special resolution of Shareholders.

### 12. TRANSACTIONS WITH RELATED PARTIES

The shareholders of Dunedin International Airport Limited are Dunedin City Holdings Limited and the Crown - each holding 50%.

#### **DUNEDIN CITY COUNCIL**

The Dunedin City Council is the sole shareholder in Dunedin City Holdings Limited. Transactions between related parties will be on a wholly commercial basis. Charges from Dunedin City Council and its other companies and charges to Dunedin City Council and its other companies will be made for services provided as part of the normal trading activities of Dunedin International Airport Limited.



A summary of related parties, and transaction type are noted in the table below:

#### Related Party Transaction Type

Dunedin City Council	Rates & Licences
Delta Limited	Maintenance Contracts
Dunedin Venues Management Limited	Corporate Membership
Dunedin City Treasury Limited	Specific Treasury Services

### 13. COMMERCIAL VALUE OF SHAREHOLDERS INVESTMENT IN THE AIRPORT COMPANY

The commercial value of the Shareholder's investment in the Company is considered by the Directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

This will be considered annually when the Statement of Intent is completed.





## **Dunedin City Treasury Ltd**

**DRAFT STATEMENT OF INTENT** 

For the Year Ending 30 June 2022



#### Statement of Intent 2021/22

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Statement of Intent 2021/22

#### 1. INTRODUCTION

Dunedin City Treasury Limited (DCTL) is a Council-Controlled Organisation (CCO) established to provide treasury and funds management services to entities within the Dunedin City Council Group.

DCTL is a wholly owned subsidiary of Dunedin City Holdings Limited, which is wholly owned by Dunedin City Council (the Council).

This Statement of Intent (SoI) sets out DCTL's planned activities, objectives and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in DCTL's 2022 Annual Report. This SoI takes shareholder comments into consideration.

#### 2. OBJECTIVES

DCTL's purpose is to manage the funding of the Council and its CCOs. In performing this function, DCTL's objective is to ensure adequate funds are available to meet ongoing obligations, minimising funding costs and maximising return on surplus funds, within acceptable levels of risk.

As a CCO, DCTL also has the following objectives, as defined in the Local Government Act 2002:

- a) achieve the objective of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) be a good employer as per clause 36 of Schedule 7 LGA); and
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so."

In 2021/2022, DCTL intends to continue its focus on ensuring adequate cost-effective funding is available to entities within the DCC Group and ensuring that financial risks are effectively identified and managed. We will continue to consider the products and structures that best enable us to achieve our objectives.

An additional focus for DCTL this year will be adding the New Zealand Local Government Funding Agency (LGFA) as a source of funding, pending Dunedin City Council joining LGFA.

DCTL's objectives and targets for the year, as set out on the following page, support this focus.

#### 3. NATURE AND SCOPE OF ACTIVITIES

DCTL undertakes the following activities in support of its objectives:



#### Cash & liquidity management

- Ensure funds are available to meet obligations
- Minimise funding costs
- Maximise return on surplus funds within agreed acceptable levels of risk



#### Group Bank

- Source debt and on-lends to DCC and CCOs
- Manage financial relationships with third parties
- · Manage financial risk



#### Investment management

 Manage Waipori Fund for DCC

**Dunedin City Treasury Limited** 

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#### Statement of Intent 2021/22

The undertaking by DCTL of any activity of a nature or scope outside of this would be subject to the prior approval of the shareholder.

#### 4. APPROACH TO GOVERNANCE

DCTL is governed by a board of independent directors appointed by the Council. Directors meet regularly to direct and control DCTL's proceedings.

The role of a Director of a CCO is defined in the Local Government Act 2002 as "to assist the organisation to meet its objectives and any other requirements in its Statement of Intent."

The DCTL board operates in accordance with the DCC Treasury Risk Management Policy and accepted best practice.



**Dunedin City Treasury Limited** 

#### Statement of Intent 2021/22

#### 5. PERFORMANCE TARGETS

Goal	Objective	Performance Targets		
Ensure funds are available to meet obligations.	Manage the liquidity risk of the DCC Group and use a variety of funding sources to achieve appropriate levels of funds as required by the DCC Group.	Zero breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.		
Minimise funding costs, while having regards to interest rate risk.	Utilise a portfolio approach to minimise funding costs and manage interest rate risk in accordance with the DCC Treasury Risk Management Policy.	Zero breaches of DCC Treasury Risk Management Policy's interest rate risk policy.		
Maximise returns on surplus funds, within acceptable levels of risk.	Securely invest surplus cash available from within the DCC Group, ensuring funds deposited outside the DCC Group are compliant with the DCC Treasury Risk Management Policy.	Zero breaches of DCC Treasury Risk Management Policy's investment management policy.		
Issue securities.	Manage the issuance of securities as and when required.	Successfully fill any issues brought to the market during the year.		
Manage financial relationships with third parties.	Maintain financial relationships with preferred financial providers.	Maintained funding lines with preferred financial providers.		
Maximise the cost effective utilisation of financial products.	Maintain a benchmarking system to measure DCTL's performance.	Regular reporting to the Board, of DCTL's achievement against defined benchmarks.		
Manage the Waipori Fund on behalf of the Council.	Manage the 'Waipori Fund' fully in accordance with policy and objectives set by Council to achieve the investment objectives.	Management of the fund and meeting the investment objectives set by Council in the Statement of Investment Policy and Objectives.		
Manage business risk.	Maintain a risk management framework to regularly identify,	Quarterly review by the Board, of the DCHL Risk Register Dashboard.		
	mitigate, and report risks.	Regular reporting to the shareholder of DCTL's top 5 current risks.		
Compliance with Dunedin City Council Treasury Risk Management Policy.	Comply with the DCC Treasury Risk Management Policy.	No breaches of policy.  Where breaches have occurred, there are no breaches that have not been reported to the GM Finance and Commercial within 1 business day and as per requirements of the policy.		
Communicate with the shareholder on a 'no surprises' basis.	Consult with the shareholder in a timely manner on DCTL strategic or operational matters which could compromise the Council's community outcomes.	No such matters that were not escalated to the shareholder in a timely manner.		
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	No such matters that were not reported to the shareholder within 24 hours.		
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Contribute to Council's Carbon Neutrality initiatives	Systems for measuring and publicly reporting carbon emissions are established and maintained on a regular basis. Reporting is reviewed on a regular basis. A strategy for reducing emissions is in place.		
Maximise benefits of the strong credit profile of the DCC to assist the Group.	Maintain a credit rating equal to that of the Dunedin City Council where the rating agency used applies the same credit rating to both entities.	Credit rating equal to that of Dunedin City Council		

**Dunedin City Treasury Limited** 

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Statement of Intent 2021/22

#### 6. FINANCIAL FORECASTS

This section sets out DCTL's financial forecasts for the next three financial years.

#### Ratio of Shareholder's Funds to Total Assets, and the definition of those terms

	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Shareholders' Funds to Total Assets	-4.7%	-4.4%	-4.4%

<sup>&</sup>quot;Shareholders' Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings. "Total Assets" means the aggregate amount of all current and non-current assets.

Shareholder's Funds are currently negative due to the negative mark to market of interest rate hedges. These are not expected to be realised due to the ongoing borrowing requirements of the Group.

Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders.

	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Dividend/Subvention Distributions	Nil	Nil	Nil

#### **Other Financial Forecasts**

	Year ending 30/06/2022 \$'000	Year ending 30/06/2023 \$'000	Year ending 30/06/2024 \$'000
Net Profit after Tax	8	10	10
Cash Flow from operations	(3,199)	(3,254)	(3,241)
Capital Expenditure	0	0	0
Debt	1,044,311	1,100,998	1,117,796

The projections provided have been prepared using the best information available at the time of preparation.

#### 7. ACCOUNTING POLICIES

General Accounting Policies

The accounting policies recognised by the External Reporting Board (XRB) for the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

Particular Accounting Policies

The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are fully listed in DCTL's annual report.

#### 8. DIVIDEND POLICY

DCTL's policy is not to pay dividends.

**Dunedin City Treasury Limited** 

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Statement of Intent 2021/22

#### 9. COMMERCIAL VALUE OF SHAREHOLDERS' INVESTMENT

The commercial value of the Shareholder's investment in DCTL is considered by the Directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

This will be considered annually when the Statement of Intent is completed.

#### 10. TRANSACTIONS WITH RELATED PARTIES

Dunedin City Council is the sole Shareholder of Dunedin City Holdings Limited.

Dunedin City Holdings Limited is the sole Shareholder in Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited, Dunedin Railways Ltd, Dunedin Venues Management Limited and Dunedin Stadium Property Limited.

Dunedin City Holdings Limited owns 50% of Dunedin International Airport Limited.

Transactions between the Companies, Dunedin City Council and other Dunedin City Council controlled enterprises will be on a wholly commercial basis.

Charges from Dunedin City Council and its other entities and charges to Dunedin City Council and its other entities will be made for goods and services provided as part of the normal trading activities of each Company.

Dunedin City Council	Provision of administrative services to DCTL		
	Provision of debt funding by DCTL generating interest income to DCTL		
	Treasury and fund management services provided by DCTL		
Dunedin City Holdings Limited and subsidiary companies	Provision of debt funding by DCTL generating interest income to DCTL		
	Provision of management services by DCHL		
City Forests Limited	Management of foreign exchange		

#### 11. OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD

Information to be provided to the shareholder

Information	Quarterly	Half Yearly	Annual
Key financial and service performance indicators	✓	✓	✓
Statement of Financial Performance		✓	✓
Statement of Financial Position		✓	✓
Statement of Cash Flows		✓	✓
Statement of Movement in Equity		✓	✓
Notes to the Financial Statements		✓	✓
Statement of Service Performance against SoI targets		✓	✓
Directors' Report		✓	✓
Auditors' Report			✓
Draft Statement of Intent			Prior to 1 Mar
Final Statement of Intent			Prior to 30 Jun

**Dunedin City Treasury Limited** 

#### Statement of Intent 2021/22

#### Working with the shareholder

DCTL will undertake to keep the Shareholder informed of all substantive matters, as set out in the performance targets above. DCTL will work to build a culture of accountability and constructive working practices between DCTL, the Shareholder, and Ultimate Shareholder as required. It is expected that any conflicts that may arise will be resolved directly between the Shareholder and DCTL, in accordance with appropriate governance practices.

Acquisition / divestment of assets or shares in any company or organisation

Except for the activities of DCTL as Manager for the Dunedin City Council 'Waipori Fund', DCTL will not invest in the shares of another company or invest in an entity other than placing surplus funds with counterparty banks or acquiring LGFA Borrower Notes.

The approval of the Shareholder is required before disposal by DCTL of any segment of its business.

#### Compensation sought

At the request of the Shareholder, DCTL may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities. At present, DCTL does not have any activities in respect of which its Board wishes to seek compensation from any local authority.

#### Group Facility Use

DCTL will undertake "Group" purchasing of goods and services, unless it is demonstrated conclusively to the Shareholder that the total combined cost of such Group purchasing to the Group and Dunedin City Council (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

#### Other agreements

DCTL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position.

DCTL will disclose in its Annual Report the proportion staff receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).



Draft Statement of Intent 2021/2022

# DUNEDIN RAILWAYS



# DRAFT STATEMENT OF INTENT For the Year Ending 30 June 2022

2021/22 SoI

**Dunedin Railways Limited** 

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Draft Statement of Intent 2021/2022

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2021/22 SoI

**Dunedin Railways Limited** 

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Draft Statement of Intent 2021/2022

#### 1. INTRODUCTION

Dunedin Railways Ltd (DRL or the Company) previously operated tourist train services. The Company is now in hibernation, maintaining assets pending evaluation and consideration of options for the Company and its assets. DRL is a wholly owned subsidiary of Dunedin City Holdings Ltd which is wholly owned by Dunedin City Council.

This SoI sets out DRL's planned activities and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in DRL's 2022 Annual Report.

#### 2. OBJECTIVES

As defined in section 59 of the Local Government Act 2002, the principal objectives of CCOs are to:

- a) achieve the objective of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) be a good employer as per clause 36 of Schedule 7 LGA); and
- exhibit a sense of social and environmental responsibility by having regard to the interests
  of the community in which it operates and by endeavouring to accommodate or encourage
  these when able to do so.

DRL conducts its affairs in accordance with sound business practice.

In 2021/2022, DRL intends to focus on sound maintenance of its key assets, pending evaluation of options for the Company and its assets. DRL's objectives and targets for the year, as set out below, support this focus.

#### 3. NATURE AND SCOPE OF ACTIVITIES

In support of its objectives, DRL maintains and operates rolling stock, track infrastructure and other related assets. The undertaking by DRL of any activity of a nature or scope outside of this would be subject to the prior approval of the shareholder.

#### 4. APPROACH TO GOVERNANCE

DRL is governed by a board of independent directors appointed by the Council. Directors meet regularly to direct and control DRL's proceedings.

The role of a Director of a CCO is defined in the Local Government Act 2002 as "to assist the organisation to meet its objectives and any other requirements in its Statement of Intent."

The DRL board operates in accordance with accepted best practice.

#### 5. PERFORMANCE TARGETS

Goal	Objective	Performance Targets
Manage the Hibernation Plan to protect and maintain DRL's assets	Hibernation Plan in place and report against it to the Board	Hibernation Plan is prepared and reported on to the Board on a quarterly basis
Ensure health and safety of our people	Reduce harm to employees and contractors	Target zero lost time injuries
DRL maintains a strategic direction that is consistent with the policies and objectives of the shareholder	Ensure Statement of Intent is constituent with objectives of the shareholder	A draft 2022/2023 Statement of Intent will be submitted to the shareholder by 1 March 2022.

2021/22 SoI

**Dunedin Railways Limited** 

Draft Statement of Intent 2021/2022

Goal	Objective	Performance Targets
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Contribute to Council's Carbon Neutrality initiatives	Systems for measuring and publicly reporting carbon emissions are established and maintained on a regular basis. Reporting is reviewed on a regular basis. A strategy for reducing emissions is in place.
Communicate with the shareholder on a 'no surprises' basis	Consult with the shareholders in a timely manner on DRL strategic or operational matters which could compromise Council's community outcomes	No such matters that were not escalated to the shareholder in a timely manner
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage	No such matters that were not reported to the shareholders within 24 hours

#### 6. FINANCIAL FORECASTS

This section sets out DRL's financial forecasts for the next three financial years.

Ratio of Shareholder's Funds to Total Assets, and the definition of those terms

	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Shareholder's Funds to Total Assets	100%	100%	100%

<sup>&</sup>quot;Shareholder's Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings. "Total Assets" means the aggregate amount of all current and non-current assets.

Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders.

	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Dividend distributions	Nil	Nil	Nil

#### Other Financial Forecasts

	Year ending 30/06/2022 \$'000	Year ending 30/06/2023 \$'000	Year ending 30/06/2024 \$'000
EBITDA	0	0	0
Net profit after tax	0	0	0
Cash flow from operations	0	0	0
Capital expenditure	0	0	0
Term loans	0	0	0

The projections provided have been prepared using the best information available at the time of preparation.

2021/22 SoI

**Dunedin Railways Limited** 

Draft Statement of Intent 2021/2022

#### 7. ACCOUNTING POLICIES

General Accounting Policies

The accounting policies recognised by the External Reporting Board (XRB) for the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

Particular Accounting Policies

The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are fully listed in DRL's Annual Report.

#### 8. DIVIDEND POLICY

DRL's current policy is not to pay dividends.

#### 9. COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

The commercial value of the Shareholder's investment in DRL is considered by the Directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

#### 10. TRANSACTIONS WITH RELATED PARTIES

Dunedin City Council is the sole Shareholder of Dunedin City Holdings Limited.

Dunedin City Holdings Limited is the sole Shareholder in Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited, Dunedin Railways Ltd, Dunedin Venues Management Limited and Dunedin Stadium Property Limited.

Dunedin City Holdings Limited owns 50% of Dunedin International Airport Limited.

Transactions between the Companies, Dunedin City Council and other Dunedin City Council controlled enterprises will be on a wholly commercial basis.

Charges from Dunedin City Council and its other entities and charges to Dunedin City Council and its other entities will be made for goods and services provided as part of the normal trading activities of each Company.

#### Related Party Transactions

Dunedin City Council	Council rates for properties owned by DRL
	Lease of Council owned land
Dunedin City Holdings Limited	Functions appropriate between Parent company (DCHL) and subsidiary (DRL)
Dunedin City Treasury Limited	Provision of debt funding to DRL generating interest payments to DCTL
Dunedin Venues Management Limited	Provision of administrative services to DRL

DCHL and its subsidiaries, including DRL, undertake to obtain all debt funding from DCTL, with exceptions as agreed with the Board of DCHL.

2021/22 SoI

**Dunedin Railways Limited** 

Draft Statement of Intent 2021/2022

#### 11. OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD

Information to be provided to the Shareholder

Information	Quarterly	Half Yearly	Annual
Key financial and service performance indicators	✓	✓	✓
Statement of Financial Performance		✓	✓
Statement of Financial Position		✓	✓
Statement of Cash Flows		✓	✓
Statement of Movement in Equity		✓	✓
Notes to the Financial Statements		✓	✓
Statement of Service Performance against SoI targets		✓	✓
Directors' Report		✓	✓
Auditors' Report			✓
Draft Statement of Intent			Prior to 1 Mar
Final Statement of Intent			Prior to 30 Jun

Working with the shareholder

DRL will undertake to keep the Shareholder informed of all substantive matters, as set out in the performance targets above. DRL will work to build a culture of accountability and constructive working practices between DRL, Shareholder, and Ultimate Shareholder as required. It is expected that any conflicts that may arise will be resolved directly between the Shareholder and DRL, in accordance with appropriate governance practices.

Acquisition / divestment of assets or shares in any company or organisation

DRL will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to DRL. In order to maximise benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that DRL should acquire assets, they will obtain prior approval of the Shareholder where an investment into the new assets exceeds \$500,000. For the purpose of this section, "asset(s)" includes a group of assets similar in type, cost and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the Directors intend that DRL should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) they will obtain prior approval of the Shareholder.

The approval of the Shareholder is required before disposal by DRL of any segment of its business, or disposal of any shares in a subsidiary or associated company where the value of the asset to be disposed of exceeds \$500,000.

#### Compensation sought

At the request of the Shareholder, DRL may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities. At present, DRL does not have any activities in respect of which its Board wishes to seek compensation from any local authority.

#### Group Facility Use

DRL will undertake "Group" purchasing of goods and services, unless it is demonstrated conclusively to the Shareholder that the total combined cost of such Group purchasing to the Group and Dunedin City Council (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

2021/22 SoI

**Dunedin Railways Limited** 



Draft Statement of Intent 2021/2022

Other agreements

The undertaking by DRL of any activity of a nature or scope not provided for in DRL's mission or goals would be subject to the prior approval of the Shareholder.

#### 12. WORKING WITH THE SHAREHOLDER

DRL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position.

DRL will disclose in its Annual Report the proportion staff receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).



2021/22 SoI

**Dunedin Railways Limited** 





# DUNEDIN STADIUM PROPERTY LTD

**DRAFT STATEMENT OF INTENT** 

For the Year Ending 30 June 2022

#### Draft Statement of Intent 2021/2022

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Draft Statement of Intent 2021/2022

#### 1. INTRODUCTION

Dunedin Stadium Property Limited (DSPL) is a Council-Controlled Organisation (CCO) established to hold the ownership of Forsyth Barr Stadium.

DSPL is a wholly owned subsidiary of Dunedin City Holdings Limited, which is wholly owned by Dunedin City Council.

This Statement of Intent (SoI) sets out DSPL's planned activities, objectives and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in DSPL's 2022 Annual Report.

#### 2. OBJECTIVES

DSPL was established with the primary purpose of ownership of Forsyth Barr Stadium. DSPL's overarching objective is to ensure this asset remains a fit for purpose venue for public and private events.

The Local Government Act 2002 also defines the principal objectives of CCOs as to:

- a) achieve the objective of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) be a good employer as per clause 36 of Schedule 7 LGA); and
- exhibit a sense of social and environmental responsibility by having regard to the interests
  of the community in which it operates and by endeavouring to accommodate or encourage
  these when able to do so.

DSPL conducts its affairs in accordance with sound business practice.

In 2021/2022, DSPL intends to focus on:

- a) ensuring Forsyth Barr Stadium is maintained in accordance with the Asset Management Plan;
   and
- b) managing DSPL's debt prudently.

DSPL's objectives and targets for the year, as set out on the following page, support this focus.

#### 3. NATURE AND SCOPE OF ACTIVITIES

In support of its objectives, DSPL approves and regularly reviews the stadium's Asset Management Plan, monitors execution of the Asset Management Plan and the asset's performance, ensures an appropriate debt repayment programme is in place, and gives consideration to the long-term strategy for the asset.

The undertaking by DSPL of any activity of a nature or scope outside of this would be subject to the prior approval of the shareholder.

#### 4. APPROACH TO GOVERNANCE

DSPL is governed by a board of independent directors appointed by the Council. Directors meet regularly to direct and control DSPL's proceedings.

The role of a Director of a CCO is defined in the Local Government Act 2002 as "to assist the organisation to meet its objectives and any other requirements in its Statement of Intent."

The DSPL board operates in accordance with accepted best practice.

2021/22 SoI

**Dunedin Stadium Property Limited** 

Draft Statement of Intent 2021/2022

#### 5. PERFORMANCE TARGETS

Goal	Objective	Performance Targets
Forsyth Barr Stadium remains a fit for purpose venue for public and private events	Ensure an Asset Management Plan which enables general use of the stadium, and meets asset warranty and guarantee requirements, is in place	An Asset Management Plan is in place
	Ensure the Asset Management Plan remains current and relevant	The Asset Management Plan is internally reviewed annually, and externally reviewed every three years
	Ensure assets are maintained in accordance with the Asset Management Plan	Asset maintenance is compliant with the Asset Management Plan schedules and principles, including condition-based assessments
	Ensure the potential impact of climate change on assets are understood and managed	Incorporate potential impacts of climate change on Forsyth Barr Stadium into Asset Management Plan and/or risk management
Manage debt prudently	Ensure an appropriate debt repayment programme is in place	A debt repayment programme is in place and reviewed by the Board annually
DSPL maintains a strategic direction that is consistent with the policies and objectives of the shareholder	Ensure Statement of Intent is consistent with objectives of the shareholder	A draft 2022/2023 Statement of Intent will be submitted to the shareholder by 1 March 2022
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Contribute to Council's Carbon Neutrality initiatives	Systems for measuring and publicly reporting carbon emissions are established and maintained on a regular basis. Reporting is reviewed on a regular basis. A strategy for reducing emissions is in place
Communicate with the shareholder on a 'no surprises' basis	Consult with the shareholder in a timely manner on DSPL strategic or operational matters which could compromise the Council's community outcomes	No such matters that were not escalated to the shareholder in a timely manner
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage	No such matters that were not reported to the shareholder within 24 hours



Draft Statement of Intent 2021/2022

#### 6. FINANCIAL FORECASTS

This section sets out DSPL's financial forecasts for the next three financial years.

Ratio of Shareholder's Funds to Total Assets, and the definition of those terms

	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024	
Shareholder's Funds to Total Assets	41%	40%	40%	

<sup>&</sup>quot;Shareholder's Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings.

Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders.

	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Dividend distributions	Nil	Nil	Nil

#### Other Financial Forecasts

	Year ending 30/06/2022 \$'000	Year ending 30/06/2023 \$'000	Year ending 30/06/2024 \$'000
EBITDA	2,848	2,862	2,757
Net profit after tax	(5,844)	(5,567)	(5,359)
Cash flow from operations	196	465	425
Capital expenditure	2,996	842	47
Term loans	87,160	85,290	82,660

The projections provided have been prepared using the best information available at the time of preparation.

#### 7. ACCOUNTING POLICIES

General Accounting Policies

The accounting policies recognised by the External Reporting Board (XRB) for the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

Particular Accounting Policies

The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are fully listed in DSPL's Annual Report.

#### 8. DIVIDEND POLICY

DSPL's current policy is not to pay dividends.

2021/22 SoI

**Dunedin Stadium Property Limited** 

<sup>&</sup>quot;Total Assets" means the aggregate amount of all current and non-current assets.

Draft Statement of Intent 2021/2022

#### 9. COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

The commercial value of the Shareholder's investment in DSPL is considered by the Directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

#### 10. TRANSACTIONS WITH RELATED PARTIES

Dunedin City Council is the sole Shareholder of Dunedin City Holdings Limited.

Dunedin City Holdings Limited is the sole Shareholder in Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited, Dunedin Railways Ltd, Dunedin Venues Management Limited and Dunedin Stadium Property Limited.

Dunedin City Holdings Limited owns 50% of Dunedin International Airport Limited.

Transactions between the Companies, Dunedin City Council and other Dunedin City Council controlled enterprises will be on a wholly commercial basis.

Charges from Dunedin City Council and its other entities and charges to Dunedin City Council and its other entities will be made for goods and services provided as part of the normal trading activities of each Company.

#### Related Party Transactions

Dunedin City Council	Council rates for properties owned by DSPL
	Lease of Council owned land
Dunedin City Holdings Limited	Provision of administrative services to DSPL
Dunedin City Treasury Limited	Provision of debt funding to DSPL generating interest payments to DCTL
Dunedin Venues Management Limited	Maintenance of asset and grounds
	Lease of asset

DCHL and its subsidiaries, including DSPL, undertake to obtain all debt funding from DCTL, with exceptions as agreed with the Board of DCHL.

#### 11. OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD

Information to be provided to the Shareholder

Information	Quarterly	Half Yearly	Annual
Key financial and service performance indicators	✓	✓	✓
Statement of Financial Performance		✓	✓
Statement of Financial Position		✓	✓
Statement of Cash Flows		✓	✓
Statement of Movement in Equity		✓	✓
Notes to the Financial Statements		✓	✓
Statement of Service Performance against SoI targets		✓	✓
Directors' Report		✓	✓
Auditors' Report			✓
Draft Statement of Intent			Prior to 1 Mar
Final Statement of Intent			Prior to 30 Jun

2021/22 SoI

**Dunedin Stadium Property Limited** 

#### Draft Statement of Intent 2021/2022

#### Working with the shareholder

DSPL will undertake to keep the Shareholder informed of all substantive matters, as set out in the performance targets above. DSPL will work to build a culture of accountability and constructive working practices between DSPL, Shareholder, and Ultimate Shareholder as required. It is expected that any conflicts that may arise will be resolved directly between the Shareholder and DSPL, in accordance with appropriate governance practices.

Acquisition / divestment of assets or shares in any company or organisation

DSPL will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to DSPL. In order to maximise benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that DSPL should acquire assets, they will obtain prior approval of the Shareholder where an investment into the new assets exceeds \$500,000. For the purpose of this section, "asset(s)" includes a group of assets similar in type, cost and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the Directors intend that DSPL should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) they will obtain prior approval of the Shareholder.

The approval of the Shareholder is required before disposal by DSPL of any segment of its business, or disposal of any shares in a subsidiary or associated company where the value of the asset to be disposed of exceeds \$500,000.

#### Compensation sought

At the request of the Shareholder, DSPL may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities. At present, DSPL does not have any activities in respect of which its Board wishes to seek compensation from any local authority.

#### Group Facility Use

DSPL will undertake "Group" purchasing of goods and services, unless it is demonstrated conclusively to the Shareholder that the total combined cost of such Group purchasing to the Group and Dunedin City Council (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

#### Other agreements

The undertaking by DSPL of any activity of a nature or scope not provided for in DSPL's mission or goals would be subject to the prior approval of the Shareholder.

#### 12. WORKING WITH THE SHAREHOLDER

DSPL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position.

DSPL will disclose in its Annual Report the proportion staff receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).

2021/22 SoI

**Dunedin Stadium Property Limited** 







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Dunedin Venues Management Limited (DVML) is a specialist event, turf and venue management organisation. It is a Council Controlled Trading Organisation (CCTO) owned wholly by Dunedin City Holdings Limited (DCHL), which is wholly owned by Dunedin City Council (DCC).

#### 2. Purpose of Statement of Intent

This Statement of Intent (SoI) sets out DVML's planned activities and financial forecasts for the next three years. It includes performance measures and targets which form the basis of DVML's organisational accountability and will be reported on in DVML's 2022 Annual Report. This Sol takes DCHL expectations into consideration.

#### 3. Objectives

As a CCTO, DVML has the following objectives, as defined in Section 59 of the Local Government Act (LGA):

- Achieve the objectives of its shareholder, both commercial and non-commercial, as specified in the statement of intent; and
- Be a good employer as per clause 36 of Schedule 7 of the LGA; and
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- To conduct its affairs in accordance with sound business practice.







#### 4. Nature and Scope of Activities

DUNEDIN | kaunihera a-rohe o otepoti

The principal activities of DVML are to:

- Source and secure appropriate events for all venues under its management.
- Plan, host and deliver exceptional events.
- Manage the assets and facilities for which it is responsible.
- Facilitate community access to the venues for which it is responsible.

DVML will contribute to the growth and vitality of Dunedin City by driving strong and sustainable business performance, building a reputation for innovation and excellence in venue management and demonstrating our commitment to the delivery of outstanding event experiences.

The undertaking by DVML of any activity of a nature or scope outside of this would be subject to the prior approval of the shareholder.



















#### 4. Nature and Scope of Activities contd

The ability for DVML to achieve its principal activities will be dependent on New Zealand remaining at Alert level 1 and the easing of border restrictions. The below is a summary of each sector of the events industry based on current information and guidelines.

Business Events: The Business Events industry is still in recovery mode; a full recovery is not expected while travel restrictions are in place. Dunedin's market sector has traditionally been national conferences, while other cities previously focused on the international market. As a result of the loss of international conferences, the domestic market is seeing increased competition for business.

Community Events: Funding has been granted for events occurring September 2021 to December 2021 and January 2022 to June 2022.

National Sporting Events: There are two Super Rugby competitions currently scheduled for 2021, the Sky Super Rugby Actearoa competition from 26 February to 8 May and an Australian cross over competition running from 14 May to 19 June. The Pulse Energy Highlanders will have six home games at Forsyth Barr Stadium over both competitions. Place holder Mitre 10 Cup. The Mitre 10 domestic rugby competition is scheduled to commence in August.

International Sporting Events: Place holder All Blacks. The ICC Women's Cricket World Cup is scheduled for New Zealand in February and March 2022 – Dunedin matches (3) are in early February 2022.

Cultural Events: The domestic concert market will be busy with an increased number of NZ Band's and artists performing at the Dunedin Town Hall throughout 2021. The Dunedin Craft Beer and Food Festival is confirmed for October 2021. Although there are international concerts pencilled into the calendar at the end of 2021, it is unlikely these events will proceed unless border restrictions have eased.



#### 5. Corporate Governance

DVML is governed by a board of independent directors appointed by DCHL. Directors meet regularly to direct and control DVML's proceedings.

The role of a director of a CCTO is defined in section 58 of the LGA as "... to assist the organisation to meet its objectives and any other requirements in its statement of intent."

In addition to the obligations of the LGA, DVML is also subject to the requirements of the Companies Act 1993, and all other applicable legislative requirements.

The DVML board operates in accordance with accepted best practice governance.



Raewyn Lovett - Chair



Joanne Conroy



Dylan Rushbrook



Adam La Hood





#### 6. Performance Targets and Other Measures



SAFETY AND COMPLIANCE  (DCC Strategic Framework Accountabilities – Social and Wellbeing, Parks and Recreation & Ara Toi Arts and Culture)			
Goals	Objectives	Performance Measures	
Maintain business continuity within required Ministry of Health guidelines during a Pandemic.	Maintain a Pandemic Response that ensures business continuity and staff work in a safe and secure environment.	Meet Ministry of Health and Government requirements as set out in New Zealand's Alert Level system which specifies measures to be implemented against COVID-19 at each level. Ensure all staff have access to required systems in the event they are not able to work in the office.	
To make safety DVML's first priority and provide a safe environment.	Review the Health and Safety Plan with the Health and Safety Committee each year.	Health and Safety Plan has been reviewed. Corrective actions are prioritised and actioned.	
	Work with DVML staff, Contractors and Service Providers to minimise risk across all venues ensuring adequate training is provided.	Site, Contractor and Event Audits show no breaches of agreed procedures. Only inducted Contractors gain entry into venues.	
	Report on Health and Safety management and provide statistical data to the monthly board reports.	An Incident Frequency Rate Events (IFRE) < 0.05% of the total number of people attending events at the venues.	
		Total Incident Rate (TIR) < 6 incidents per 200,000 hours worked.	
		Total Recordable Incidents (TRI) < 3.	
		Lost Time Incidents (LTI) < 2.	
		Lost Time Incident Frequency Rate (LTIFR) < 17 per 1,000,000 hours worked.	
	Staff education and training is provided to support awareness and legislative requirements under the Health and Safety Work Act 2015.	Staff training is current and meets current legislative requirements.	
	Undertake an external self assessment Safe Plus audit.	Continuously show improvement to audit achieving a Performing Score or better across all elements of the Safe Plus criteria within three years.	
To meet all of DVML's statutory obligations.	Meet and maintain all statutory, regulatory and resource consent requirements.	No material breaches of legislation.	
	Facilities and infrastructure are maintained as fit for purpose and in accordance with the approved current Asset Management Plan.	No material breaches of KPI's as set out in the approved current Asset Management Plan section 4.4.3.	
	Report on facilities indicators and provide statistical data to the monthly board reports.	Reports are provided within deadlines and data is acted upon.	
To make people feel connected and involved in Dunedin City's community and city affairs.		Positive community feedback and increased satisfaction levels through the Residents Opinion Survey.	
To engage with the DCC on a regular basis where the DCC can assist DVML to enable local and regional groups to access all facilities under its management.		Report to the DCC on the application of the Service Level Agreement for Community Event Funding to ensure it is applied efficiently and caters to a variety of events and community groups.	
To be recognised as a positive contributor to the community.	Initiate opportunities to speak to the community, stakeholders and interested organisations.	Senior management conduct a minimum of five speaking engagements.	

TIR - The total incident rate is the recorded incidents across all venues multiplied by 200,000 hours worked divided by the actual hours worked by people at the venues.

TRI – The total recordable incidents recorded is the total number of lost time injuries, or injuries which require medical treatment administered by a professional Doctor

LTI – A lost time injury that leads to an employee being absent from work

LTIFR – The lost time injury frequency rate is measured by the number of lost time injuries per 1,000,000 hours worked IFRE – The Incident Frequency Rate Events is measured by the number of registered incidents divided by the number of attendees.



#### 6. Performance Targets and Other Measures contd



	MARKETING AND BUSINESS			
Goals Objectives Performance Measures				
To increase economic benefit to the Dunedin City and region through major events.	A minimum of \$5m visitor marginal direct spend per each major event (>10,000 pax) for Dunedin City.	Visitor Marginal Direct Spend target is achieved, determined through a post event patron survey assessed by an independent economist.		
		Achieve minimum 80% satisfaction rating through surveys of all major events (>10,000 pax).		
		60% of attendees of all major events (>10,000 pax) to come from outside of Dunedin City.		
To build strong and long lasting commercial partnerships.	To work with DVML's Commercial Partners to deliver cost, quality and revenue outcomes consistent with DVML's budgets and Strategic Pillars.	Achieve a 80% retention rate of Commercial Partner renewals.		
To lead the way with venue and facilities' development projects to ensure that DVML venue offerings are flexible, scalable and fit for purpose, and create new opportunities for growth as the industry returns to full strength.		Produce a Venue Hirer document that encompasses all venues and shows the diversity of space.		
To enhance the sense of value that DVML delivers to its Members.	Members feel valued, engaged and receive exceptional service through enhanced offerings.	Members receive quality engaging communication and content through a regular newsletter Survey Members for satisfaction level – minimum 80% Satisfaction to be achieved.		
To contribute in event bidding, origination and promotion for major events in Dunedin City.	Continue to identify opportunities for the city.	In conjunction with DCC, submit bids of a high quality that will secure events and drive economic benefit and civic pride for the city.		
Increase utilisation of DVML venues.	To increase/provide new revenue streams and/or Member/Commercial Partner benefits.	Keep DVML board of directors updated with potential opportunities.		





#### 6. Performance Targets and Other Measures contd

ENVIRONMENT AND SUSTAINABILITY  (DCC Strategic Framework Accountabilities – Te Ao Tūroa Environment)				
Goals	Objectives	Performance Measures		
To be recognised as a positive contributor to Dunedin City's community.	Act as a socially and environmentally responsible corporate citizen. Develop sustainable practices.	Prioritise cost effective carbon emission reducing projects.		
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives.	Work closely with DVML suppliers and clients, fostering partnerships that enhance DVML's venues' environmental performance. Offering assistance and advice where possible on formulating strategies to minimise environmental impact such as water, electricity, packaging and providing recycling facilities.	Systems for measuring and publicly reporting carbon emissions are established and maintained on a regular basis. Reporting is reviewed on a regular basis. A strategy for reducing emissions is in place.		
	Manage DVML operations to be economically and environmentally sustainable.	Building Management System (BMS) has been reviewed annually to ensure maximum efficiency from Heating, Ventilation and Air-Conditioning (HVAC system).		

HUMAN RESOURCES  (DCC Strategic Framework Accountabilities – Social and Wellbeing)			
Goals	Objectives	Performance Measures	
To maintain a workforce reflective of the organisation's level of operation.	Retain and support staff who are able to activate venues and operations as the industry returns.	Staff numbers are at a level and skill base whereby all business activity can be undertaken safely and effectively.	
Create a working environment where everyone feels respected and valued, and that celebrates the diversity of the community in which we operate.	Maintain HR and Health and Safety policies, practices and the appropriate levels of investment to position DVML as an employer of choice in the venue management business by enabling, recognising and rewarding the people who make a difference.	Ensure all DVML employees are paid at least the Living Wage.	
Ensure staff are engaged with the company vision, purpose and values.	To recognise and review staff performance.	Performance Reviews are conducted with all staff at least every six months, implement any training, improvements and recommendations as appropriate.	



#### 6. Performance Targets and Other Measures contd

FINANCIAL  (DCC Strategic Framework Accountabilities – Economic Development)			
Goals Objectives Performance Measures			
		ROI is achieved and calculated by Visitor Marginal Direct Spend against the level of EAF investment for the major event.	

SHAREHOLDER			
Goals	Objectives	Performance Measures	
To bring to the attention of DCHL any matters where there may be conflict between the DCHL outcomes.		Matters which may or could conflict have been escalated to the Shareholder.	
Keep DCHL informed of all substantive matters.	substantive matter that has the potential to impact negatively on	Report to DCHL within 24 hours of the Board becoming aware of substantive matters which have the potential to negatively impact on the Shareholder and DVML with a particular focus on matters of interest to the media.	





#### 7. FINANCIAL FORECASTS

#### a. The ratio of Shareholder Funds to Total Assets and the definition of those terms.

	Year ending	Year ending	Year ending
	30/06/2022	30/06/2023	30/06/2024
Shareholder Funds to Total Assets	14%	19%	22%

DVML has adopted a target Shareholder Funds to Total Assets ratio (equity ratio) of 10% but expects this ratio will fluctuate depending on a variety of circumstances including accounting entries relating to IFRS16 leases, asset renewal and investment cycles. In relation to IFRS16, the equity ratio is low in the early years of a lease contract and increases each year as the lease asset reduces. During periods of higher capital expenditure, the equity ratio will likely be lower and, at other times, may exceed the current target.

"Shareholder Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings.

"Total Assets" means the aggregate amount of all current and non-current assets.

#### b. Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the Shareholder.

	Year ending	Year ending	Year ending
	30/06/2022	30/06/2023	30/06/2024
Dividend/Subvention Distributions	Nil	Nil	Nil

#### c. Other Financial Forecasts.

	Year ending 30/06/2022 \$'000	Year ending 30/06/2023 \$'000	Year ending 30/06/2024 \$'000
EBITDA	3,887	3,620	2,602
Net Profit after Tax	1,033	757	50
Cash Flow from Operations	1,682	1,218	308
Capital Expenditure	350	1,800	400





#### 8. ACCOUNTING POLICIES

- a) General Accounting Policies The accounting policies recognised by the External Reporting Board (XRB) for the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.
- b) Particular Accounting Policies The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are listed in DVML's Annual Report.

#### 9. INFORMATION TO BE PROVIDED TO THE SHAREHOLDER IN THE FINANCIAL REPORTS

	Quarterly	Half Yearly	Annual
Key financial performance indicators	✓	✓	✓
Statement of Financial Performance		✓	✓
Statement of Financial Position		✓	✓
Statement of Cash Flows		✓	✓
Statement of Movement in Equity		✓	✓
Notes to the Financial Statements			
Notes to the Financial Statements		✓	✓
Statement of Service Performance against Sol targets		<b>✓</b>	
Statement of Service Performance against 501 targets		•	•
Directors Report		<b>✓</b>	1
Directors Report		•	•
Auditors Report			1
That the port			
Statement of Intent (Draft)		Prior to	1 March
Statement of Intent (Final)		Prior to	30 June





#### 10. DIVIDEND POLICY

DVML's current policy is not to pay dividends.

DVML wishes to maintain an optimal capital structure and every three years will review that structure to determine whether additional capital can be released and whether changes need to be made to the Dividend Policy.

DVML's retention of cash is important:

- a) in an environment where future cashflow remains uncertain as a result of Covid-19 restrictions.
- b) to continue DVML's asset replacement program.
- c) to provide the ability to bid for major events.

#### 11. ACQUISITION/DIVESTMENT OF ASSETS, OR SHARES IN ANY COMPANY OR ORGANISATION

DVML will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to DVML. In order to maximise benefit to DCHL, shares or assets may also be sold in response to, or in anticipation of, ongoing changes in the marketplace.

If the directors intend that DVML or its subsidiaries should acquire assets, they will obtain prior approval of DCHL where an investment into the new assets exceeds \$500,000. For the purpose of this section "Asset(s)" includes a group of assets similar in type, cost and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the directors intend that DVML or its subsidiaries should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) exceeding a total investment of \$500,000 they will obtain prior approval of DCHL.

The approval of DCHL is required before disposal by DVML of any segment of its business or shares in a subsidiary or associate company where the value of the asset to be disposed of exceeds the investment delegated authority of \$500,000.

#### 12. COMPENSATION SOUGHT

At the request of the DCHL, DVML may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities. At present, DVML does not have any activities in respect of which its Board wishes to seek compensation from any local authority.

#### 13. COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

The commercial value of DCHL's investment in DVML is considered by the directors to be not less than the Shareholder's Funds as disclosed in the Statement of Financial Position published in the last Annual Report.

This will be considered annually when the SoI is completed.



#### 14. OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD

a) The approval of DCHL is also required before DVML could dispose of any segment of its business or shares in a subsidiary or associated company where the value of the asset to be disposed of exceeds the investment delegated authority set out in Section 11 above.

#### 15. TRANSACTIONS WITH RELATED PARTIES

The DCC is the sole shareholder of DCHL.

DCHL is the sole shareholder in Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited (DCTL), Dunedin Railways Limited, Dunedin Venues Management Limited and Dunedin Stadium Property Limited.

DCHL owns 50% of Dunedin International Airport Limited.

Transactions between the companies, DCC and other DCC controlled enterprises will be on a wholly commercial basis.

Charges from DCC and its other entities and charges to DCC and its other entities will be made for goods and services provided as part of the normal trading activities of each company.

DCHL and its subsidiaries will undertake to obtain all debt funding from DCTL, with exceptions as agreed with the board of DCHL.

#### **Related Party Transactions**

Dunedin City Council	DCC rates for properties leased by DVML.
	Event Attraction Fund and Community Access Grant.
	Occupancy of DCC owned property.
	Provision of services.
Dunedin City Treasury Limited	Provision for debt funding and deposit facilities to DVML generating interest payments to and from DCTL.
Dunedin Stadium Property Limited	Lease of property to DVML. Provision of facility management services.
Dunedin Railways Limited	Provision of management services.
Dunedin City Holdings Limited	Functions appropriate between Parent company and subsidiary.



#### 16. GROUP FACILITY USE

DVML will undertake to operate "Group" purchasing of goods and services, unless it is demonstrated conclusively to DCHL that the total combined cost of such Group purchasing to the Group and DCC (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

#### 17. WORKING WITH THE SHAREHOLDER

DVML will undertake to keep DCHL informed of all substantive matters, as set out in the performance measures above. DVML will work to build a culture of accountability and constructive working practices between DCHL and DVML.

It is expected that any conflicts that may arise between DCHL and DVML will be resolved directly between DCHL and DVML, in accordance with appropriate governance practices.

DVML will not accept sponsorship or award naming rights to companies involved in activities deemed to be inconsistent with DCC's ethical position.

DVML will disclose in its Annual Report the proportion of its workforce receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).





#### FINANCIAL RESULT - PERIOD ENDED 31 JANUARY 2021

Department: Finance

#### **EXECUTIVE SUMMARY**

- 1 This report provides the financial results for the seven months ended 31 January 2021 and the financial position as at that date.
- 2 As this is an administrative report only, there are no options or Summary of Considerations.

\$ Million	Actual	Budget	Variance		Last Year
Revenue	181.750	179.856	1.894	F	181.917
Expenditure	189.694	190.565	0.871	F	189.614
Net Surplus/(Deficit) excluding Waipori	(7.944)	(10.709)	2.765	F	(7.697)
Waipori Fund Net	7.009	2.985	4.024	F	6.197
Net Surplus/(Deficit) including Waipori	(0.935)	(7.724)	6.789	F	(1.500)
Capital Expenditure	51.096	74.582	23.486		51.909
<b>Debt</b> Short Term Borrowings Term Loans	13.000 243.973	52.800 243.973	39.800 -	F	23.000 218.973
Total Debt	256.973	296.773	39.800	F	241.973

#### **RECOMMENDATIONS**

#### That Council:

a) **Notes** the Financial Performance for the seven months 31 January 2021 and the Financial Position as at that date.



#### **BACKGROUND**

This report provides the financial statements for the seven months ended 31 January 2021. It includes reports on: financial performance, financial position, cashflows and capital expenditure. The operating result is also shown by group, including analysis by revenue and expenditure type.

#### **DISCUSSION**

- The year to date favourable revenue variance included increased activity at the Green Island Landfill, funding for economic development projects and higher building services activity. Aquatic services revenue was also higher due to increased gym memberships. Some of the membership revenue represents renewals deferred from last year.
- These favourable revenue variances were partially offset by lower grants funding in transport due to a lower level of subsidised capital expenditure.
- Overall expenditure was a favourable spend of \$871k. This was due to favourable interest costs, the timing of some grant and service level agreement payments and software licensing expenditure year to date being less than anticipated. The timing/savings of greenspace maintenance costs in Parks also contributed to the favourable variance.
- These favourable variances were partially offset by higher ETS and variable contract costs at the Green Island Landfill as a result of increased activity, and Transportation development costs relating to the major projects programme and the Shaping Future Dunedin project. Roading maintenance was also running ahead of budget due to the timing of expenditure.
- 8 The Waipori Fund was favourable year to date with positive movements across all equity markets.
- 9 Capital expenditure across all areas was running behind budget, with the timing of some expenditure delayed while project briefs and procurement activities are completed.

#### **NEXT STEPS**

Financial Result Reports will continue be presented to future meetings of either the Finance and Council Controlled Organisation Committee or Council.

#### **Signatories**

Authoriser:	Gavin Logie - Acting General Manager Finance
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#### **Attachments**

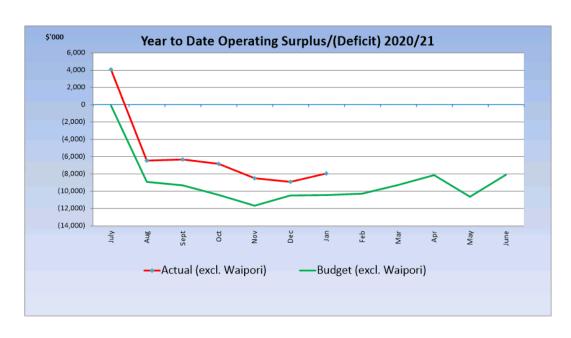
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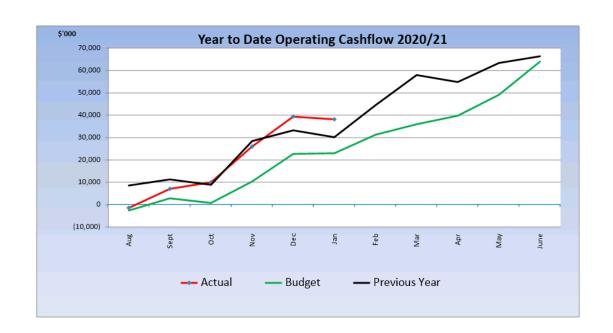


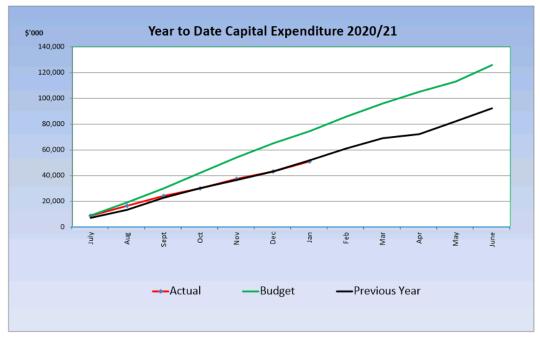
#### **DUNEDIN CITY COUNCIL**

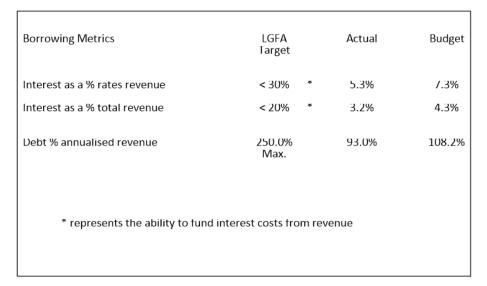
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#### **SUMMARY FINANCIAL INFORMATION AS AT 31 JANUARY 2021**









Financial Result - Period Ended 31 January 2021



### DUNEDIN CITY COUNCIL Statement of Financial Performance For the Period Ending 31 January 2021

Amount: \$'000

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Mth Actual	Mth Budget	Mth Variance		REVENUE	Year to Date Actual	Year to Date Budget	Year to Date Variance		LY YTD Actual	LY Full Year Actual	Full Year Budget
13,602	13,541	61	F	Rates Revenue	95,159	94,788	371	F	91,407	156,967	163,136
(2)	-	2	U	Rates Penalties	564	166	398	F	550	766	333
6,267	5,359	908	F	Other Operating Revenue	41,596	38,353	3,243	F	43,869	73,113	66,172
3,390	3,486	96	U	Grants	22,566	25,540	2,974	U	24,625	40,052	40,701
237	69	168	F	Contributions	1,213	485	728	F	775	6,083	3,832
2,910	2,932	22	U	Internal Revenue	20,652	20,524	128	F	20,691	35,349	35,180
26,404	25,387	1,017	F	TOTAL REVENUE	181,750	179,856	1,894	F	181,917	312,330	309,354
				EXPENDITURE							
4,614	5,504	890	F	Personnel Costs	38,579	40,056	1,477	F	39,485	67,488	67,972
7,098	5,687	1,411	U	Operations & Maintenance	42,839	40,129	2,710	U	41,119	67,593	68,293
1,840	2,007	167	F	Occupancy Costs	16,678	17,093	415	F	18,181	24,825	26,235
1,689	1,872	183	F	Consumables & General	13,806	13,537	269	U	14,465	27,255	23,629
441	438	3	U	Grants & Subsidies	9,069	9,554	485	F	8,493	10,095	10,790
2,912	2,933	21	F	Internal Charges	20,654	20,526	128	U	20,691	35,349	35,180
6,140	6,108	32	U	Depreciation	42,984	42,752	232	U	41,005	73,097	73,289
701	989	288	F	Interest	5,085	6,918	1,833	F	6,175	10,014	12,051
25,435	25,538	103	F	TOTAL EXPENDITURE	189,694	190,565	871	F	189,614	315,716	317,439
969	(151)	1,120	F	NET SURPLUS (DEFICIT) EXCLUDING WAIPORI	(7,944)	(10,709)	2,765	F	(7,697)	(3,386)	(8,085)
281	427	146	U	Add Waipori Fund Net Operating Result	7,009	2,985	4,024	F	6,197	4,948	5,115
1,250	276	974	F	NET SURPLUS (DEFICIT) INCLUDING WAIPORI	(935)	(7,724)	6,789	F	(1,500)	1,562	(2,970)

Financial Result - Period Ended 31 January 2021



#### **DUNEDIN CITY COUNCIL Statement of Financial Position** As at 31 January 2021



As at 31 January 2021  Amount: \$'000									
As at 30-Jun-20		As at 31-Jan-21	Budget 31-Jan-21	Budget 30-Jun-21	As at 31-Jan-20				
	Current Assets								
15,362	Cash and Deposits	10,422	10,014	9,558	9,998				
24,357	Sundry Debtors	32,665	29,011	19,379	34,553				
7,163	Short Term Investments	9,106	9,733	9,733	9,149				
-	Assets held for Resale	-	-	-	-				
352	Inventories	359	288	288	288				
47,234	Total Current Assets	52,552	49,046	38,958	53,988				
	Non Current Assets								
317,036	Investments	325,360	317,590	320,869	321,549				
3,065,159	Fixed Assets	3,073,234	3,134,276	3,195,493	3,052,699				
3,382,195	Total Non Current Assets	3,398,594	3,451,866	3,516,362	3,374,248				
3,429,429	TOTAL ASSETS	3,451,146	3,500,912	3,555,320	3,428,236				
	Current Liabilities								
13,284	Sundry Creditors	25,171	12,000	10,000	20,714				
36,300	Accrued Expenditure	34,175	25,353	27,407	31,724				
-	Short Term Borrowings	13,000	52,800	-	23,000				
2,052	Derivative Financial Instruments	1,257	874	367	2,859				
51,636	Total Current Liabilities	73,603	91,027	37,774	78,297				
	Non Current Liabilities								
243,973	Term Loans	243,973	243,973	308,873	218,973				
12,241	Other Non-Current Liabilities	12,133	11,360	11,360	11,379				
256,214	<b>Total Non Current Liabilities</b>	256,106	255,333	320,233	230,352				
307,850	TOTAL LIABILITIES	329,709	346,360	358,007	308,649				
3,121,579	COUNCIL EQUITY	3,121,437	3,154,552	3,197,313	3,119,587				
3,429,429		3,451,146	3,500,912	3,555,320	3,428,236				
Statement of C	Change in Equity								
3,120,186	Opening Balance	3,121,579	3,161,587	3,161,587	3,120,186				
1,562	Operating Surplus (Deficit)	(935)	(7,724)	(2,970)	(1,500				
(2,382)	Movements in Reserves	(2)	-	37,500	(505				
2,213	Adjustment Derivatives	795	689	1,196	1,406				
3,121,579		3,121,437	3,154,552	3,197,313	3,119,587				
5,122,575		5,121,157	5,25 1,552	0,10,1010	5,215,507				



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## DUNEDIN CITY COUNCIL Statement of Cashflows For the Period Ending 31 January 2021

Amount : \$'000

	Year to Date Actual	Year to Date Budget	Full Year Budget	LY YTD Actual
Cash Flow from Operating Activities				
Cash was provided from operating activities				
Rates Received	92,046	90,519	162,974	86,135
Other Revenue	68,704	58,279	100,611	65,188
Interest Received	3,719	4,341	8,105	1,003
Dividend Received	694	894	1,531	1,128
Income Tax Refund	-	-	850	
Cash was applied to				
Suppliers and Employees	(119,995)	(122,970)	(198,532)	(116,57)
Interest Paid	(6,980)	(8,068)	(11,571)	(6,703
Net Cash Inflow (Outflow) from Operations	38,188	22,995	63,968	30,180
Cash Flow from Investing Activities				
Cash was provided from investing activities:				
Sale of Assets	49	-	120	708
Reduction in Investments	-	-	-	
Cash was applied to:				
Increase in Investments	(4,385)	-	(2,550)	(2,352
Capital Expenditure	(51,792)	(73,742)	(124,841)	(53,443
Net Cash Inflow (Outflow) from Investing Activity	(56,128)	(73,742)	(127,271)	(55,087
Cash Flow from Financing Activities				
Cash was provided from financing activities:				
Loans Raised	-	-	64,900	
Increase in Short Term Borrowings	27,000	52,800	-	42,000
Cash was applied to:				
Loans Repaid	-	-	-	
Decrease in Short Term Borrowings	(14,000)	-	-	(19,000
Net Cash Inflow (Outflow) from Financing Activity	13,000	52,800	64,900	23,000
Total Increase/(Decrease) in Cash	(4,940)	2,053	1,597	(1,90
Opening Cash and Deposits	15,362	7,961	7,961	11,905
Closing Cash and Deposits	10,422	10,014	9,558	9,998

# DUNEDIN CITY COUNCIL Capital Expenditure Summary by Activity For the Period Ending 31 January 2021 Amount: \$'000



Description	Year to Date Actual	Year to Date Budget	Year to Date Variance	Over Under Spend	LY YTD Actual	Full Year Budget
Arts and Culture	689	979	290	U	586	2,267
Community and Planning	-	304	304	U	263	644
Corporate Services	964	2,557	1,593	U	1,760	4,060
Enterprise Dunedin	1	-	1	0	-	-
Property	5,076	11,894	6,818	U	5,707	18,966
Parks and Recreation	2,001	2,875	874	U	1,716	9,769
Customer and Regulatory Services	128	967	839	U	93	1,752
Transport	27,144	35,116	7,972	U	29,321	55,487
Waste & Environmental	725	931	206	U	843	2,012
Three Waters	14,368	18,959	4,591	U	11,620	30,999
	51,096	74,582	23,486	U	51,909	125,956



#### DUNEDIN CITY COUNCIL Summary of Operating Variances For the Period Ending 31 January 2021



Amount: \$'000

#### Year to Date Surplus(Deficit)

#### Year to Date Variance Favourable (Unfavourable)

Group	Actual	Budget	Variance		Rates Revenue	Other Ext Revenue	Int Revenue	Staff	Ops &	Internal Costs	Interest	Depr'n
Group	Actual	Duaget	Variance	•	Revenue	Revenue	Revenue	Stan	Other Exps	Titteriiai costs	Titterest	- Берг п
Waipori Fund	7,009	2,985	4,024		-	4,036	-	-	(12)	-	-	-
Arts and Culture	216	(652)	868		-	365	8	373	79	5	-	38
Community and Planning	(996)	(1,167)	171		-	22	21	373	(199)	(50)	-	4
Corporate Services	697	(175)	872		-	(8)	20	94	832	13	-	(79)
Enterprise Dunedin	392	(271)	663		-	766	1	199	(300)	-	-	(3)
Property	(1,738)	(2,059)	321		-	518	4	(15)	(382)	(7)	-	203
Investment	(4,197)	(6,655)	2,458		387	77	-	-	35	7	1,952	-
Otago Museum Levy	(1,889)	(1,889)	-		-	-	-	-	-	-	-	-
Other	325	(215)	540	*	375	(2)	1	287	(15)	14	(119)	(1)
Parks and Recreation	635	(1,332)	1,967		-	712	1	232	1,081	(3)	-	(56)
Customer and Regulatory Services	1,469	977	492		-	126	(65)	3	380	14	-	34
Transport	205	6,213	(6,008)		-	(3,957)	-	230	(2,153)	(4)	-	(124)
Waste & Environmental	142	(405)	547		-	1,646	137	11	(1,224)	16	-	(39)
Three Waters	(3,205)	(3,079)	(126)		7	732	-	(310)	(213)	(133)	-	(209)
Total Council	(935)	(7,724)	6,789		769	5,033	128	1,477	(2,091)	(128)	1,833	(232)

\* Other includes: Corporate Management, Dunedin Centre, Finance, Human Resources and Warm Dunedin



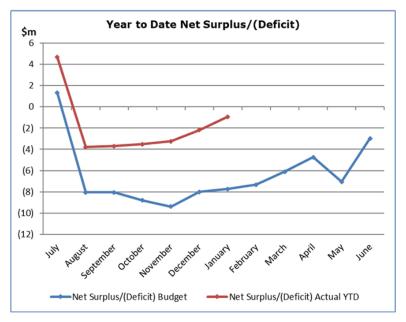


#### FINANCIAL REVIEW

#### For the seven months ended 31 January 2021

This report provides a detailed commentary on the Council's financial result for the seven months ended 31 January 2021 and the financial position at that date.

#### NET SURPLUS/(DEFICIT) (INCLUDING WAIPORI)



The net deficit (including Waipori) for the seven months ended 31 January 2021 was \$935k or \$6.789 million lower than budget.



#### REVENUE

The total revenue for the period was \$181.750 million or \$1.894 million greater than budget.

The major variances were as follows:

#### Other Operating Revenue

Actual \$41.596 million, Budget \$38.353 million, Favourable variance \$3.243 million

Waste and Environmental revenue was favourable \$1.646 million due to higher than expected tonnage entering the Green Island landfill. This was partially offset by an increase in landfill variable costs – see comments below.

Aquatic Services revenue was favourable \$326k due to greater than budgeted revenue for the gym and the swim school. The various covid-19 alert levels have had an impact on the timing of the provision of some services at Moana Pool. This included the renewal of gym memberships delayed from the lockdown period.

Regulatory Services revenue was favourable \$517k primarily due to increased building services activity.

Economic Development revenue was favourable \$721k due to unbudgeted funding received for the Centre of Digital Excellence and Otago Regional Economic Development projects.

#### **Grants and Subsidies Revenue**

Actual \$22.566 million, Budget \$25.540 million, Unfavourable variance \$2.974 million

Transportation revenue was unfavourable \$4.004 million due to the lower level of subsidised capital expenditure – see comments below.

This unfavourable variance was partially offset by unbudgeted government funding of \$355k allocated to the maintenance of community halls, \$186k for Water Reform work, funding of \$189k for the Urban Link predator control project, \$33k War Memorial Restoration grant and \$88k Responsible Camping grant.

#### **EXPENDITURE**

The total expenditure for the period was \$189.694 million or \$871k less than budget.

The major variances were as follows:

#### **Personnel Costs**

Actual \$38.579 million, Budget \$40.056 million, Favourable variance \$1.477 million

This variance reflected current vacancies across the organisation.

Page 2 of 6



#### **Operations and Maintenance Costs**

Actual \$42.839 million, Budget \$40.129 million, Unfavourable variance \$2.710 million

Waste and Environmental Services costs were \$1.305 million higher than budgeted due to additional ETS costs and landfill variable costs associated with the higher tonnage entering the Green Island Landfill.

Transportation costs were \$1.156 million higher than budget due the timing of maintenance expenditure.

Property costs were higher than budget due to reactive maintenance costs on a number of properties including community halls funded from the government grant discussed above.

Economic Development costs were higher than budget due to expenditure on the Centre of Digital Excellence and Otago Regional Economic Development projects. This expenditure was funded by unbudgeted revenue – see comments above.

These unfavourable variances were partially offset by timing/savings related to the greenspace maintenance contracts in Parks. These savings were in part due to improved management of the scheduled works programme and prioritising of requests.

#### **Consumable and General Costs**

Actual \$13.806 million, Budget \$13.537 million, Unfavourable variance \$269k

Transport costs were unfavourable \$1.004 million due to planning and project management costs for Shaping Future Dunedin and the Major Projects program.

This unfavourable variance was partially offset by:

BIS costs were favourable \$411k due to the timing of software licensing and IT consultant's expenditure.

Waste and Environmental consultant expenditure was favourable \$184k due to timing of consultancy costs for phase two of the Waste Futures project.

#### **Grants and Subsidies Costs**

Actual \$9.069 million, Budget \$9.554 million, Favourable variance \$485k

Grant costs across the organisation were favourable due to the timing of payments including various community grants, and disbursements from the Covid19 support fund.

#### Interest

Actual \$5.085 million, Budget \$6.918 million, Favourable variance \$1.833 million

Interest expenditure was less than budget due to a favourable floating interest rate applied to the non-fixed interest borrowing, along with a lower loan balance.

Note that as at 31 January, \$20.0 million of the term loan balance was subject to historical fixed rates of interest, with the balance being charged at the floating rate as set by Dunedin City Treasury Limited.

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#### WAIPORI FUND NET OPERATING RESULT

Actual \$7.009 million, Budget \$2.985 million, Favourable variance \$4.024 million

The Waipori Fund was favourable year to date due to fair value gains across all equity portfolios, including strong performance for NZ Equities.

#### STATEMENT OF FINANCIAL POSITION

A Statement of Financial Position is provided as Attachment C.

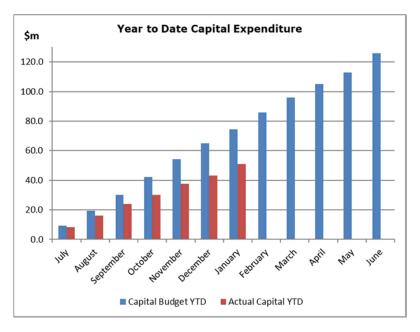
Short term investments of \$9.106 million relate to the Waipori Fund.

Total Debt was below budget year to date primarily reflecting the lower level of capital expenditure.

#### **CAPITAL EXPENDITURE**

A summary of the capital expenditure programme by Activity is provided as Attachment E.

Total capital expenditure for the period was \$51.096 million or 68.5% of the year to date budget.



Corporate Services capital expenditure was \$1.593 million underspent

The underspend was primarily driven by lower than expected expenditure on a number of key IT projects including the Payroll System Replacement, Online Services, Infrastructure Program and Records Management System.

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# **Attachment G**



# FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE 8 March 2021

#### Property capital expenditure was \$6.818 million underspent

The underspend was due the delayed timing of projects including roof renewals for the Civic Centre and the Art Gallery, the School St housing renewal and the Wall St Manuka Causeway project.

Transport capital expenditure was \$7.972 million underspent

This underspend primarily relates to timing associated with new projects pending completion of design and procurement activities. This includes Urban cycleways and intersection improvements. Renewals expenditure was also tracking below budget – in particular carriageway expenditure due to a late start to the resealing season.

Three Waters capital expenditure was \$4.591 million underspent

The underspend was driven in part by some project budgets being phased within the first quarter of the year, whereas project delivery is going to occur later in the year. The timing of projects is dependent on a number of activities including finalisation of the planning work and completing a successful procurement process.

#### COMMENTS FROM GROUP ACTIVITIES

Attachment F, the Summary of Operating Variances, shows by Group Activity the overall net surplus or deficit variance for the period. It also shows the variances by revenue and expenditure type.

#### Arts and Culture - \$868k Favourable

Revenue was favourable due to better than expected visitor fees for Lan Yuan and Olveston along with strong merchandise sales for the Art Gallery and Toitu. The group was also received greater grant funding for the seven months including CNZ and Olveston Foundation.

Staff costs were favourable due to the current level of vacancies.

#### Corporate Services - \$872k Favourable

Operating expenses were favourable due to the timing of software licence fees, IT consultants and IT managed services. Grants expenditure was also favourable due to the timing of the Aukaha grant.

#### Enterprise Dunedin - \$663k Favourable

Economic Development revenue was favourable due to unbudgeted funding received for the Centre of Digital Excellence and Otago Regional Economic Development projects.



#### Parks and Recreation - \$1.967 million Favourable

Overall revenue was favourable with the various Covid-19 alert levels having an impact on the timing of the provision of some services at Moana Pool. Gym memberships in particular were higher than budget with renewals deferred from the last quarter in 2019/20 now being completed. Revenue also included the government funding received for the Urban Link predator control project.

Group operating costs were favourable primarily due to improved management of the greenspace maintenance contracts.

#### Customer and Regulatory Services - \$492k Favourable

Building Services revenue was favourable for the period due the volume of inspections and building consents.

Expenditure was favourable due to delayed timing of costs associated with the mobility services project.

#### Transportation - \$6.008 million Unfavourable

Revenue was unfavourable due to the lower than budgeted level of subsidised capital expenditure year to date.

Operating costs were unfavourable \$2.153 million due to planning and project management costs for Shaping Future Dunedin and the Major Projects program as well as timing of maintenance expenditure.

#### Waste and Environmental - \$547k Favourable

This variance reflected the net impact of higher than expected tonnage entering the Green Island landfill



#### ITEMS FOR CONSIDERATION BY THE CHAIR

Any items for consideration by the Chair