

**Notice of Meeting:**

I hereby give notice that an ordinary meeting of the Dunedin City Council will be held on:

**Date:** Wednesday 30 June 2021  
**Time:** 9.00 am  
**Venue:** Council Chamber, Municipal Chambers, The Octagon, Dunedin

Sandy Graham  
Chief Executive Officer

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**Council**  
**SUPPLEMENTARY AGENDA**

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**MEMBERSHIP**

**Mayor**  
**Deputy Mayor**

Mayor Aaron Hawkins  
Cr Christine Garey

**Members**

Cr Sophie Barker	Cr David Benson-Pope
Cr Rachel Elder	Cr Doug Hall
Cr Carmen Houlahan	Cr Marie Laufiso
Cr Mike Lord	Cr Jim O'Malley
Cr Jules Radich	Cr Chris Staynes
Cr Lee Vandervis	Cr Steve Walker
Cr Andrew Whiley	

**Senior Officer**

Sandy Graham, Chief Executive Officer

**Governance Support Officer**

Lynne Adamson

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Lynne Adamson  
Governance Support Officer

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



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## REPORTS

### MĀORI REPRESENTATION

Department: Executive Leadership Team

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#### EXECUTIVE SUMMARY

- 1 The purpose of this report is to seek agreement to establish mana whenua positions to represent Māori interests on standing committees of Council.
- 2 This report provides a summary of the local government legislative framework that requires Councils to provide opportunities for Māori to contribute to decision-making processes.
- 3 The report also outlines recent discussions with mana whenua and mataawaka through the Māori Participation Working Party (MPWP) in relation to Māori representation arrangements in Council. It also sets out the current Māori representation arrangements for the Dunedin City Council (DCC) and presents a review of Māori representation arrangements of metropolitan councils across New Zealand.

#### RECOMMENDATIONS

That the Council:

- a) **Amends** the membership of the Planning and Environment Committee Delegation to provide for two Rūnaka representatives (one from each Rūnaka) to be appointed to this committee.
- b) **Amends** the membership of the Infrastructure Services Committee Delegation to provide for two Rūnaka representatives (one from each Rūnaka) to be appointed to this committee.
- c) **Invites** Rūnaka to identify representatives from Kati Huirapa ki Puketeraki Rūnaka and Otakou Rūnaka, to be the representative members at Planning and Environment Committee and Infrastructure Services Committee.
- d) **Notes**, that the Committee Structure and Delegations Manual will be updated to reflect the decisions made.

#### BACKGROUND

- 4 For many years there has been ongoing dialogue with mana whenua of what the best representation arrangements for Māori should be.

- 5 It is timely to consider updating the current Māori representation arrangements in light of the forthcoming Local Government reforms, recent legislative changes that removed barriers to the establishment of Māori Wards and the appointment of the General Manager, Maori, Partnerships and Policy whose role it is to lead the Māori strategic development across the DCC.
- 6 As background, this section of the report sets out the legislative framework for Māori representation.

#### **Legislative framework for Māori Representation**

- 7 Council is required to provide opportunities for Māori to contribute to its decision-making processes. This is set out in key legislation, such as the Local Government Act 2002 (LGA) and the Resource Management Act 1991 (RMA).
- 8 The Local Government Act 2002 (LGA), section 81 requires local authorities to:
  - a) establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the local authority; and
  - b) consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of the local authority.
- 9 In terms of allowing for mana whenua appointments to Council Standing Committees, the Local Government Act 2002 (LGA), cl 31(3) Schedule 7 allows for the appointment of individuals to a committee if the person has the skills, attributes or knowledge to contribute to the committee.
- 10 The exact wording of this clause is as follows:

*“The members of a committee or subcommittee may, but need not be, elected members of the local authority, and a local authority or committee may appoint to a committee or subcommittee a person who is not a member of the local authority or committee if, in the opinion of the local authority, that person has the skills, attributes, or knowledge that will assist the work of the committee or subcommittee.”*
- 11 On 24 February 2021, the Local Electoral (Māori Wards and Māori Constituencies) Amendment Bill passed its third reading to become law. This bill removed a significant barrier to the ability of Councils to establish Māori wards. As a result, 35 Councils have voted to establish Māori wards for the next triennium, in addition to the existing three Māori wards.

#### **DISCUSSION**

- 12 Initial engagement in early 2021 was undertaken with Council’s key Māori partners to understand the preferences of mana whenua and mataawaka in relation to the representation arrangements.
- 13 On 17 March 2021 the MPWP received two reports for discussion, Representation Review and Māori Wards. The MPWP considered the position of mana whenua and mataawaka on the issue of Māori wards in Dunedin.
- 14 At this meeting, discussion was held on the role and representation of a Māori ward in Dunedin and perspectives of both mana whenua and mataawaka present at the meeting were put forward. Mana whenua’s position was that they would prefer to continue to develop a strong Treaty partnership relationship with Council. Mataawaka supported this approach.

- 15 It was established that time to have a more considered discussion with the wider Māori community and Council on each of the three marae needed to occur. It was agreed that mana whenua, supported by mataawaka, would not pursue a Māori ward until the 2025 local government elections.
- 16 In April 2021, 10 year plan consultation hui were held with mana whenua and mataawaka communities. Feedback from these two hui signalled the need for Council to strengthen Māori partnership to develop more effective representation and participation in decision-making.
- 17 On 25 May 2021, Council considered the Māori Strategic Development report which noted that given the discussions held at the MPWP meetings, feedback from the broader Māori community and changes to the Local Electoral Act 2001, it was timely for Council to consider alternative to the current Māori representation arrangements.
- 18 On 14 June 2021, the MPWP considered a report that sought direction on Māori representation on nominated Council standing committees and a process and timeframe for reviewing and renaming the Māori Participation Working Party.
- 19 At this meeting, discussion was held in relation to what the most effective form of representation is for mana whenua. It was established that mana whenua representatives on Standing Committees would provide a stronger decision-making voice within Council and a stronger articulation of Treaty partnership with mana whenua.
- 20 The MPWP considered the most relevant Council Committees for mana whenua representatives to contribute their knowledge. The Planning and Environment Committee and the Infrastructure Services Committee were considered the most appropriate.
- 21 The MPWP also considered the number of mana whenua representatives who would be appointed to the two Council Committees.
- 22 Mana whenua preference is to have two representatives on each of the two identified Council Committees. This would ensure that there is equal representation of each of the two Rūnaka on both Committees. It would also ensure the possibility of Rūnaka developing capacity by mentoring younger Kai Tahu members into governance roles.
- 23 With these possible changes to Māori Representation arrangements, the MPWP also considered that it is timely to review the role and terms of reference of the MPWP as well as considering a more appropriate name for the MPWP.
- 24 Currently the status and mana of the MPWP does not adequately reflect an effective Treaty partnership approach to local government decision making. As mentioned there has been an ongoing discussion about the need to refocus the MPWP to operate at a more strategic level.
- 25 It is particularly timely, with the Strategic Framework Refresh project underway and the development of a Māori Strategic Framework, a Māori Capability plan and a Māori Engagement plan to utilise the skill, expertise and mana of the MPWP membership to potentially provide strategic oversight of this work.

### **Dunedin City Council Māori Representation Arrangements**

- 26 For the DCC, current Māori representation arrangements are expressed in a number of ways across a number of different platforms.

- 27 These arrangements include a Memorandum of Understanding between the DCC, Te Rūnanga or Ōtākou and Kāti Huirapa Rūnaka ki Puketeraki established in 2006. The MPWP was also established in 2006. An operational partnership with Aukaha who work on behalf of both Te Rūnaka o Kāti Huirapa ki Puketeraki and Te Rūnaka o Ōtākou, was established in 2019. Additionally, DCC project governance arrangements frequently include Rūnaka members and Aukaha staff.
- 28 Mana whenua and mataawaka interests are directly represented within the Council's governing arrangements by the MPWP. Māori membership on the MPWP consists of two members from Kāti Huirapa ki Puketeraki Rūnaka, two members from Te Rūnaka o Ōtākou and one member from Araiteuru Marae.
- 29 The MPWP was established as a Councillor advisory panel with the aim of providing greater understanding of Māori needs and aspirations and greater participation in strategic decision-making.

### Other Local Authority Māori Representation Arrangements

- 30 As a way of comparison, it is useful to understand what pathways other Councils have taken to acknowledge Treaty partnership with Māori communities are effective. The following table provides a brief review of the Māori representation arrangements of metropolitan councils across New Zealand. The Otago Regional Council is included as a local example.

Council	Existing Māori representation arrangements	Plans for Māori Wards
Auckland	The Independent Māori Statutory Board (established under a separate Act) can appoint two members to any council committee that deals with the management and stewardship of natural and physical resources.	Auckland Council supports a Māori ward in principle but will not implement it until it can increase the number of councillors (currently set by law at 20).
Christchurch	Te Hōnonga – This is a dedicated committee for Māori contribution with a mix of Elected Members and Runanga representatives: Focus areas are water, tribal economies, housing and land use on Māori reserves. This Committee can make recommendations to the Council but does not have delegated authority to make formal decisions on behalf of the Council. Operational and functional relationships exist with Mataawaka.	No plans to establish Māori wards for the next triennium.
Dunedin City Council	Mana whenua and mataawaka interests are represented within DCC's governing arrangements by the Māori Participation Working Party. Māori membership is made up of 5 Maori members from 3 local marae; Kāti Huirapa ki Puketeraki Rūnaka, Te Rūnaka o Ōtākou and Araiteuru Marae.	No plans to establish Māori wards for the next triennium.

Council	Existing Māori representation arrangements	Plans for Māori Wards
Hamilton	Hamilton City Council's last full representation review (in the 2016-2019 triennium) considered various options in terms of appropriate Māori representation, including Māori wards. This review resulted in the establishment of the current Maangai Māori representation system. Maangai Māori were added to the Council's governance committee structure in 2018 to represent mana whenua and mataawaka.	Agreed to implement Māori wards.
Hutt City	No discernible existing agreements between mana whenua and Council beyond ad hoc project by project partnerships.	No discernible plans to establish Māori wards for the next triennium.
Otago Regional Council	In 2019 two Ngāi Tahu representatives were appointed to the ORC's Strategy and Planning Committee. The two appointees represent the four Rūnaka within the ORC's regional area.	No plans to establish Māori wards for the next triennium.
Palmerston North	In 2019 Palmerston North City Council partnered with mana whenua providing them voting membership on several committees.	Agreed to implement Māori wards.
Porirua	In November 2017 Porirua City Council partnered with mana whenua providing them voting membership on all committees except full Council and partnership on both policy and operational matters.	Agreed to implement Māori wards.
Queenstown Lakes	QLDC is a signatory of Te Roopu Taiao alongside six other Otago Councils and mana whenua. Te Roopu Taiao deals with the higher-level political interface, budget setting, accessing resources, and commitments for members. Its area of interest covers the traditional area of Murihiku.	No discernible plans to establish Māori wards for the next triennium.
Tauranga City Council	Tauranga City Council has three formal groups through which Maori participate in Council activities and decision-making processes. A Tangata Whenua and Council standing committee; an iwi and hapū collective made up of 17 representatives; and a Kaumatua forum.	Agreed to implement Māori wards.
Upper Hutt	Currently the Upper Hutt City Council only have Draft Māori Partnership	No discernible plans to establish Māori wards for the next triennium.

Council	Existing Māori representation arrangements	Plans for Māori Wards
	Agreements which they are looking at re-invigorating in the near future.	
Wellington	First local authority to establish a Māori committee in 1989. Two MoU's with two mana whenua organisations. In October 2020 Council voted to introduce mana whenua representation with voting rights and remuneration on council committees.	Agreed to implement Māori wards.
Whangarei	In June 2014 The Whangarei District Council and mana whenua established Te Kārearea. Te Kārearea allows Mana Whenua to directly communicate with Council Senior Management, and elected representatives on high level strategic matters.	Agreed to implement Māori wards.

## OPTIONS

### Option One: Mana whenua representation on Council Committees and review of the MPWP (Recommended Option)

- 31 That council provides for the appointment of mana whenua representation on two Committees and reviews the MPWP's terms of reference.

#### *Advantages*

- A strengthened Treaty of Waitangi partnership between the DCC and mana whenua
- A stronger decision-making contribution from mana whenua representatives on Council Committees
- The status and mana of the MPWP is acknowledged in a refreshed terms of reference

#### *Disadvantages*

- There will be additional work and additional cost.

### Option Two: No mana whenua representation on Council Committees and a review of the MPWP

- 32 The Council does not provide for the appointment of mana whenua representative on two Standing Committees and reviews the MPWP's terms of reference.

#### *Advantages*

- The status and mana of the MPWP is acknowledged in a refreshed terms of reference

### Disadvantages

- Lack of strengthened Treaty of Waitangi partnership between the DCC and mana whenua
- No decision-making contribution from mana whenua representatives on Council Committees
- There will be additional work.

### Option Three: Retain Status Quo

33 That Council does not provide for the appointment of mana whenua representatives on two Standing Committees and does not review the MPWP's terms of reference.

### Advantages

- There will be no additional work and no additional cost

### Disadvantages

- Lack of strengthened Treaty of Waitangi partnership between the DCC and mana whenua
- No decision-making contribution from mana whenua representatives on Council Committees
- The status and mana of the MPWP is not acknowledged in a refreshed terms of reference

### NEXT STEPS

34 If Council agrees to amend the membership of the Planning and Environment Committee and the Infrastructure Services Committee to provide for mana whenua representatives, staff will work with Rūnaka as they identify representatives for the two Committees.

35 If Council agrees that the MPWP will undertake a review, the staff will work with the MPWP to develop a process and timeframe for reviewing and renaming the Māori Participation Working Party.

36 The Committee Structure and Delegations Manual will be reissued to reflect the changes.

### 37 There will be an update report for the August Council Meeting. Signatories

Author:	Jeanette Wikaira - Manahautū (General Manager Maori Partnerships and Policy)
Authoriser:	Sandy Graham - Chief Executive Officer

### Attachments

	Title	Page
<a href="#">A</a>	Infrastructure Services Committee Delegations	13
<a href="#">B</a>	Planning and Environment Committee Delegations	15

## SUMMARY OF CONSIDERATIONS

### ***Fit with purpose of Local Government***

This decision provides opportunities for Māori to effectively contribute to Council's decision-making processes and consider ways in which Council can foster the development of Māori capacity. This decision also enables democratic local decision-making and action by, and on behalf of communities. This decision promotes the social, economic, environmental and cultural well-being of communities in the present and for the future.

### ***Fit with strategic framework***

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environment Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Arts and Culture Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Waters Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spatial Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Transport Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parks and Recreation Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other strategic projects/policies/plans	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This report directly relates to all areas of the DCC's Strategic Framework and strategies, as it acknowledges the role of Māori representation in Council decision-making processes and the role of the Treaty of Waitangi in developing effective partnership with Māori.

### ***Māori Impact Statement***

Mana whenua and mataawaka perspectives have directly informed this report. Rūnaka and Araiteuru representatives of the MPWP have collaborated in the meetings and discussions that form the content of this report.

### ***Sustainability***

This report is in line with the Sustainability principle of the strategic framework, as it discusses relationship agreements with Māori regarding leadership, decision-making, participation, and effective partnership.

### ***LTP/Annual Plan / Financial Strategy /Infrastructure Strategy***

Greater Māori representation and contribution to decision-making processes of Council is expected to bring greater visibility and clarity as to how current and future corporate planning functions (encompassing long term plans and associated statutory strategies, levels of service and performance measures) are supporting DCC strategic goals, the Treaty of Waitangi as well as meeting statutory requirements.

### ***Financial considerations***

Remuneration for Rūnaka Standing Committee members would be determined in line with best practice across other local government organisations. The Civic budget has an allocation for external representatives, and this will be utilised for these positions.

## SUMMARY OF CONSIDERATIONS

### ***Significance***

The report is considered to be of low significance in terms of the Significance and Engagement Policy. However, the significance of the decision to provide stronger Māori representation to contribute to Council decision-making is an issue of importance, particularly for Māori communities, but also for Dunedin as a whole, now and in the future.

### ***Engagement – external***

There has been considerable engagement with mana whenua and mataawaka in the development of this report.

### ***Engagement - internal***

The Māori Participation Working Party have been engaged in providing direction for the development of this report.

### ***Risks: Legal / Health and Safety etc.***

The Local Government Act (2002) provides for the appointment of a person who is not a member of the local authority to a Council committee. [cl.31(3) Schedule 7, LGA2002]

### ***Conflict of Interest***

There are no known conflicts of interest.

### ***Community Boards***

There are no known implications for Community Boards.

## Infrastructure Services Committee

<b>REPORTING TO:</b>	Council
<b>CHAIRPERSON:</b>	Cr Jim O'Malley
<b>DEPUTY CHAIRPERSON:</b>	Cr Jules Radich
<b>MEMBERS:</b>	Mayor and all Councillors <u>One representative from the Otākou Runaka; and</u> <u>One representative from the Kāti Huirapa Runaka ki</u> <u>Puketeraki</u>
<b>QUORUM:</b>	Eight
<b>MEETING FREQUENCY:</b>	As per the meeting schedule

### AREA OF RESPONSIBILITY

- 1 The Infrastructure Services and Networks Committee provides for the effective maintenance and operation of Council's infrastructure and networks by making decisions on strategy, policy and service delivery in respect to the following:
  - a) Transportation assets – roads, streets, bridges (including footpaths, cycleways, parking facilities, bridges, street facilities, landscaping and ancillary services and facilities, street lighting, and traffic management control devices) and the Integrated Transport Strategy.
  - b) Three Waters asset management and service delivery – Water, Wastewater and Stormwater collection, treatment, reticulation and disposal, and the Infrastructure Strategy.
  - c) Solid waste management – including kerbside collection services, landfills and community education and litter .
  - d) Property – acquisition, sale, exchange, leasing, disposal, management, development and strategy with regards to roads and access ways:
  - e) Parks and Reserves including freedom camping and public toilets, and excluding playgrounds and walking tracks.
  - f) Cemeteries and Council-owned Crematorium
  - g) Mosgiel Aquatic Facility
- 2 The Committee may make a recommendation to the Annual Plan, Long Term Council Community Plan, Funding Policy (including the Borrowing and Investment Policy) and Long Term Financial Strategy relevant to the Committee's responsibilities. This includes recommendations for fees and charges for activities within the Committee's responsibility and which is not otherwise delegated to officers.

#### **DELEGATIONS TO THE COMMITTEE**

- 1 To exercise and perform the Council's functions, powers and duties relating to the Committee's area of responsibility listed above, excluding only those matters reserved to the Council by law, by resolution of the Council, and by clause 57, Part III of this Manual.
- 2 To approve any action under the Public Works Act 1981 for activities that are within the Committee's area of responsibility. This delegation excludes the issue of a Notice of Intention to Take under section 23 of the Public Works Act 1981 and making a decision not to offer land back under the Public Works Act 1981 on one of the grounds specified in section 40 of that Act.
- 3 To consider all matters relating to the Litter Act 1979, including the approval and adoption of a Litter Compliance Policy and associated enforcement processes.
- 4 To commence and complete a road stopping under either section 342 of the Local Government Act 1974 or section 116 of the Public Works Act 1981, subject to such terms and conditions (if any) as the Committee considers appropriate.
- 5 Approve the naming or alteration of the name of any road.
- 6 Adopt fees and charges within the Committee's area of responsibility not otherwise delegated to officers.
- 7 To determine the form and extent of public consultation and adopt a Statement of Proposal and/or public notice for any matter that requires public consultation or notification under any legislation or by a Council policy or strategy.
- 8 Adopt or amend policies or strategies related to the Committee's area of responsibility, provided the new or amended policy does not conflict with an existing policy or strategy.
- 9 To make submissions to agencies on issues which fall within the scope of activity of the Committee. Where timing constraints apply, the Chairperson (or in the case of an absence, the Deputy Chairperson) has the authority to lodge submissions and seek retrospective approval of the Committee.

## Planning and Environment Committee

<b>REPORTING TO:</b>	Council
<b>CHAIRPERSON:</b>	Cr David Benson-Pope
<b>DEPUTY CHAIRPERSONS:</b>	Cr Sophie Barker and Cr Steve Walker
<b>MEMBERSHIP:</b>	Mayor and all Councillors <u>One representative from the Otākou Runaka; and</u> <u>One representative from the Kāti Huirapa Runaka ki Puketeraki</u>
<b>CONSTITUTION:</b>	Mayor and all Councillors
<b>QUORUM:</b>	Eight
<b>MEETING FREQUENCY:</b>	As per the meeting schedule

### AREA OF RESPONSIBILITY

- 1 The Planning and Environment Committee provides for the delivery of Council's Strategic Framework, particularly in respect of the Environment Strategy, Spatial Plan for Dunedin, District Plan and 2GP.
- 2 The Committee may make a recommendation to Council or the Chief Executive in respect of the matters relevant to the Committee's responsibilities, as follows:
  - a) Described in the 2GP, Annual Plan, Long Term Plan, Funding Policy (including the Borrowing and Investment Policy) and Liability Management Policy and Investment Policy.
  - b) Any other matter which falls outside the area of responsibility of all Standing Committees, but where the Mayor in consultation with the Chief Executive considers it desirable that the matter is considered by a Standing Committee in the first instance.
- 3 The Committee must make a recommendation to Council or the Chief Executive if the decision considered appropriate is not consistent with, or is contrary to any strategy (including the Annual Plan or Long Term Plan) established by the Council.

### DELEGATIONS TO THE COMMITTEE

#### General

- 1 To make policies within its area of responsibility and in accordance with Council strategies.
- 2 To review and make decisions on policy, excluding those matters reserved to the Council by law, by resolution of the Council, or by clause 57, Part III of this Manual, in respect of the following activities:
  - a) City Planning/Development, including Resource Management and Spatial Planning

- b) Heritage
  - c) Architecture and Urban Design
  - d) Spatial Plan for Dunedin
  - e) Building Control
  - f) Environmental Health
  - g) Energy and Broadband infrastructure planning
  - h) Parking Operations
  - i) Animal Services
  - j) Alcohol Licensing
  - k) Public accommodation – including Council-owned or administered camping grounds, motor camps and places of public assembly
  - l) Coastal and maritime planning matters and proposals for the development of Otago Harbour
  - m) Energy Plan
  - n) Te Ao Tūroa: The Natural World Dunedin Environment Strategy
  - o) Existing and proposed bylaws
  - p) Reserves Act 1977 or any other legislation relating to the use, management and control, maintenance and operation of any park or reserve not otherwise delegated to officers.
- 3 To set the fees and charges for activities within the Committee's responsibility and which are not otherwise delegated to officers.
  - 4 To lodge objections or submissions to an application for an on-licence, off-licence or club licence under the Sale and Supply of Alcohol Act 2012.
  - 5 Adopt management plans for reserves as required under the Reserves Act 1977.
  - 6 Approve Statements of Proposal for public consultation under the Local Government Act 2002 and Reserves Act 1977.
  - 7 Determine applications for grants in respect of:
    - a) Dunedin Heritage Trust Fund
    - b) Rates Relief for Heritage Buildings
    - c) Rates Relief for Comprehensive Re-use of Heritage Buildings

- 8 To determine the form and extent of public consultation and adopt a Statement of Proposal and/or public notice for any matter that requires public consultation or notification under any legislation or by a Council policy or strategy.
- 9 To make submissions to agencies on issues which fall within the scope of activity of the Committee. Where timing constraints apply, the Chairperson (or in the case of an absence, the Deputy Chairperson) has the authority to lodge submissions and seek retrospective approval of the Committee.

**Reserved Delegations that are not Delegated to the Chief Executive**

- 10 To authorise the preparation, notification or withdrawal prior to hearing of any plan review, change or variation including dealing with requests for private plan changes under clause 25, First Schedule Resource Management Act 1991 (this authority does not include the notification of summary of submissions).

**Explanatory Note:** Legal proceedings for specified Resource Management Act proceedings, the Hearings Committee and the Members of that Committee have relevant delegations. For other legal action refer to the Chief Executive's delegation.

**DELEGATION TO COMMITTEE MEMBERS**

- 1 The Chairperson, or in the absence of the Chairperson, a Deputy Chairperson of the Planning and Environment Committee may authorise lodging submissions in support or in opposition to a plan review, change or variation, or to an application for a resource consent relating to:
  - a) The District Plan including any partially operative District Plan
  - b) Other local authorities or agencies where the subject matter could impact on any strategic or planning issue, strategy, policy or objective of Council.

## **2021/2022 STATEMENTS OF INTENT - DUNEDIN CITY HOLDINGS GROUP COMPANIES**

Department: Executive Leadership Team

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### **EXECUTIVE SUMMARY**

- 1 This report accompanies the 2021/2022 Statements of Intent of Dunedin City Holdings Ltd (DCHL) and its subsidiary and associate companies for the year ending 30 June 2022.
- 2 The statements of intent have been adopted by their respective boards and endorsed by the board of Dunedin City Holdings Limited for presentation to Council. They incorporate feedback provided by the DCC as ultimate shareholder.

### **RECOMMENDATIONS**

That the Council:

- a) **Agrees** to the 2021/22 Statements of Intent of Dunedin City Holdings Ltd and its subsidiary and associate companies.

### **BACKGROUND**

- 3 Dunedin City Holdings Limited and its subsidiary and associate companies are required by law to prepare a Statement of Intent on an annual basis.
- 4 The draft 2021/22 Statements of Intent (Sols) for Dunedin City Holdings Group companies were presented to Council at the meeting of the Finance and Council Controlled Organisations Committee held 8 March 2021.
- 5 The meeting resolved:

*"Moved (Cr Jim O'Malley/Cr Mike Lord):*

*That the Committee:*

***Notes*** the draft 2021/22 Statements of Intent of Dunedin City Holdings Group companies.

***Motion carried (FCCO/2021/013)"***

- 6 Elected Members were asked to provide email feedback on the draft Sols to the Acting General Manager Finance by 31 March 2021. This deadline was subsequently extended to 5 May 2021 to allow members more time to review the Sols.
- 7 The received feedback was included in a report to Council at its meeting on 25 May 2021, including a draft response to the directors of Dunedin City Holdings Limited on requested amendments to the draft Sols.
- 8 The meeting resolved:  
  
*"Moved (Cr Mike Lord/Cr Doug Hall):*  
*That the Council:*  
  
***Approves the Statement of Intent feedback response.***  
  
***Motion carried (CNL/2021/001) with Cr Lee Vandervis recording his vote against."***

## DISCUSSION

- 9 The final Statements of Intent for Dunedin City Holdings Limited group companies are now provided to Council for consideration.
- 10 The attachments include a report from Dunedin City Holdings Limited identifying changes made to the Sols and how the companies have addressed the matters raised by council.

## Signatories

Author:	Gavin Logie - Chief Financial Officer
Authoriser:	Sandy Graham - Chief Executive Officer

## Attachments

	<b>Title</b>	<b>Page</b>
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<a href="#">↓J</a>	Dunedin Venues Management Statement of Intent FY2022	115
<a href="#">↓K</a>	DCC Feedback on Group Statements of Intent 2021/2022	130

**SUMMARY OF CONSIDERATIONS**
***Fit with purpose of Local Government***

Preparation of Statements of Intent (Sols) is a legislative requirement for Council Controlled Organisations.

***Fit with strategic framework***

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Economic Development Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spatial Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

All Sols take in consideration the Council's Strategic Framework, and the themes of Council's Letter of Expectation to DCHL.

***Māori Impact Statement***

There are no known impacts for tangata whenua.

***Sustainability***

There are no known impacts for sustainability.

***LTP/Annual Plan / Financial Strategy /Infrastructure Strategy***

There are no known implications.

***Financial considerations***

There are no financial implications – the Sols do include a section on the anticipated financial performance and position.

***Significance***

This report is considered low in terms of Council's Significance and Engagement Policy.

***Engagement – external***

There has been no external engagement outside of DCHL Group.

***Engagement - internal***

Engagement with Council as ultimate shareholder from February 2021, as set out in the reports.

***Risks: Legal / Health and Safety etc.***

There are no known risks.

***Conflict of Interest***

There are no known conflicts of interest.

**SUMMARY OF CONSIDERATIONS**

***Community Boards***

There are no known implications for Community Boards.



DUNEDIN CITY HOLDINGS LIMITED

## Report

**TO:** Dunedin City Council

**FROM:** Keith Cooper, Chair  
Jemma Adams, General Manager

**DATE:** 24 June 2021

**SUBJECT:** DCHL Group Statements of Intent for the Year Ending 30 June 2022

### SUMMARY

This report accompanies the Statements of Intent (SoIs) for the Year Ending 30 June 2021 of Dunedin City Holdings Ltd (DCHL) and its subsidiary and associate companies.

SoIs are now presented to Dunedin City Council (Council) for agreement, as per s65(2) of the Local Government Act 2002.

### BACKGROUND

- 1 Council Controlled Organisations (CCOs) are required to prepare SoIs in accordance with the Local Government Act 2002.
- 2 Draft 2021/2022 SoIs of DCHL and subsidiary and associate companies were received at the 8 March 2021 Finance and Council Controlled Organisations Committee meeting.
- 3 Council feedback on the drafts was provided to DCHL in a letter dated 26 May 2021 and has been incorporated into final SoIs as outlined later in this report.
- 4 Final SoIs have now been adopted by the boards of DCHL and its subsidiary and associate companies and are presented to Council for agreement.

### DISCUSSION

- 5 This section outlines changes to the SoIs since February:

#### *Financial forecasts*

- 6 All SoIs have updated financial information as companies have now completed budget setting and approval processes.

#### *Council feedback on draft SoIs*

- 7 Council feedback has been incorporated into SoIs as set out on the following page:

Company	Council feedback	Addressed by...
All Companies	Request companies include under objectives "As a DCC Group Company [Company Name] aims to contribute to the DCC's strategic framework and achievement of city objectives"	Added to Sols of wholly owned subsidiaries.  Dunedin Airport Sol has slightly different wording to reflect dual shareholding.
All	Request companies establish an emissions reduction strategy and associated targets for inclusion in the 2022/2023 Statements of Intent	This performance measure has been added / updated to each Sol
	Request companies establish a waste reduction/diversion strategy and associated targets for inclusion in the 2022/2023 Statements of Intent	This performance measure has been added / updated to each Sol
Aurora Energy	Include a measure related to the uptake of EVs	Performance measure added
Dunedin International Airport Ltd	Reinstate the measures for bird strike and return on shareholder capital	Reinstated
Dunedin Stadium Property Ltd	Reinstate the date attached to the external review of the asset management plan	Reinstated
Dunedin Venues Management Ltd	Include a ROS satisfaction measure	Performance measure added
	Include a timeframe for seeking alternative single use drinking vessels to replace the current compostable vessels.	Performance measure added that DVML will investigate solutions to reduce cups to landfill with associated targets for inclusion in the 2022/2023 Statement of Intent.

- 8 We note that Council is in process of developing a Naming Rights and Sponsorship policy, and that once approved by Council, this will be shared with group companies for consideration in 2022/2023 Statements of Intent.

*Other changes*

- 9 A small number of other changes have also been made to some SoIs as outlined below:

Company	Sol changes since February
Dunedin City Holdings	Minor correction to the Related Party Transactions section
	Updated wording in footnote 1 and under "Other Matters" section to reflect Council decisions regarding the future of Dunedin Railways Ltd

Company	SoI changes since February
Aurora Energy	Removed a performance measure relating to initiatives to streamline the process for connecting to the network, as the initiative has now been completed
Dunedin City Treasury Ltd	Minor correction to Related Party Transactions section
Dunedin Railways Ltd	Updated wording under "Other Matters" and in Related Party Transactions sections to reflect Council decisions regarding the company's future.
Dunedin Venues Management Ltd	Updates to sporting and cultural events sections based on developments in those areas
	Additional performance measure on membership renewals
	Additional text on collaborative working with locally-based businesses and organisations
Dunedin International Airport Ltd	Changes to some subject headings in response to Treasury feedback
	Expanded governance section in response to Treasury feedback
	Expanded commentary on the impact of Covid-19 in section 5 in response to Treasury and DCHL feedback
	Reinstated/added non-aeronautical performance measures in response to Treasury feedback
	Populated placeholder measures now that budget processes complete (e.g. return on shareholders funds)

#### NEXT STEPS

- 10 The SoIs for the Year Ending 30 June 2022 are now presented to Council for agreement.
- 11 Once agreed to, SoIs will be made available on the DCC website, in accordance with s64(9) of the Local Government Act.

Signatories

Author:	Jemma Adams, General Manager DCHL
Authoriser:	Keith Cooper, Chair DCHL



**DUNEDIN CITY HOLDINGS LIMITED**

**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 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 the best for Dunedin from its investments.

#### STRATEGIC OBJECTIVES

Enhance the value of Council's assets and investment for future generations	Sustainably grow the value of Council's investment portfolio	Provide a sustainable dividend to Council	Contribute to Council's goals for the city	Ensure independence between Council and companies' operations
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#### ACTIVITIES

Monitor performance of DCHL Group companies, and the portfolio as a whole to ensure performance (financial and other) is optimised	Provide input on DCHL Group companies' medium to long term strategies	Appoint Directors to DCHL Group companies; appoint Chairs of subsidiary companies	Set expectations through annual Letters of Expectation to DCHL Group companies	Review and approve DCHL Group Statements of Intent (SoIs)	Seek opportunities to create synergies, leverage experience or expertise across DCHL Group, where appropriate
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#### VALUES

LEADERSHIP	INTEGRITY	STEWARDSHIP	TRANSPARENCY	PRO-ACTIVE
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*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 Dunedin City Council Group company, DCHL aims to contribute to the Dunedin City Council's strategic framework and achievement of city objectives.

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
- 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.

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 Ltd<sup>1</sup> 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.

<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 Council has made further decisions about Dunedin Railways Ltd's future.

*Statement of Intent 2021/22*
**5. PERFORMANCE TARGETS**

Strategic Objective	Activity	Target
<b>To encourage and facilitate increased shareholder value of DCHL Group companies</b>	Monitor performance of DCHL Group companies to ensure returns (financial and other) are optimised	<ul style="list-style-type: none"> <li>DCHL Board perform a monthly review of DCHL Group companies' operating activities, including financial performance against budget (DIAL quarterly)</li> <li>DCHL Board monitor DCHL Group companies' progress against their SoI targets quarterly</li> </ul>
	Seek opportunities to create synergies, leverage experience or expertise across DCHL Group, where appropriate	<ul style="list-style-type: none"> <li>Synergies have been made across the DCHL Group</li> </ul>
<b>To take a long term and strategic view of the portfolio, and make proposals to Council on strategic issues</b>	Monitor performance of DCHL portfolio as a whole to ensure returns (financial and other) are optimised	<ul style="list-style-type: none"> <li>DCHL Board review consolidated DCHL Group financial performance against budget (monthly)</li> <li>DCHL Board review of DCHL Group companies' rates of return (quarterly)</li> <li>DCHL Board provide a quarterly update to Council on the DCHL Group's performance (financial and other)</li> </ul>
	Consider strategic issues	<ul style="list-style-type: none"> <li>DCHL Board review the ownership and capital structures of the DCHL Group companies (at least annually)</li> <li>Consider capital expenditure proposals and business cases in accordance with company constitutions and SoIs</li> </ul>
	Provide input on DCHL Group companies' medium to long term strategies	<ul style="list-style-type: none"> <li>DCHL Board engage with each group company at least annually on strategy</li> <li>DCHL Board meet with full group of Chairs twice annually</li> </ul>
<b>To promote and support DCHL Group companies' contribution to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives</b>	Review and approve DCHL Group Statements of Intent for consistency with Council's strategic direction	<ul style="list-style-type: none"> <li>Review draft SoIs by 1 March 2022</li> <li>Approve SoIs by 30 June 2022</li> </ul>
	Set expectations through annual Letters of Expectation to DCHL Group companies	<ul style="list-style-type: none"> <li>Send Letters of Expectation to subsidiary and associate companies by 20 December 2021</li> </ul>
	Support progress across the DCHL group in moving towards measuring, reporting and reducing carbon emissions and waste	<ul style="list-style-type: none"> <li>Co-ordinate DCHL Group companies (including DCHL) to disclose their carbon footprint in their Annual Report</li> <li>DCHL Board review subsidiary and associate companies' carbon emissions reduction strategies and associated targets, and set a strategy and targets for DCHL.</li> <li>DCHL Board review subsidiary and associate companies' waste reduction strategies and associated targets, and set a strategy and targets for DCHL.</li> </ul>
<b>To ensure DCHL Group companies have best practice governance, are good employers, and operate in an environmentally and socially responsible way</b>	Appoint Directors to DCHL Group companies; appoint Chairs to subsidiary companies	<ul style="list-style-type: none"> <li>Appointments and re-appointments are all completed on time, and in compliance with DCHL and Council policy</li> </ul>
	Ensure companies are good employers, and operate in an environmentally and socially responsible way. DCHL expects Group companies to maintain ongoing focus on health and safety as a top priority.	<ul style="list-style-type: none"> <li>Ensure DCHL Group companies have appropriate policies and procedures in place</li> <li>Co-ordinate with companies on additional ESG disclosures in 2022 Annual Reports, including CEO remuneration and board and senior management gender diversity</li> </ul>

*Statement of Intent 2021/22*

Strategic Objective	Activity	Target
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.	<ul style="list-style-type: none"> <li>All such matters escalated to the shareholder in a timely manner.</li> </ul>
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	<ul style="list-style-type: none"> <li>All such matters reported to the shareholder within 24 hours.</li> </ul>

**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	23%	22%	22%

"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	10,091	21,862	23,761
Cash flow from operations	39,943	53,506	65,781
Capital expenditure	94,726	97,710	99,694
Contributions of equity	2,550	2,550	2,550
Term loans – parent	22,544	20,634	18,874
- group	956,180	1,063,841	1,146,184

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.

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*Statement of Intent 2021/22*

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**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 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.

### Statement of Intent 2021/22

#### Related Party Transactions

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

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.

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.

*Statement of Intent 2021/22*

*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.

Dunedin City Council has indicated that it will direct DCHL to fund the costs of operating Dunedin Railways Ltd over FY2022, up to \$2.119 million, without compensation.

At present, DCHL does not have any other 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).



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# Statement of Intent

**for the year ending 30 June 2022**

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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 (DCC).

This Statement of Intent (Sol) 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

As a DCC Group company, Aurora Energy Ltd aims to contribute to the DCC's strategic framework and achievement of city 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 of an Energy Company is to operate as a successful business; and
2. In seeking to attain its principal objective, an Energy Company shall have regard, among other things, to the desirability 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
- 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; 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 Sol 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
<p align="center"><b>SAFETY</b></p> <p align="center"><b>Overall Objective: To build a high-performance Safety culture in which Safety Nothing Less is our performance standard</b></p> <p align="center"><b>Overall Outcome: Safety Nothing Less for Aurora Energy staff, Contractors and the Community</b></p>		
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

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Goals	Objectives	Performance Measures
<b>ASSET MANAGEMENT</b> <b>Overall Objective: Deliver Excellence in lifecycle Asset Management</b> <b>Overall Outcome: Asset Management Excellence</b>		
<b>Reliability Performance Targets</b> SAIDI and SAIFI Performance Measures are calculated in accordance with the Commerce Commission's Default Price Quality Path methodology. The SAIDI and SAIFI limits set as Performance Measures for 2022, 2023 and 2024 are consistent with the Commerce Commission's draft decision on Aurora Energy's Customised Price-Quality Path released 12 November 2020.		
To deliver electricity supplies to consumers on the Aurora network of a reliability standard that meets the service level targets in the company's 2021-2030 Asset Management Plan.	SAIDI System Average Interruption Duration Index - Class B Interruptions (Planned)	Average minutes without electricity per consumer Limits for years ended 31 March : 2022 ≤ 195.96 minutes 2023 ≤ 195.96 minutes 2024 ≤ 195.96 minutes
	SAIDI System Average Interruption Duration Index - Class C Interruptions (Unplanned)	Average minutes without electricity per consumer Limits for years ended 31 March: 2022 ≤ 124.94 minutes 2023 ≤ 124.94 minutes 2024 ≤ 124.94 minutes
	SAIFI System Average Interruption Frequency Index - Class B Interruptions (Planned)	Average frequency of outages per consumer Limits for years ended 31 March: 2022 ≤ 1.11 2023 ≤ 1.11 2024 ≤ 1.11
	SAIFI System Average Interruption Frequency Index - Class C Interruptions (Unplanned)	Average frequency of outages per consumer Limits for years ended 31 March: 2022 ≤ 2.07 2023 ≤ 2.07 2024 ≤ 2.07

Goals	Objectives	Performance Measures
	<b>Asset Management Maturity</b>	
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.
<b>OPERATIONAL PERFORMANCE</b> <b>Overall Objective: Deliver demonstrably optimised business performance</b> <b>Overall Outcome: A capable &amp; streamlined business performance</b>		
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
<b>CUSTOMER ORIENTATION</b> <b>Overall Objective: To deliver value to our customers and stakeholders – current &amp; future</b> <b>Overall Outcome: Satisfied customers &amp; stakeholders</b>		
To make a positive contribution to our community	Maintain community support through approved sponsorships and community initiatives	Sponsorship and community initiatives \$ 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
<b>OUR TEAM</b> <b>Overall Objective: To build a high performing &amp; respected team</b> <b>Overall Outcome: An engaged, diverse, inclusive and motivated team</b>		
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						
<p style="text-align: center;"><b>SUSTAINABILITY</b></p> <p style="text-align: center;"><b>Overall Objective: Embed Sustainability processes across our business</b></p> <p style="text-align: center;"><b>Overall Outcome: Enable the management of a reduction in our carbon footprint</b></p>								
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. The company will develop an emissions reduction strategy and associated targets for inclusion in its 2022/2023 Statement of Intent.						
Contribute to waste reduction initiatives	Minimise waste and the associated negative environmental impacts	A waste reduction / diversion strategy is to be in place by 30 June 2022, together with future waste reduction performance targets						
Contribute to carbon emission reduction and electrification	Identify opportunities to transition light motor fleet to electric vehicles where appropriate and set transition targets	Transition targets for electrification of the company's motor fleet to be in place by 30 June 2022						
Uphold the Resource Management Act	Maintain full compliance with the Resource Management Act	<p>Number of breaches of the Resource Management Act</p> <p>Targets:</p> <table><tr><td>2022</td><td>0</td></tr><tr><td>2023</td><td>0</td></tr><tr><td>2024</td><td>0</td></tr></table>	2022	0	2023	0	2024	0
2022	0							
2023	0							
2024	0							

Goals	Objectives	Performance Measures
<b>SHAREHOLDER</b>		
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

## 6 Financial Forecasts

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 reflect the Commerce Commission's final decision on the company's proposal for a customised price-quality path dated 31 March 2021.

### a) 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	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 30/06/2022 \$000	Year ending 30/06/2023 \$000	Year ending 30/06/2024 \$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	38,003	50,429	64,524
Net profit after tax	1,175	8,449	15,731
Cash flow from operations	24,569	37,743	49,489
Capital expenditure	75,049	79,088	80,780
Term borrowings	439,440	480,420	511,560
Shareholder's funds	176,512	184,961	200,692

## 7 Accounting Policies

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### 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

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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.

## 9 Commercial Value of Shareholder's investment

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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.

## 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 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	X	X	X
Statement of Financial Performance		X	X
Statement of Financial Position		X	X
Statement of Cash Flows		X	X
Statement of Service Performance against SOI targets	X	X	X
Statement of Movement in Equity		X	X
Notes to the Financial Statements		X	X
Directors' Report		X	X
Auditor's Report			X
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**

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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**

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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**

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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**

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- 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 2021 / 22*

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

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## 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.*

As a DCC Group Company City Forest aims to contribute to the DCC's strategic framework and achievement of city objectives.

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
- 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; and
- d) conduct its affairs in accordance with sound business practice."

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### **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.

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## 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.
<b>ECONOMIC OBJECTIVES</b>		
Goals	Objectives	Performance Measures
<b>Increase Long Term Shareholder Value of the Company</b>		
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.	<p>The Company will achieve a 6% return (or greater) on Shareholders' funds measured on a post-tax 3 year rolling average basis.</p> <p>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.</p>
<b>Market Diversification</b>		
To develop diversified markets for the Company's products.	<p>To develop a market strategy that optimises returns while managing risk through market diversification.</p> <p>To balance exposure to both domestic and export markets taking into account market risk and product margin.</p> <p>To drive sustainable long-term value from the Company's carbon generating activities while balancing risk and environmental benefits.</p>	<p>No single customer will have received more than 30% of the Company's annual harvest by volume.</p> <p>The percentage of annual supply to the domestic market by volume will be tracked.</p> <p>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.</p> <p>The Company will incorporate carbon accounting into the strategic plan in accordance with the requirements of the Emissions Trading Scheme.</p>

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Goals	Objectives	Performance Measures
<b>Sustainable Yield</b>		
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.	<p>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.</p> <p>To ensure that the risk to the forest estate from pests, fire and disease is minimised through appropriate management practices and audit.</p> <p>To respond to and manage legislative and compliance risk to the Company's operations and license to operate.</p>	<p>The Company's annual harvest volumes as detailed in the strategic plan will be within 30% of projected long term sustainable yield.</p> <p>The Company will carry out annual forest inventory to measure and verify forest yield. The number of sample plots measured will be reported.</p> <p>A forest surveillance program will be in place as part of the National surveillance program to assess the forest estate for pests and disease.</p> <p>The annual fire plan will be updated and operational by 1 October for each fire season.</p> <p>The Company will actively participate in regional land use and environmental planning processes.</p>
Goals	Objectives	Performance Measures
<b>Research and Development</b>		
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.	<p>To actively participate in value-added research into forest management, tree breeding, wood products, supply chain and environmental management.</p> <p>To leverage collaborative industry research initiatives and implement research results through technology transfer.</p>	<p>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.</p> <p>The implementation of research outcomes into operational management plans will be tracked.</p>
To support the sustainable development of added value wood processing in Otago and Southland.	<p>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.</p> <p>The Company will support regional bio-energy initiatives subject to optimising the long-term return from the Company to the Shareholder.</p>	<p>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 &amp; Niagara) will be tracked and reported.</p> <p>The annual volume of wood supplied to bio-energy uses will be tracked and reported.</p>

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ENVIRONMENTAL AND SOCIAL OBJECTIVES		
Goals	Objectives	Performance Measures
<b>Corporate Responsibility</b>		
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.	<p>To minimise lost time accidents, injuries and property damage.</p> <p>To maintain Environmental Certification of the Company's forests. (Currently FSC)</p> <p>To preserve and enhance rare threatened and endangered (RT&amp;E) species on the Company's estate.</p>	<p>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.</p> <p>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.</p> <p>Forest Stewardship Council Certification of the Forest Estate will be maintained.</p> <p>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.</p> <p>The Company will work with partners Doc, University of Otago &amp; contractors to maintain and enhance RT&amp;E species on and around the Company estate. Sponsorship amounts for these activities will be reported annually.</p>
Goals	Objectives	Performance Measures
<b>Skilled Workforce</b>		
<p>To maintain an experienced, trained for task and reliable staff and contract workforce.</p> <p>To operate a personnel policy that complies with and adopts the principle of being a good employer.</p>	<p>To increase the level of training within the Company's staff and contract workforce.</p> <p>To actively encourage "Forestry" as a vocation.</p>	<p>The company will report on the number of National Certificates achieved by its workforce each year.</p> <p>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.</p>

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Goals	Objectives	Performance Measures
<b>Recreation and Education</b>		
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.
<b>Shareholder Outcomes</b>		
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. The company will develop an emissions reduction strategy and associated targets for inclusion in its 2022/2023 Statement of Intent.  The company will develop a waste reduction strategy and associated targets for inclusion in the 2022/2023 Statement of Intent.

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## 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	73.8%	73.8%	73.8%

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	\$5.5m	\$6.1m	\$5.6m

### c. Other Financial Forecasts

	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
EBITDA	\$27.1m	\$29.1m	\$20.8m
Net Profit after Tax	\$18.8m	\$20.1m	\$14.1m
Cash Flow from operations	\$11.5m	\$12.6m	\$12.4m
Capital Expenditure	\$11.1m	\$11.7m	\$12.7m
Term Loans	\$18.6m	\$20.0m	\$22.1m

The projections provided have been prepared using the best information available at the time of preparation.

The increase in financial forecasts is being driven by continued favourable log prices. Acquisitions and development of further land parcels have driven capital expenditure and debt levels.

*City Forests Limited Statement of Intent 2021 / 22***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 lesser 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.

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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	X	X	X
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		X	X
Statement of Service Performance against SOI targets		X	X
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

*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**

### **Statement of Intent**

**for the year ending 30 June 2022**

*Statement of Intent 2021/2022*

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*Statement of Intent 2021/2022*

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## **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*
- 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; 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.

As a Dunedin City Council owned Company, the Company aims to contribute to the Dunedin City Council's strategic framework and achievement of city objectives.

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*Statement of Intent 2021/2022*

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### **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 council-controlled 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.

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
<b>Community</b>		
<i>We are big believers in supporting the communities in which we operate. Our main contribution is through the essential infrastructure services we provide every day. Plus, we support organisations in the local community, nurture the next generation of smart thinking infrastructure specialists, and promote our brand to our stakeholders.</i>		
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

*Statement of Intent 2021/2022*

Goals	Objectives	Performance Measures
<b>People</b>		
<p><i>It is the skill and dedication of our people that makes the difference for our customers and keeps everyone safe at work.</i></p> <p><i>Our safety goal is 'Everyone Home Safe, Every day'. We are committed to the provision of safe and healthy work environments for our workers and the public.</i></p>		
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
To implement and maintain a certified and well recognised 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 Health 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

*Statement of Intent 2021/2022*

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%

*Statement of Intent 2021/2022*

Goals	Objectives	Performance Measures
<b>Environment</b>		
<i>We are committed to continual improvement in our environmental performance, to the prevention of harm to the environment and to the adoption of sustainable work practices.</i>		
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	2022: Maintain Enviro-Mark Gold accreditation at all Delta depots throughout the year Implement and have accredited a company-wide ISO14001 Environmental Management System  2023: Maintain ISO14001 accreditation 2024: Maintain ISO14001 accreditation
To ensure full compliance with environmental and resource 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. The company will develop an emissions reduction strategy and associated targets for inclusion in its 2022/2023 Statement of Intent.
		The company will develop a waste reduction strategy and associated targets for inclusion in the 2022/2023 Statement of Intent.

*Statement of Intent 2021/2022*

Goals	Objectives	Performance Measures
<b><i>The Shareholder</i></b>		
<i>We are committed to communicating our activities and strategy clearly to our shareholder and to continue to maintain an active dialogue.</i>		
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

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 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
<b>Shareholder's Funds to Total Assets</b>	≥ 41%	≥ 43%	≥ 52%

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 30/06/2022 \$000	Year ending 30/06/2023 \$000	Year ending 30/06/2024 \$000
<b>Dividend/subvention distributions</b>	2,000	2,250	2,500

### c) Other financial forecasts

	Year ending 30/06/2022 \$000	Year ending 30/06/2023 \$000	Year ending 30/06/2024 \$000
<b>EBITDA</b>	≥ 12,742	≥ 13,301	≥ 13,480
<b>Net profit after tax</b>	≥ 3,273	≥ 3,664	≥ 3,877
<b>Return on Shareholder's funds</b>	≥ 13%	≥ 14%	≥ 14%
<b>Cash flow from operations</b>	≥ 10,145	≥ 10,749	≥ 10,834
<b>Capital expenditure</b>	≤ 5,995	≤ 4,400	≤ 4,400
<b>Term borrowings</b>	≤ 14,600	≤ 13,000	≤ 4,300
<b>Shareholder's funds</b>	≥ 25,641	≥ 27,054	≥ 28,431

The projections provided have been prepared using the best information available at the time of preparation.

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*Statement of Intent 2021/2022*

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## **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 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.

*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

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	X	X	X
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		X	X
Statement of Service Performance against SOI targets	X	X	X
Directors' Report		X	X
Auditor's Report			X
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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*Statement of Intent 2021/2022*

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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).

# **Dunedin City Treasury Ltd**

## **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 Dunedin City Council Group company, DCTL aims to contribute to the Dunedin City Council's strategic framework and achievement of city objectives.

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:

 <p><b>Cash &amp; liquidity management</b></p> <ul style="list-style-type: none"> <li>• Ensure funds are available to meet obligations</li> <li>• Minimise funding costs</li> <li>• Maximise return on surplus funds within agreed acceptable levels of risk</li> </ul>	 <p><b>Group Bank</b></p> <ul style="list-style-type: none"> <li>• Source debt and on-lends to DCC and CCOs</li> <li>• Manage financial relationships with third parties</li> <li>• Manage financial risk</li> </ul>	 <p><b>Investment management</b></p> <ul style="list-style-type: none"> <li>• Manage Waipori Fund for DCC</li> </ul>
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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.

#### 5. PERFORMANCE TARGETS

Goal	Objective	Performance Targets
<b>Ensure funds are available to meet obligations.</b>	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.
<b>Minimise funding costs, while having regards to interest rate risk.</b>	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.
<b>Maximise returns on surplus funds, within acceptable levels of risk.</b>	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.
<b>Issue securities.</b>	Manage the issuance of securities as and when required.	Successfully fill any issues brought to the market during the year.
<b>Manage financial relationships with third parties.</b>	Maintain financial relationships with preferred financial providers.	Maintained funding lines with preferred financial providers.
<b>Maximise the cost effective utilisation of financial products.</b>	Maintain a benchmarking system to measure DCTL's performance.	Regular reporting to the Board, of DCTL's achievement against defined benchmarks.
<b>Manage the Waipori Fund on behalf of the Council.</b>	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.
<b>Manage business risk.</b>	Maintain a risk management framework to regularly identify, mitigate, and report risks.	Quarterly review by the Board, of the DCHL Risk Register Dashboard. Regular reporting to the shareholder of DCTL's top 5 current risks.
<b>Compliance with Dunedin City Council Treasury Risk Management Policy.</b>	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.
<b>Communicate with the shareholder on a 'no surprises' basis.</b>	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.

Statement of Intent 2021/22

Goal	Objective	Performance Targets
<b>Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives</b>	Contribute to Council's Carbon Neutrality initiatives	Systems for measuring and publicly reporting carbon emissions are established. DCTL will develop an emissions reduction strategy and associated targets for inclusion in its 2022/2023 Statement of Intent.
		DCTL will develop a waste reduction strategy and associated targets for inclusion in its 2022/2023 Statement of Intent.
<b>Maximise benefits of the strong credit profile of the DCC to assist the Group.</b>	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

## 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	-3.0%	-2.7%	-2.5%

"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	11	11	13
Cash Flow from operations	(1,984)	(2290)	(2604)
Capital Expenditure	0	0	0
Debt	956,180	1,063,841	1,146,184

The projections provided have been prepared using the best information available at the time of preparation.

*Statement of Intent 2021/22*

## **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.

## **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.

### ***Related Party Transactions***

Dunedin City Council	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

*Statement of Intent 2021/22*

# 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*

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.

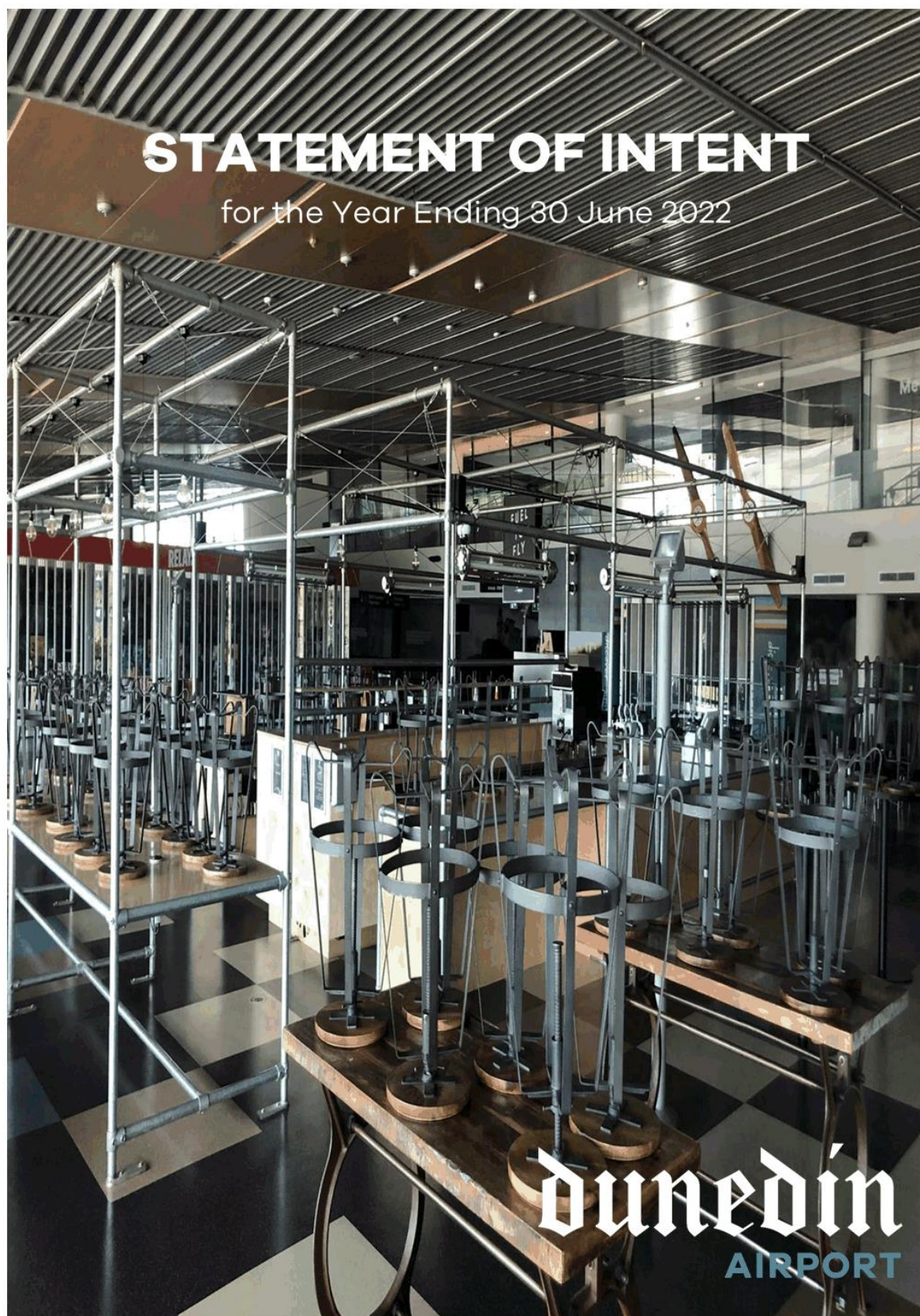
*Group Facility Use*

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).



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## 1. INTRODUCTION

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.

As a company partly owned by Dunedin City Council, the Company is mindful of DCC's strategic framework and city objectives.

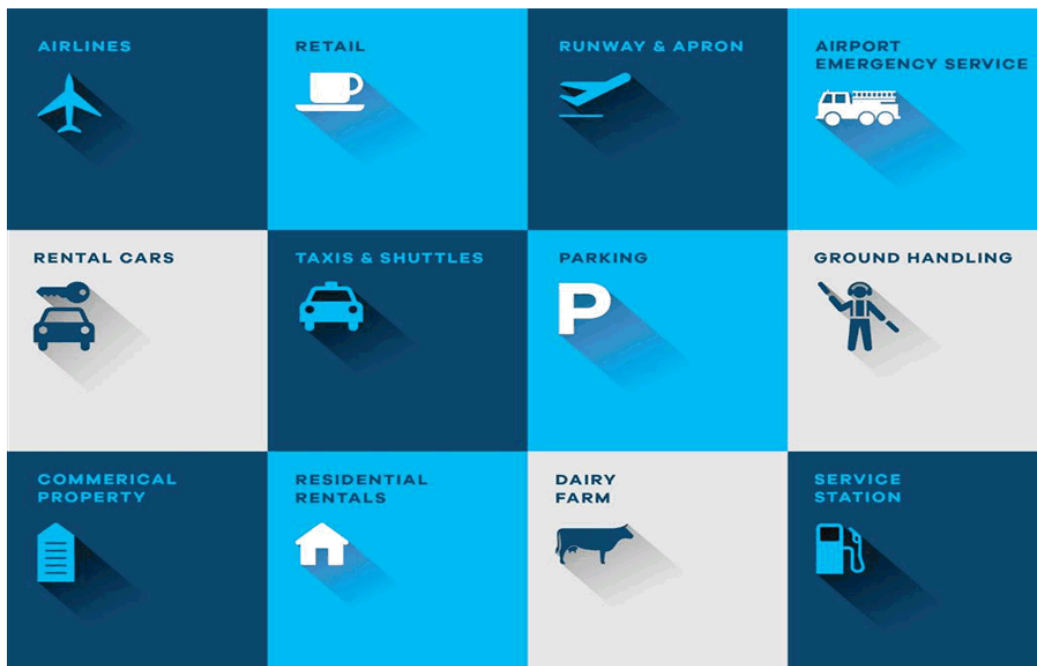
### 3. WHAT WE DO

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.

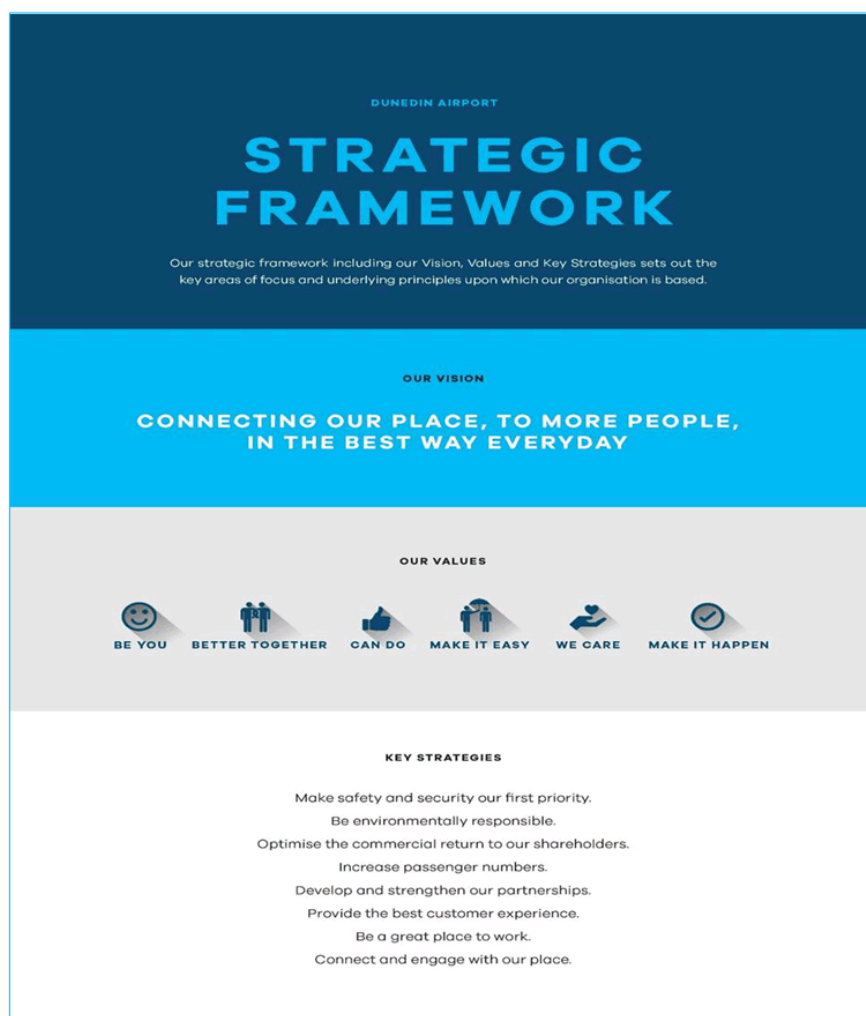
The company is also responsible for managing assets not currently used for airport activities, but which may be used in the future, for example, land held for airport expansion, environmental control purposes, or commercial operations inside the airport zone. This includes the operation of a dairy farm, 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

### COVID-19

The COVID-19 pandemic has caused considerable uncertainty in the aviation and tourism sectors globally. As such, it continues to present a major challenge for Dunedin Airport, our community, and New Zealand for the foreseeable future.

Dunedin Airports primary objective in this context is to safeguard our people, and to operate vital airport infrastructure for our place and to support its recovery. Further, ensuring Dunedin Airports financial, and operational sustainability through, and post, the COVID-19 environment is a priority.

The full extent of the impact of COVID-19 is not known. It has required airports and airlines globally to make considerable changes to the way they operate and plan for the future. In this regard, Dunedin Airport is in a relatively solid position. Our company is well financed with appropriate debt to equity levels, diversification of revenue streams, and comparatively low exposure to international passenger volumes.

Historic and forecast passenger numbers are included in Section 7.

It is in this context that the revised SOI and associated Strategic Goals and Actions have been prepared by Dunedin Airports board of directors and management.

SAFETY & OUR ENVIRONMENT		
Strategic Goals	Actions	Performance Measures
<b>TO MAKE SAFETY &amp; SECURITY OUR FIRST PRIORITY</b>	To work with our staff and stakeholders to maximise safety on site for all staff, passengers, and visitors.	<ul style="list-style-type: none"> <li>o No Serious Harm incidents at Dunedin Airport for any passenger or airport user.</li> <li>o Ensure all staff members have access to Personal Protective Equipment (PPE) as appropriate during changes in COVID-19 levels.</li> <li>o Review the Health and Safety Plan and objectives with the Health and Safety Committee each year.</li> <li>o Implement a staff wellbeing programme.</li> <li>o Strike rate of &lt;5 strikes per 10,000 aircraft movements on a 12-month moving average.</li> </ul>
<b>TO BE ENVIRONMENTALLY</b>	Act as a socially and environmentally	<ul style="list-style-type: none"> <li>o Measure and increase the diversion rate of waste from landfill.</li> <li>o Develop a waste measurement and reduction strategy and associated targets</li> </ul>

<b>RESPONSIBLE</b>	responsible corporate citizen.	<ul style="list-style-type: none"> <li>for inclusion in the 2022/203 Statement of Intent.</li> <li>Develop and implement a sustainability strategy appropriate for our organisation.</li> <li>With systems for measuring and publicly reporting carbon emissions established, develop an emissions reduction strategy and associated targets for inclusion in its 2022/203 Statement of Intent</li> <li>Be Carbon Neutral by the end of 2030.</li> <li>Maintain our obligations on any current resource consents in place.</li> </ul>
	Maintain high quality dairy farming practices.	<ul style="list-style-type: none"> <li>Remain compliant with Fonterra dairy farm inspections.</li> <li>Implement applicable recommendations from the Fonterra Sustainable Farm Environment Plan.</li> </ul>

<b>FINANCIAL</b>		
<b>Strategic Goals</b>	<b>Actions</b>	<b>Performance Measures</b>
<b>TO OPTIMISE COMMERCIAL RETURN TO OUR SHAREHOLDERS</b>	Comply with financial covenants and policy.	<ul style="list-style-type: none"> <li>Fulfil lender borrowing facility financial covenant: <ul style="list-style-type: none"> <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 5.5% Return on Shareholders' Funds adjusted for IFRS fair value movements and asset revaluations. **</li> <li>Generate a 40% Return on Shareholders' Capital invested. **</li> </ul> <p>Note: historic and forecast performance against financial metrics, including those noted above are encompassed in Section 7.</p>
	Achieve increased non-aeronautical revenues from activities compared to the previous year.	<ul style="list-style-type: none"> <li>Generate operating surpluses from the Momona Garage and Residential Housing profit centres.</li> <li>Increase total Kilograms of Milk Solids (kgMs) produced by our airport owned dairy farms to 285,000 kgMs.</li> </ul>
	On-going monitoring and refinement of the company's strategic business plan and business risks.	<ul style="list-style-type: none"> <li>Annual update to strategic Business Plan incorporating plan for recovery from post COVID-19 environment.</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>

<b>BUSINESS DEVELOPMENT</b>		
<b>Strategic Goals</b>	<b>Actions</b>	<b>Performance Measures</b>
<b>INCREASE PASSENGER NUMBERS ON REGULAR SCHEDULED SERVICES</b>	Partner with our airline, airport, region, and tourism industry.	<ul style="list-style-type: none"> <li>International Regular Scheduled Services reinstated to the airport. **</li> <li>Achieve 820,000 passengers on Regular Scheduled Services for the 2021-2022 financial year. **</li> </ul>
<b>TO DEVELOP &amp; STRENGTHEN OUR PARTNERSHIPS</b>	Implement initiatives to improve the performance of our relationships.	<ul style="list-style-type: none"> <li>Ensure vacant business premises are tenanted.</li> <li>Conduct stakeholder engagement surveys once a year with our strategic partners to review the strength of the relationships.</li> </ul>

<b>OUR CUSTOMERS</b>		
<b>Goals</b>	<b>Objectives</b>	<b>Performance Measures</b>
<b>TO PROVIDE THE BEST CUSTOMER SERVICE EXPERIENCE</b>	Provide a high standard of service to our customers.	<ul style="list-style-type: none"> <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>
	Ensure all airside infrastructure maintenance causes no delays to airline operations.	<ul style="list-style-type: none"> <li>No delays to regular scheduled passenger operations are incurred as a result of airside infrastructure.</li> </ul>
	Ensure the future of the airport is protected.	<ul style="list-style-type: none"> <li>Ensure any new development is considered in conjunction with the District Plan and Airport Master Plan.</li> </ul>

OUR PEOPLE		
Goals	Objectives	Performance Measures
<b>TO BE A GREAT PLACE TO WORK</b>	To recognise and review staff performance.	<ul style="list-style-type: none"> <li>Each staff member to have a formal Annual Performance Review and Personal Development Plan.</li> </ul>
	Ensure that our staff are engaged with the company's Vision, Purpose and Values.	<ul style="list-style-type: none"> <li>Conduct an annual staff engagement survey, acting on any matters that require attention as appropriate.</li> </ul>

OUR COMMUNITY		
Goals	Objectives	Performance Measures
<b>TO CONNECT &amp; ENGAGE WITH OUR PLACE</b>	Provide sponsorship to community events and organisations.	<ul style="list-style-type: none"> <li>Invest 0.25% of prior year operating revenue to sponsorship in line with our sponsorship application criteria.</li> <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 style="list-style-type: none"> <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		
Goals	Objectives	Performance Measures
<b>TO CONNECT &amp; ENGAGE WITH OUR PLACE</b>	Consult with shareholders on matters to be included in the company's Statement of Intent.	<ul style="list-style-type: none"> <li>Prepare annually the company's Statement of Intent having given consideration to shareholders expectations.</li> </ul>
	Consult with shareholders at the earliest possible time on matters where conflict may or could	<ul style="list-style-type: none"> <li>Report to and consult with shareholders on matters where the company's and shareholders requirements are in conflict.</li> </ul>

	result.	
	On a “no surprises” basis advise shareholders promptly of any substantive matter that has the potential to impact negatively on shareholders and the company with a particular focus on matters of interest to the media.	<ul style="list-style-type: none"> <li>○ 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.</li> </ul>

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 2025/26.

The impacts on the airports 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 general aviation)	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	ACTUAL	FORECAST	BUDGET				
Domestic	756,656	710,450	819,014	859,993	902,992	948,142	995,549
International	34,232	-	-	-	-	-	-
<b>TOTAL</b>	<b>790,888</b>	<b>710,450</b>	<b>819,014</b>	<b>859,993</b>	<b>902,992</b>	<b>948,142</b>	<b>995,549</b>
Percentage Increase/(Decrease) from Prior Year	(26.4%)	(10.2%)	15.3%	5.0%	5.0%	5.0%	5.0%

Airport revenue and operating cashflows correlate closely with passenger numbers, 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:

PERFORMANCE MEASURE	ACTUAL	FORECAST	BUDGET				
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Revenue (includes sundry income)	15,031	13,361	15,257	15,924	16,620	17,348	18,111
EBITDA	6,133	6,588	7,290	7,828	8,322	8,855	9,408
Net Profit after Taxation	3,636	1,819	1,878	1,928	2,309	2,853	2,861
Shareholders' Funds (average)	66,461	70,104	71,952	73,292	74,269	75,579	76,887
Cash Flow from Operations	3,563	4,679	5,051	5,739	5,921	6,448	7,451
Capital Expenditure	7,569	1,600	8,134	1,785	525	5	11,175
Term Loans	14,750	17,250	18,650	16,650	12,400	7,400	12,400
Dividend Paid	2,372	-	-	1,127	1,157	1,386	1,712

### Dividend Payments

Following the COVID-19 pandemic, and in the context of reconsolidation of the company's financial position, the directors have elected not to forecast the payment of dividends during the 20/21 and 21/22 financial years (noting these dividends relate to the financial performance of the preceding financial year).

Shareholder dividends are forecast to recommence from the 22/23 financial year reflecting the continuation of a prudent cash management strategy given the volatility in passenger volumes.

Should a more favourable outcome eventuate over the period of this SOI, then the board of directors will be able to consider the possibility of increasing the dividend paid or paying special dividends outside the timing outlined in [Section 8](#).

			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MEASURE	DESCRIPTION	CALCULATION	ACTUAL	FORECAST	BUDGET				
<b>Profitability/Efficiency</b>									
Return on Assets	The profit a company is able to generate from its assets.	Net profit after tax / Total Assets	3.5%	1.8%	1.8%	1.8%	2.3%	2.9%	2.8%
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%	35.0%	40.9%	41.7%	47.0%	54.4%	54.5%
Operating Margin	The profitability of the company	EBITDA / Revenue	40.8%	49.3%	47.8%	49.2%	50.1%	51.0%	52.0%

			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MEASURE	DESCRIPTION	CALCULATION	ACTUAL	FORECAST	BUDGET				
	per dollar of revenue								
<b>Leverage/Solvency</b>									
Equity Ratio	The relative portion of the equity used to finance the company's assets.	Total shareholders' funds / Total assets	66.2%	68.5%	68.1%	70.3%	74.0%	78.4%	74.9%
Earnings Ratio (Interest Cover)	The number of times that earnings can cover interest	EBITDA/ Interest paid	11.3	12.7	10.3	11.2	14.3	22.4	23.8
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	19.54	20.37	18.43	14.21	8.84	13.80
<b>Shareholders' Return</b>									
Dividend Pay-out	Proportion of a company's net operating cash flows less allowance for capital maintenance paid out as a dividend to the shareholder	Dividends paid / Net cash flow from operating activities less depreciation expense	7.60	-	-	0.71	0.67	0.58	0.60
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%	2.6%	2.6%	2.6%	3.1%	3.8%	3.7%
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%	5.7%	5.5%	5.5%	6.4%	7.6%	7.3%

The following are assumptions made throughout the budget:

- The budget assumes 2021-22 passengers of 819,041.

- Nil international PAX are included in the 5-year budget period. Accordingly, the budget assumes \$nil Passenger Service Charge revenue, \$nil international route incentives and/or rebates, and reduced marketing spend in trans-Tasman markets.
- Airfield and terminal landing charges are based on published prices. No increase/decrease in landing charges has been included for the pricing review to be effective 1 July 2021.

We have assumed no increase in current flight schedules, that is, we have assumed no additional services.

Landings/PAX have been assumed to grow by **5%** for the 2023-23 – 2025-26 forecast periods.

- Runway, apron and taxiway opex and capex forecasts are based on a defined maintenance program. Our annual runway inspection was completed in February 2021. As a result of this inspection, our maintenance plan may be subject to change.
- The 2021-22 budget has assumed no change to the current carparking charges.
- Wages and Salaries have been forecast based on a 2% yearly increase.
- An interest rate of **4.25%** (including Westpac's 1.3% margin) has been applied to budgeted debt. Interest rate swaps derivatives are included based on the age profile of swaps in place at time of forecast.
- No fair value movement has been budgeted for interest rate hedge instruments, nor the airports investments.
- No infrastructural asset revaluations have been budgeted.
- Inflation allowance for 2022/23 to 2025/26 is 2.0% for each year for both non-aeronautical income and expenditure items apart from landing charges, carpark and garage revenue which grows at 5.0% year on year from 2022/23 to 2025/26 on the back of forecast increasing passenger numbers.

This excludes apron, runway, and taxiway operational expenditure which is based on defined maintenance plans.

- The cash flow statement assumes a 1-month lag between recognition of a capital addition, and payment. As such, additions per the cashflow may not equal additions per fixed assets.

## 8. DIVIDEND POLICY

- 8.1 While noting the narration in [Section 7](#) regarding the payment of dividends in the current COVID-19 environment, 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 Shareholders

The company will undertake to keep the shareholders 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](http://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.

Statement of Intent 2021/2022

# DUNEDIN RAILWAYS



## STATEMENT OF INTENT For the Year Ending 30 June 2022

2021/22 SoI

Dunedin Railways Limited

1 of 7

*Statement of Intent 2021/2022*

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*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 a Dunedin City Council Group company, DRL aims to contribute to the Dunedin City Council's strategic framework and achievement of city 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
- 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.

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 decisions about the Company's long-term future. 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.

Statement of Intent 2021/2022

## 5. PERFORMANCE TARGETS

Goal	Objective	Performance Targets
<b>Manage the Hibernation Plan to protect and maintain DRL's assets</b>	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
<b>Ensure health and safety of our people</b>	Reduce harm to employees and contractors	Target zero lost time injuries
<b>DRL maintains a strategic direction that is consistent with the policies and objectives of the shareholder</b>	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.
<b>Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives</b>	Contribute to Council's Carbon Neutrality initiatives	Systems for measuring and publicly reporting carbon emissions are established. DRL will develop an emissions reduction strategy and associated targets for inclusion in its 2022/2023 Statement of Intent
		DRL will develop a waste reduction strategy and associated targets for inclusion in its 2022/2023 Statement of Intent
<b>Communicate with the shareholder on a 'no surprises' basis</b>	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

Statement of Intent 2021/2022

## 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	66%	100%	100%

"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	(1,855)	0	0
<b>Net profit after tax</b>	(1,869)	0	0
Cash flow from operations	164	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.

## 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.

## Statement of Intent 2021/2022

### 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	Funding for FY2022 operations 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.

### 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

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*Statement of Intent 2021/2022*

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*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 objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities.

In FY2022, DRL will receive funding from its shareholder (DCHL) (acting on instructions from ultimate shareholder Dunedin City Council) in order to fund the cost of operations, which are expected to be loss-making.

*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.

*Other agreements*

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).



# **DUNEDIN STADIUM PROPERTY LTD**

## **STATEMENT OF INTENT**

**For the Year Ending 30 June 2022**

*Statement of Intent 2021/2022*

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*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.

As a Dunedin City Council Group company, DSPL aims to contribute to the Dunedin City Council's strategic framework and achievement of city objectives.

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
- 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.

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.

## Statement of Intent 2021/2022

**5. PERFORMANCE TARGETS**

Goal	Objective	Performance Targets
<b>Forsyth Barr Stadium remains a fit for purpose venue for public and private events</b>	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 (next external review is due in the 2023/2024 financial year)
	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
<b>Manage debt prudently</b>	Ensure an appropriate debt repayment programme is in place	A debt repayment programme is in place and reviewed by the Board annually
<b>DSPL maintains a strategic direction that is consistent with the policies and objectives of the shareholder</b>	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
<b>Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives</b>	Contribute to Council's Carbon Neutrality initiatives	Systems for measuring and publicly reporting carbon emissions are established. DSPL will develop an emissions reduction strategy and associated targets for inclusion in its 2022/2023 Statement of Intent
		DSPL will develop a waste reduction strategy and associated targets for inclusion in its 2022/2023 Statement of Intent
<b>Communicate with the shareholder on a 'no surprises' basis</b>	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

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	42%	41%	40%

"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	2,854	2,760	2,625
<b>Net / (loss) profit after tax</b>	(5,418)	(5,301)	(5,233)
Cash flow from operations	404	653	540
Capital expenditure	1,219	1,790	934
Term loans	84,810	83,700	81,845

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.

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

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*Statement of Intent 2021/2022*

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*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*

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).

# dunedin venues

## STATEMENT OF INTENT For the Year Ending 30 June 2022



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## 1. Introduction

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 (Sol) 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.

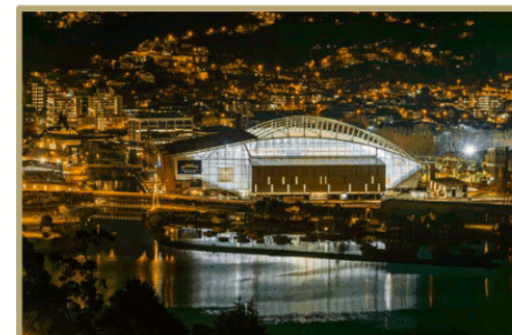
## 3. Objectives

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.

As a DCC Group Company, DVML aims to contribute to the DCC's strategic framework and achievement of city objectives.

DVML recognises the value that locally-based businesses and organisations bring to the community, and will work collaboratively with those organisations to optimise content for the community.



**dunedin**  
**venues**

#### 4. Nature and Scope of Activities

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 is 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:** DVML is expecting a full season of Super Rugby in the first half of 2022. The Bunnings NPC domestic rugby competition is scheduled to commence in August.

**International Sporting Events:** There are currently two international rugby tests scheduled to be played at Forsyth Barr Stadium, All Blacks v Fiji on 10 July and All Blacks v South Africa on 25 September. The ICC Women's Cricket World Cup is scheduled for New Zealand in March and April 2022 – Dunedin matches (3) are in early March 2022.

**Cultural Events:** The domestic concert market will be busy with an increased number of NZ Bands and artists performing at the Dunedin Town Hall throughout 2021. The Dunedin Craft Beer and Food Festival is confirmed for October 2021. There are currently two international concert acts booked to play at Forsyth Barr Stadium in FY2022. As vaccinations roll out DVML are expecting Promoter interest to increase and additional content to be booked.

The logo for Dunedin Venues, featuring the word "dunedin" in a black, stylized serif font and the word "venues" in a bold, gold-colored sans-serif font below it.

## 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

**dunedin**  
**venues**

## 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. Work with DVML staff, Contractors and Service Providers to minimise risk across all venues ensuring adequate training is provided. Report on Health and Safety management and provide statistical data to the monthly board reports.	Health and Safety Plan has been reviewed. Corrective actions are prioritised and actioned. Site, Contractor and Event Audits show no breaches of agreed procedures. Only inducted Contractors gain entry into venues. 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. Undertake an external self assessment Safe Plus audit.	Staff training is current and meets current legislative requirements. 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. Facilities and infrastructure are maintained as fit for purpose and in accordance with the approved current Asset Management Plan. Report on facilities indicators and provide statistical data to the monthly board reports.	No material breaches of legislation. No material breaches of KPI's as set out in the approved current Asset Management Plan section 4.4.3. 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.	Create awareness through a variety of distribution channels to ensure the community is informed of DVML happenings.	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.	Facilitate community access through providing funding for community events through the Community Access Grant (\$750,000 annually across all DVML venues).	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 (DCC Strategic Framework Accountabilities – Economic Development)		
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.
Forsyth Barr Stadium to provide a sense of value to ratepayers.	Ratepayers feel satisfied that Forsyth Barr Stadium is delivering exceptional events and providing economic benefit to the city.	Achieve 85% ratepayer satisfaction with Forsyth Barr Stadium in the Dunedin City Council's Residents' Opinion Survey.
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.	Improving venue competitiveness by investing in and promoting DVML's venues to better meet the needs of the diverse range of event producers.	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.  Achieve a 75% retention rate of member renewals.
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. The Company will develop an emissions reduction strategy and associated targets for inclusion in its 2022/2023 Statement of Intent.  The Company will develop a waste reduction strategy and associated targets for inclusion in the 2022/2023 Statement of Intent.  The Company will investigate solutions to reduce cups to landfill with associated targets for inclusion in the 2022/2023 Statement of Intent.
	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
Attract major events to Dunedin with the assistance of the Event Attraction Fund (EAF), an annual grant from the Dunedin City Council of \$400,000.	Achieve a 15:1 Return On Investment of the Event Attraction Fund.	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.	Consult with DCHL at the earliest possible time on matters where conflict may or could result.	Matters which may or could conflict have been escalated to the Shareholder.
Keep DCHL informed of all substantive matters.	To promptly advise DCHL on a 'no surprises' basis of any substantive matter that has the potential to impact negatively on DCHL and DVML with a particular focus on matters of interest to the media.	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.

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## 7. FINANCIAL FORECASTS

### a. The ratio of Shareholder 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 Funds to Total Assets	13%	16%	20%

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 30/06/2022	Year ending 30/06/2023	Year ending 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	2,843	2,994	3,072
Net Profit after Tax	239	252	351
Cash Flow from Operations	976	196	975
Capital Expenditure	2,658	350	350



## 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		✓	✓
Statement of Service Performance against Sol targets		✓	✓
Directors Report		✓	✓
Auditors Report			✓
Statement of Intent (Draft)		Prior to 1 March	
Statement of Intent (Final)		Prior to 30 June	

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**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 Sol is completed.

The logo for Dunedin Venues, featuring the word "dunedin" in a large, black, serif font, and the word "venues" in a smaller, gold, sans-serif font below it.

#### 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.

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## **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).



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26 May 2021

The Directors  
Dunedin City Holdings Limited  
50 The Octagon  
Dunedin 9016

Dear Directors

**Feedback on Group Statements of Intent 2021/2022**

Following presentation of the 2021/2022 Group Statements of Intent (SoIs) to Council, the DCC requests the following items be addressed in the final SoIs:

All Companies:

**Group Company Objectives** – request companies include in their 2021/2022 statements of intent under objectives “As a DCC Group company [Company Name] aims to contribute to the DCC’s strategic framework and achievement of city objectives”.

**Carbon Neutrality** – request companies establish an emissions reduction strategy and associated targets for inclusion in the 2022/2023 statements of intent.

**Waste Minimisation** – request companies establish a waste reduction/diversion strategy and associated targets for inclusion in the 2022/2023 statements of intent.

**Sponsorship Policy** – the Council is in the process of developing a Naming Rights and Sponsorship policy. Once approved by Council, this will be shared with Group companies for consideration in their 2022/2023 statements of intent.

**Noting** – that any change to the Sol for Dunedin International Airport Limited is subject to approval by the Crown as the other shareholder in the company.

Aurora Energy Limited:

**Include** – a measure related to the uptake of EVs

Dunedin International Airport Limited:

**Reinstate** – the measures for bird strike and return on shareholder capital

Dunedin Stadium Property Limited:

**Reinstate** – the date attached to the external review of the asset management plan

Dunedin Venues Management Limited:

**Include** - a ROS satisfaction measure

**Include** – a timeframe for seeking alternative single use drinking vessels to replace the current compostable vessels.

Thank you in advance of considering the above requests. The Council looks forward to receiving the updated Statements of Intent for consideration at its June 2021 meeting.

Yours faithfully



Aaron Hawkins  
Mayor of Dunedin  
Te Koromatua O Ōtepoti

## RESOLUTION TO EXCLUDE THE PUBLIC

That the Council excludes the public from the following part of the proceedings of this meeting (pursuant to the provisions of the Local Government Official Information and Meetings Act 1987) namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution	Reason for Confidentiality
C8 Dunedin City Holdings Group: Director Appointments and Re-Appointments	S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987, and the particular interest or interests protected by Section 6 or Section 7 of that Act, or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above after each item.