

Notice of Meeting:

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

Date:	Tuesday 8 March 2022
Time:	1.00 pm
Venue:	Via Audio Visual Link

Sandy Graham Chief Executive Officer

Finance and Council Controlled Organisations Committee PUBLIC AGENDA

MEMBERSHIP

Chairperson Deputy Chairperson	Cr Mike Lord Cr Doug Hall	
Members	Cr Sophie Barker Cr Rachel Elder Cr Carmen Houlahan Cr Jim O'Malley Cr Chris Staynes Cr Steve Walker	Cr David Benson-Pope Cr Christine Garey Cr Marie Laufiso Cr Jules Radich Cr Lee Vandervis Cr Andrew Whiley
Senior Officer	Gavin Logie, Chief Financial Office	er
Governance Support Officer	Wendy Collard	

Wendy Collard Governance Support Officer

Telephone: 03 477 4000 Wendy.Collard@dcc.govt.nz <u>www.dunedin.govt.nz</u>

The meeting will be live streamed on the Council's YouTube page: https://youtu.be/g3qzXxs3loY



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



ITEM T	ABLE OF CONTENTS PA	٩GE
1	Public Forum	4
2	Apologies	4
3	Confirmation of Agenda	4
4	Declaration of Interest	5
5	Confirmation of Minutes	15
	5.1 Finance and Council Controlled Organisations Committee meeting-9 February 2022	15
PART A	REPORTS (Committee has power to decide these matters)	
6	Finance and Council Controlled Organisations Committee - Forward Work Programme	20
7	Financial Result - Period Ended 31 January 2022	25
8	2021 Annual Reports for the Dunedin City Holdings Ltd Group- under separate cover	
9	Draft 2022/23 Statements of Intent - Dunedin City Holdings Limited Group Companies	41
10	Dunedin City Holdings Limited Parent Financials - Year ended 30 June 2021	163
11	Dunedin City Holdings Limited Group Companies - Interim Reports for the Six Months End	
	31 December 2021	169

1 PUBLIC FORUM

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

2 APOLOGIES

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

3 CONFIRMATION OF AGENDA

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



DECLARATION OF INTEREST

EXECUTIVE SUMMARY

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

RECOMMENDATIONS

That the Committee:

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

Attachments

Title

<u>U</u>A Elected Members' Register of Interests

Page 6

Councillor Register of Interest - Current as at 22 February 2022				
Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Aaron Hawkins	Trustee	West Harbour Beautification Trust	Potential conflict WHBT work with Parks and Reserves to co-ordinate volunteer activities	Withdrawal from all West Harbour Beautification Trust/ DCC discussions involving this relationship.
	Trustee	St Paul's Cathedral Foundation	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Residential Property Owner - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Thank You Payroll	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	ICLEI Oceania Regional Executive	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Hospital Local Advisory Group	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Green Party	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Connecting Dunedin (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Board Member	Otago Museum Trust Board (Council appointment)	Duties to Trust may conflict with duties of Council Office. Recipient of Council funding	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Otago Theatre Trust (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Member	Otago Polytech's Research Centre of Excellence	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	LGNZ National Council	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Alexander McMillan Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Cosy Homes Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chair	LGNZ Policy Advisory Group	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Local Government New Zealand Zone 6 Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Sophie Barker	Director	Ayrmed Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Ocho Newco Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Various publicly listed companies	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Property Owner	Residential Property Owner - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Beneficiary	Sans Peur Trust (Larnach Castle)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Dunedin Heritage Fund Trust (Council appointment)	Duty to Trust may conflict with duties of Council Office	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Otago Settlers Association (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Vegetable Growers Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Committee Member	Otago Anniversary Day Dinner	No conflict Identified	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.

Item 4

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

ltem 4

lame	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Member	Theomin Gallery Management Committee (Olveston) (Council appointment)	No conflict identified	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Chair	Grants Subcommittee (Council Appointment)	No conflict identified	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Local Government New Zealand Zone 6 Committee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Doug Hall	Director/Owner	Hall Brothers Transport Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/Owner	Dunedin Crane Hire	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/Owner	Wood Recyclers Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/Owner	Dunedin Concrete Crushing Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General
	Director/Owner	Anzide Properties Ltd - Dunedin	No conflict identified	when required. Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	The Woodshed 2014 Limited	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General
	Owner	Property Ownership - Dunedin	No conflict identified	when required. Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Farmlands	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Ravensdown Fertiliser	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	PGG Wrightson	Currently no likely conflict	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Silver Fern Farms	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Valley View Development Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Geekfix Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Milburn Processing Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Appellant	2GP	Appellant to the 2GP	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Financial Donor	Dunedin North Community Patrol	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Donor of the use of a building free of charge to the group	North Dunedin Blokes Shed	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Partner	Highland Helicopters	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Supplier	Southweight Truck and Weights for testing Weighbridges Otago & Southland	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Craigieburn Reserve Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Chinese Garden Advisory Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Item 4

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Member	Toitu Otago Settlers Museum Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Carmen Houlahan	Owner	Residential Property - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Rental Property - North Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Part Owner	Adobe Group Ltd, Wanaka	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Rotary Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Institute of Directors	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Property Investors Association	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Company Owner/Sole Director	Shelf Company - RU There	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Startup Business	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Toitu Otago Settlers Museum Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Acquisitions Committee (Council appointment)	Possible grants recipient	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Member	Dunedin Public Art Gallery Society (Council appointment)	Possible grants recipient	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Member	Mosgiel Taieri Community Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Marie Laufiso	Property Owner	Residential Property	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Community Building Trust - Trust Owner of Property 111 Moray Place	Duty to Trust may conflict with duties of Council Office	Interest arises. Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Board Member	Otago Mental Health Support Trust	Potential grants applicant which would result in pecuniary interest. Duty to Trust may conflict with duties of Council Office	Do not participate in consideration of grants applications. If the meeting is in confidential, to leave the room.
	Secretary	Brockville Improvements and Amenities Society (BIAS)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Corso Õtepoti Dunedin Trust	Potential grants recipient	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Member	Dunedin Manufacturing Holdings Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	National Communications Officer	P.A.C.I.F.I.C.A Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Dunedin Branch Treasurer	P.A.C.I.F.I.C.A Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Dunedin Branch delegate to Arai Te Uru Marae Council	P.A.C.I.F.I.C.A Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Green Party of Aotearoa New Zealand	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Age Concern (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Abrahamic Interfaith Group (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chair	Dunedin Refugee Steering Group (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

ltem 4

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Member	Dunedin Fair Trading Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Deputy Chair	Grants Subcommittee	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chair	Social Well Being Advisory Group (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Mike Lord	Trustee	ML Lord Family Trust - Owner of Residential Properties - Dunedin	Duty to Trust may conflict with duties of Council Office	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Fonterra	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Federated Farmers	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Mosgiel Rotary Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mosgiel RSA	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	National Party	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Federated Farmers Charitable Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Various publicly listed companies	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Otago Rural Support Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Otago Youth Adventure Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Strath Taieri Community Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Hereweka Harbour Cone Trust (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	District Licensing Committee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Jim O'Malley	Owner	Biocentrix Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mosgiel Association Football Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Ocho Newco Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Residential Property Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Ayrmed Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Ice Sports Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Manufacturing Holdings	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Ice Sports Dunedin Incorporated (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If in confidential leav the room. Seek advice prior to the meeting.
	Member	Connecting Dunedin (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Okia Reserve Management Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Precinct Planning Group (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Item 4

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Member	Waikouaiti Coast Community Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Jules Radich	Shareholder	Izon Science Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Taurikura Drive Investments Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Golden Block Developments Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Cambridge Terrace Properties Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Southern Properties (2007) Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Arrenway Drive Investments Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Golden Centre Holdings Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	IBMS Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Raft Holdings Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Otago Business Coaching Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Effectivise Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Athol Street Investments Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Allandale Trustee Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Aberdeen St No2 Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Acquisitions Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Society (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Road Safety Action Plan	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	100% Shareholder/Director	Panorama Developments Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Precinct Planning Group (Council appointment - alternate)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Saddle Hill Community Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Chris Staynes	Chairman	Cargill Enterprises	Contractor and service provider to DCC	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room.
	Director	Wine Freedom	Supplier to DCC	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room.
	Patron	Otago Model Engineering Society	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Balmacewen Lions Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Otago Southland Manufacturers Association Trust	Possible co-funder of ED project. Duties to the Trust may conflict with duties of Council	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
	Life Member	Otago Chamber of Commerce	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

ltem 4

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

Item 4

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

ltem 4



3
 e
Ē

4

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Member	Chisholm Links Golf Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Peninsula Community Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

CONFIRMATION OF MINUTES

FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE MEETING - 9 FEBRUARY 2022

RECOMMENDATIONS

That the Committee:

a) **Confirms** the public part of the minutes of the Finance and Council Controlled Organisations Committee meeting held on 09 February 2022 as a correct record.

Attachments

	Title	Page
A <mark>↓</mark>	Minutes of Finance and Council Controlled Organisations Committee meeting held	16
	on 9 February 2022	

Attachment A





Finance and Council Controlled Organisations Committee

MINUTES

Minutes of an ordinary meeting of the Finance and Council Controlled Organisations Committee held in the Via Audio Visual Link on Wednesday 09 February 2022, commencing at 1.00 pm

PRESENT

Chairperson	Cr Mike Lord			
Members	Cr Sophie Barker Cr Rachel Elder Cr Carmen Houlahan	Cr David Benson-Pope Cr Christine Garey Cr Marie Laufiso		
	Cr Jim O'Malley Cr Chris Staynes Cr Steve Walker	Cr Jules Radich Cr Lee Vandervis Cr Andrew Whiley		
IN ATTENDANCE	Sandy Graham (Chief Execut Financial Officer) and Richard I	ive Officer), Gavin Logie (Chief Davey (Treasury Manager)		
Governance Support Officer	Wendy Collard			

1 PUBLIC FORUM

There was no Public Forum.

2 APOLOGIES

Moved (Cr Mike Lord/Cr Steve Walker): That the Committee:

Accepts the apology from Cr Doug Hall.

Motion carried

3 CONFIRMATION OF AGENDA

Moved (Cr Mike Lord/Cr Christine Garey): That the Committee:

Confirms the agenda without addition or alteration

Motion carried

4 DECLARATIONS OF INTEREST

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

Moved (Cr Mike Lord/Cr Chris Staynes):

That the Committee:

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

Motion carried

5 CONFIRMATION OF MINUTES

5.1 FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE MEETING - 3 NOVEMBER 2021

Moved (Cr Steve Walker/Cr Carmen Houlahan):

That the Committee:

a) **Confirms** the minutes of the Finance and Council Controlled Organisations Committee meeting held on 03 November 2021 as a correct record.

Motion carried (FCCO/2022/001)

PART A REPORTS

6 FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE - FORWARD WORK PROGRAMME

A report from Corporate Policy provided the forward work programme for the 2022 year.

The Chief Financial Officer (Gavin Logie) spoke to the report and responded to questions.

Moved (Cr Mike Lord/Cr Rachel Elder):

That the Committee:

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

Motion carried

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

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

Moved (Cr Mike Lord/Cr Chris Staynes):

That the Committee:

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

Motion carried

8 WAIPORI FUND - QUARTER ENDING DECEMBER 2021

A report from Dunedin City Treasury Limited provided information on the results of the Waipori Fund for the for the quarter ended 31 December 2021.

The Chief Financial Officer (Gavin Logie) and the Treasury Manager (Richard Davey) spoke to the report and responded to questions.

Moved (Cr Steve Walker/Cr Lee Vandervis):

That the Committee:

a) **Notes** the report from Dunedin City Treasury Limited on the Waipori Fund for the quarter ended 31 December 2021.

Motion carried

9 FINANCIAL RESULT - PERIOD ENDED 31 DECEMBER 2021

A report from Finance provided provides the financial results for the six months ended 31 December 2021 and the financial position as at that date.

The Chief Financial Officer (Gavin Logie) spoke to the report and responded to questions.

Moved (Cr Mike Lord/Cr Chris Staynes):

That the Committee:

a) **Notes** the Financial Performance for the period ended 31 December 2021 and the Financial Position as at that date.

Motion carried

10 ITEMS FOR CONSIDERATION BY THE CHAIR

Cr Lee Vandervis requested a list of the different ways funding was provided to the stadium and stadium operation by Council.

The meeting concluded at 1.33 pm.

CHAIRPERSON

tem 5.

PART A REPORTS

FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE -FORWARD WORK PROGRAMME

Department: Corporate Policy

EXECUTIVE SUMMARY

- 1 The purpose of this report is to provide a regular update of the Finance and Council Controlled Organisations Committee forward work programme to show areas of activity, progress and expected timeframes for decision making across a range of areas of work. (Attachment A).
- 2 As this is an administrative report only, there are no options or Summary of Considerations.

RECOMMENDATIONS

That the Committee:

a) **Notes** the Finance and Council Controlled Organisations Committee forward work programme as shown in Attachment A.

DISCUSSION

- 3 The forward work programme is a regular agenda item which shows areas of activity, progress and expected timeframes for decision making across a range of areas of work.
- 4 As an update report, purple highlights show changes to timeframes. New items added to the schedule are highlighted in yellow. Items that have been completed or updated are shown as bold.
- 5 Months where no Committee meetings are scheduled are highlighted as grey.

NEXT STEPS

6 An updated report will be provided to future meetings of the Finance and Council Controlled Organisations Committee.

Signatories

Author:	Sharon Bodeker - Corporate Planner
---------	------------------------------------



Authoriser:

Gavin Logie - Chief Financial Officer

Attachments

Title

<u>↓</u>A Forward Work Programme - March 2022



23



Кеу	
New item	
Changes to timeframes	
Completed; progress to date update	Bold
No meeting month	

Finance and Council Controlled Organisations Committee Forward Work Programme - March 2022										
Area of Work	Reason for Work	Council role	Expected timeframe Feb March April May June July A							
	Reason for work	(decision and/or direction)		March	April	May	June	July	Aug	Sept
Financial Results	To update the Committee the financial result (YTD) and the financial position as at the date of the report	Noting the financial results. Progress to date: Financial result reports will continue to be presented to future meetings.	Notes	Notes		Notes	Notes		Notes	
Waipori Fund Quarterly Report	To update the Committee on the results of the Waipori Fund	Noting the Dunedin City Treasury Limited's quarterly report on the Waipori Fund Progress to date: These reports will be presented to future meetings.	Notes			Notes			Notes	
Draft Statements of Intent for the CCOs and CCTOs	three financial years on the CCOs and CCTOs activities. This is to allow the Committee to provide comments. I.e.: outlining the Council's	ntions for the nextProvides feedback on draft statements of intent.a the CCOs andAgree to the final statements of intent adopted by the Boards of each CCO.a mittee to provide ng the Council'sProgress to date: The 2022/23 draft statements will be presented in March with feedback to be received by May.		Considers						
Dunedin City Holdings Limited	To provide the Committee with a copy of the parent financial statements for the financial year.	Progress to date: The parent financial report for the year ended 30 June 21 and its subsidiary companies are on the March meeting agenda, previously scheduled for June 2022.		Notes						

Attachment A



FINANCIAL RESULT - PERIOD ENDED 31 JANUARY 2022

Department: Finance

EXECUTIVE SUMMARY

- 1 This report provides the financial results for the period ended 31 January 2022 and the financial position as at that date.
- 2 As this is an administrative report only, there are no options or Summary of Considerations.

\$ Million	Actual	Budget	Variance		Last Year
Revenue	190.131	190.521	(0.390)	U	181.750
Expenditure	195.236	195.207	(0.029)	U	189.694
Net Surplus/(Deficit) excluding Waipori	(5.105)	(4.686)	(0.419)	U	(7.944)
Waipori Fund Net	(0.538)	1.908	(2.446)	U	7.009
Net Surplus/(Deficit) including Waipori	(5.643)	(2.778)	(2.865)	U	(0.935)
Capital Expenditure	69.508	72.553	3.045		51.096
Debt					
Short Term Borrowings Term Loans	43.300 271.973	50.300 271.973	7.000	F	13.000 243.973
Total Debt	315.273	322.273	7.000	F	256.973

RECOMMENDATIONS

That the Committee:

a) **Notes** the Financial Performance for the period ended 31 January 2022 and the Financial Position as at that date.

BACKGROUND

3 This report provides the financial statements for the period ended 31 January 2022. It includes reports on: financial performance, financial position, cashflows and capital expenditure. The operating result is also shown by group, including analysis by revenue and expenditure type.

DISCUSSION

- 4 Revenue was \$190.131 million for the period or \$390k lower than budget. The budget for September included the receipt of external funding for the new Mosgiel aquatics facility. A delay in the consenting process has meant the timing of this revenue has changed. In addition, year to date revenue was impacted by the recent nationwide lockdown including: Aquatic Services, Property, Parking, Landfill, and commercial water revenue. Grant revenue was also lower than expected due to the lower level of subsidised capital expenditure in Transport.
- 5 These unfavourable variances were partially offset by unbudgeted government funding for Economic Development activity and Three Waters stimulus projects, as well as increased revenue from resource consents and building services applications and inspections.
- 6 Expenditure was \$195.236 million for the period or \$29k greater than budget. Depreciation expenditure was higher than expected following asset revaluations as at 30 June 2021, impacting both asset replacement cost and asset useful lives.
- 7 Operational expenditure was higher than expected in part due to additional roading maintenance expenditure along with monies spent in Three Waters to delivery on the stimulus funded activities and Economic Development funded projects.
- 8 These unfavourable variances were partially offset by savings in personnel costs, delays in project expenditure and favourable interest expenditure due to a lower than forecast floating interest rate. Some expenditure lines were also impacted by reduced expenditure during the lockdown earlier in the financial year.
- 9 Equity markets were impacted in January as current world events create uncertainty. This resulted in negative revaluations across all equity portfolios held by the Waipori Fund. There has also been a year-to-date negative revaluation of fixed term investments as wholesale interest rates continue to rise.
- 10 Capital expenditure was \$69.508 million for the period or 95.8% of the year-to-date budget. The level of spend reflected some project delays along with the impact of the nationwide lockdown



in August. Three Waters expenditure was ahead of budget for the period with a number of large water and sewer renewal projects underway. Waste and Environmental expenditure was also ahead of budget with a number of projects underway, including the Waikouaiti transfer station and Smooth Hill landfill.

NEXT STEPS

11 Financial Result Reports continue be presented to future meetings of either the Finance and Council Controlled Organisation Committee or Council.

Signatories

Authoriser: Gavin Logie - Chief Financial Officer

Attachments

	Title	Page
₽	Summary Financial Information	28
<mark>.</mark> ₽	Statement of Financial Performance	29
<mark>.∏</mark> C	Statement of Financial Position	30
<mark>∬</mark> D	Statement of Cashflows	31
<u></u> ΩE	Capital Expenditure Summary	32
<u>↓</u> F	Summary of Operating Variances	33
ŪG	Financial Review	34

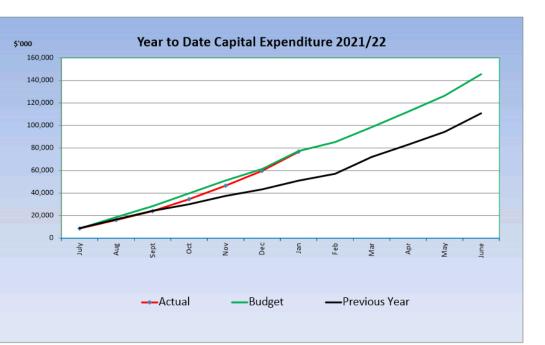


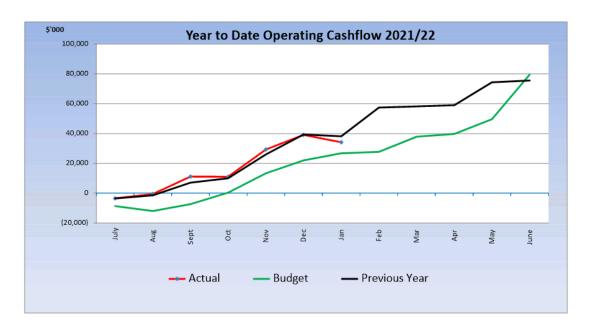
DUNEDIN CITY COUNCIL



SUMMARY FINANCIAL INFORMATION AS AT 31 JANUARY 2022



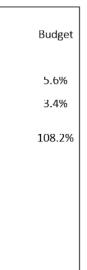




Borrowing Metrics	LGFA Farget		Actual
Interest as a % rates revenue	< 30%	۰	4.5%
Interest as a % total revenue	< 20%	٠	2.8%
Debt % annualised revenue	250.0% Max.		104.7%

* represents the ability to fund interest costs from revenue





Attachment A

Page 28 of 330



				Statement of For the Period	IN CITY COUNCI Financial Perfor Ending 31 Janua nount : \$'000	mance			CITY C	EDIN kaunih a-rohe OUNCIL Ötepoti
Mth Actual	Mth Budget	Mth Variance		REVENUE	Year to Date Actual	Year to Date Budget	Year to Date Variance		LY YTD Actual	LY Full Year Actual
14,943	14,927	16	F	Rates Revenue	104,489	104,489	-		95,159	163,492
(18)	-	18	U	Rates Penalties	509	425	84	F	564	1,055
5,256	5,843	587	U	Other Operating Revenue	39,584	41,698	2,114	U	41,596	81,232
3,856	2,363	1,493	F	Grants	23,705	21,295	2,410	F	22,566	41,227
(4)	289	293	U	Contributions	1,286	2,023	737	U	1,213	10,110
2,889	2,941	52	U	Internal Revenue	20,558	20,591	33	U	20,652	35,795
26,922	26,363	559	F	TOTAL REVENUE	190,131	190,521	390	U	181,750	332,911
4,753 5,932	5,635 5,732	882 200	U	EXPENDITURE Personnel Costs Operations & Maintenance	39,549 40,882	41,164 40,065	1,615 817	U	38,579 42,839	65,970 77,835
3,655	3,831	176	F	Occupancy Costs	19,898	19,914	16		16,678	25,584
1,144	2,107	963	F	Consumables & General	12,159	13,815	1,656		13,806	26,912
527	377	150		Grants & Subsidies	9,835	9,219	616		9,069	10,587
2,889	2,941	52		Internal Charges	20,558	20,590	32		20,654	35,795
6,337 702	6,377 829	40 127	F F	Depreciation Interest	47,621 4,734	44,636 5,804	2,985 1,070		42,984 5,085	74,283 8,103
25,939	27,829	1,890	F	TOTAL EXPENDITURE	195,236	195,207	29	U	189,694	325,069
983	(1,466)	2,449	F	NET SURPLUS (DEFICIT) EXCLUDING WAIPORI Add	(5,105)	(4,686)	419	U	(7,944)	7,842
(3,828)	273	4,101	U	Add Waipori Fund Net Operating Result	(538)	1,908	2,446	U	7,009	9,328
(2,845)	(1,193)	1,652	U	NET SURPLUS (DEFICIT) INCLUDING WAIPORI	(5,643)	(2,778)	2,865	U	(935)	17,170

unihera ohe o poti
Full Year Budget
179,124
850
71,146
33,292
6,468
35,296
326,176
69,965 67,667
27,877
23,818
10,243
35,296
76,519
9,943
321,328
4,848
3,270
8,118

Attachment B

Page 29 of 330

Г

	1	
nihera he o		

		DUNEDIN CITY COUNCIL tement of Financial Position As at 31 January 2022 Amount : \$'000		DUNED CITY COUNT	IN kaunihera a-rohe o CIL Ötepoti
As at 30-Jun-21		As at 31-Jan-22	Budget 31-Jan-22	Budget 30-Jun-22	As at 31-Jan-21
	Current Assets				
7,939	Cash and Deposits	8,410	10,212	6,071	10,422
23,645	Sundry Debtors	32,585	32,714	13,239	32,665
6,975	Short Term Investments	10,184	1,428	5,928	9,106
3,694	Assets held for Resale	694	-	-	-
294	Inventories	430	392	392	359
42,547	Total Current Assets	52,303	44,746	25,630	52,552
	Non Current Assets				
329,833	Investments	328,088	338,265	336,742	325,360
3,487,282	Fixed Assets	3,509,131	3,211,740	3,312,715	3,073,234
3,817,115	Total Non Current Assets	3,837,219	3,550,005	3,649,457	3,398,594
3,859,662	TOTAL ASSETS	3,889,522	3,594,751	3,675,087	3,451,146
	Current Liabilities				
17,697	Sundry Creditors	16,682	12,000	12,000	25,171
42,514	Accrued Expenditure	35,786	38,876	31,642	34,175
	Short Term Borrowings	43,300	50,300		13,000
656	Derivative Financial Instrume		98	-	1,257
60,867	Total Current Liabilities	96,064	101,274	43,642	73,603
	Non Current Liabilities				
271,973	Term Loans	271,973	271,973	335,948	243,973
14,283	Other Non-Current Liabilities	14,232	12,783	12,783	12,133
286,256	Total Non Current Liabilities	286,205	284,756	348,731	256,106
347,123	TOTAL LIABILITIES	382,269	386,030	392,373	329,709
3,512,539	COUNCIL EQUITY	3,507,253	3,208,721	3,282,714	3,121,437
3,859,662		3,889,522	3,594,751	3,675,087	3,451,146
Statement of	Change in Equity				
3,121,579	Opening Balance	3,512,539	3,211,117	3,211,117	3,121,579
17,170	Operating Surplus (Deficit)	(5,643)	(2,778)	8,118	(935)
372,394	Movements in Reserves	(3)	(_,, , s)	63,000	(2)
1,396	Adjustment Derivatives	360	382	479	795
3,512,539		3,507,253	3,208,721	3,282,714	3,121,437
0,012,000		5,507,255	0,200,721	5,202,714	0,121,407

Cash Flow from Operating Activities Cash was provided from operating activities Rates Received Other Revenue Interest Received Dividend Received Income Tax Refund Cash was applied to Suppliers and Employees Interest Paid Net Cash Inflow (Outflow) from Operations Cash Flow from Investing Activities	Year to Date Actual 97,253 63,822 3,652 799	Budget	Full Year Budget	LY YTD Actual
Cash was provided from operating activities Rates Received Other Revenue Interest Received Dividend Received Income Tax Refund Cash was applied to Suppliers and Employees Interest Paid Net Cash Inflow (Outflow) from Operations	63,822 3,652			
Cash was provided from operating activities Rates Received Other Revenue Interest Received Dividend Received Income Tax Refund Cash was applied to Suppliers and Employees Interest Paid Net Cash Inflow (Outflow) from Operations	63,822 3,652			
Rates Received Other Revenue Interest Received Dividend Received Income Tax Refund Cash was applied to Suppliers and Employees Interest Paid Net Cash Inflow (Outflow) from Operations	63,822 3,652			
Other Revenue Interest Received Dividend Received Income Tax Refund Cash was applied to Suppliers and Employees Interest Paid Net Cash Inflow (Outflow) from Operations	63,822 3,652	96,789	178,929	92,046
Interest Received Dividend Received Income Tax Refund Cash was applied to Suppliers and Employees Interest Paid Net Cash Inflow (Outflow) from Operations	3,652	61,640	105,295	68,704
Dividend Received Income Tax Refund Cash was applied to Suppliers and Employees Interest Paid Net Cash Inflow (Outflow) from Operations		3,713	7,389	3,719
Income Tax Refund Cash was applied to Suppliers and Employees Interest Paid Net Cash Inflow (Outflow) from Operations		715	1,229	694
Suppliers and Employees Interest Paid Net Cash Inflow (Outflow) from Operations	-	-	864	
Interest Paid Net Cash Inflow (Outflow) from Operations				
Net Cash Inflow (Outflow) from Operations	(126,111)	(128,984)	(204,190)	(119,995
	(5,260)	(7,081)	(9,943)	(6,980
Cash Elow from Investing Activities	34,155	26,792	79,573	38,188
Cash riow from investing Activities				
Cash was provided from investing activities:			2 4 2 2	10
Sale of Assets Reduction in Investments	3,037	3,000	3,120	49
Cash was applied to:				
Increase in Investments	(3,299)	-	(2,550)	(4,385
Capital Expenditure	(76,722)	(77,361)	(145,528)	(51,792
Net Cash Inflow (Outflow) from Investing Activity	(76,984)	(74,361)	(144,958)	(56,128
Cash Flow from Financing Activities				
Cash was provided from financing activities:				
Loans Raised	-	-	63,975	-
Increase in Short Term Borrowings	53,300	50,300	-	27,000
Cash was applied to:	(10.000)			114.000
Loans Repaid Decrease in Short Term Borrowings	(10,000)	-	-	(14,000
Net Cash Inflow (Outflow) from Financing Activity	43,300	50,300	63,975	13,000
Total Increase/(Decrease) in Cash	471	2,731	(1,410)	(4,940
Opening Cash and Deposits				
Closing Cash and Deposits	7,939	7,481	7,481	15,362

Item 7

Attachment E

	c	CITY COUNCIL kaunihera CITY COUNCIL					
Description	Year to Date Actual	Year to Date Budget	Year to Date Variance	Over Under Spend	LY YTD Actual	Full Year Budget	YTD Actual vs FY Budget
Galleries, Libraries & Museums	718	895	177	U	689	2,363	30.4%
City Development	23	170	147	U	-	350	6.6%
Corporate Services	1,572	2,697	1,125	U	964	4,652	33.8%
Property	9,434	12,923	3,489	U	5,076	21,800	43.3%
Other	105	153	48	U	129	570	18.4%
Parks and Recreation	4,973	7,503	2,530	U	2,001	25,729	19.3%
Transport	17,193	23,446	6,253	U	27,144	40,000	43.0%
Waste & Environmental	1,854	787	1,067	0	725	8,273	22.4%
Three Waters	33,636	23,979	9,657	0	14,368	41,791	80.5%
	69,508	72,553	3,045	U	51,096	145,528	47.8%

DUNEDIN CITY COUNCIL

DUNEDIN CITY COUNCIL Summary of Operating Variances For the Period Ending 31 January 2022



Year to Date Variance Favourable (Unfavourable)

Year to Date Surplus(Deficit)

Group	Actual	Budget	Variance	Rates Revenue		Other Ext Revenue	Int Revenue	Staff	Ops & Other Exps	Internal Costs
Waipori Fund	(538)	1,908	(2,446)		-	(2,435)	-	-	(11)	-
Galleries, Libraries & Museums	(1,893)	(2,044)	151		-	24	16	73	161	(3)
Community Development	(428)	(1,047)	619		-	59	27	(34)	567	-
Corporate Services	2,263	166	2,097		-	17	(86)	843	1,584	25
Enterprise Dunedin	112	(51)	163		-	1,396	40	123	(1,326)	(68)
Property	(2,559)	(829)	(1,730)		-	(333)	3	50	632	2
Investment	(875)	(2,009)	1,134		-	128	(3)	(298)	239	-
Parking Services/Operations	131	658	(527)		-	(799)	4	82	193	17
Parks and Recreation	(283)	3,820	(4,103)		-	(5,165)	-	241	906	15
Regulatory & Planning	898	93	805		-	821	-	263	(274)	9
Transport	(6,585)	(3,468)	(3,117)		-	(2,226)	-	104	(1,212)	2
Waste & Environmental	877	803	74		-	(547)	(34)	-	687	22
Three Waters	3,237	(778)	4,015		-	6,268	-	168	(1,918)	11
Total Council	(5,643)	(2,778)	(2,865)		_	(2,792)	(33)	1,615	228	32



kaunihe a-rohe c Ōtepoti	
Interest - 4 - (2) - 1,068 - - - - - - - - - -	Depr'n (124) (286) (2864) (2,084) (24) (100) (14) 215 (54) (514)
1,070	(2,985)

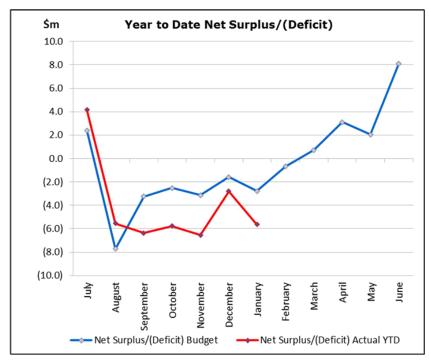




FINANCIAL REVIEW

For the period ended 31 January 2022

This report provides a detailed commentary on the Council's financial result for the period ended 31 January 2022 and the financial position at that date.



NET SURPLUS/(DEFICIT) (INCLUDING WAIPORI)

The net deficit (including Waipori) for the period ended 31 January 2022 was 5.643 million or 2.865 million greater than budget.

Page 1 of 7

Attachment G



Attachment G

REVENUE

The total revenue for the period was \$190.131 million or \$390k less than budget.

The major variances were as follows:

Other Operating Revenue

Actual \$39.584 million, Budget \$41.698 million, Unfavourable variance \$2.114 million

Aquatic Services revenue was unfavourable \$778k due to the impact of Covid-19 on the operation of the pool/gym facilities. Covid-19 restrictions also impacted on revenue from Sportsground charges.

Parking related revenue was unfavourable \$799k due primarily to the impact of the Covid-19 lockdown in August/September 2021.

Waste and Environmental revenue was unfavourable \$547k due to lower volumes of waste entering the Green Island landfill, as well as a drop off in the sales of plastic refuse bags. Some of this shortfall will be attributable to the Covid lockdown.

Three Waters revenue was unfavourable \$484k due mainly to lower water sales.

Property revenue was unfavourable \$333k due to rent relief provided to tenants during the Covid-19 lockdown.

These unfavourable variances were partially offset by:

Building Services revenue was favourable \$446k primarily due to increased activity including building applications, inspections revenue and code compliance certificate revenue.

Resource Consents revenue was favourable \$224k due to the number of consents processed year-todate.

Grants and Subsidies Revenue

Actual \$23.705 million, Budget \$21.295 million, Favourable variance \$2.410 million

This variance was due to unbudgeted government income including Three Waters stimulus funding and Economic Development funding for the Centre of Digital Excellence, Otago regional development projects and the Strategic Tourism Asset Protection Programme.

These favourable revenue lines were partially offset by: Parks and Recreation revenue was unfavourable \$4.494 million due to the delayed timing of external funding for new Mosgiel aquatics facility pending finalisation of the consenting process, and timing of MBIE funding for the Tunnel Beach carpark/toilet project.

Transportation revenue was also unfavourable (\$1.907 million) due to the lower level of subsidised capital expenditure – see capital expenditure comments below.

Page 2 of 7

Attachment G

EXPENDITURE

The total expenditure for the period was \$195.236 million or \$29k more than budget.

The major variances were as follows:

Personnel Costs

Actual \$39.549, Budget \$41.164 million, Favourable variance \$1.615 million

This variance reflected a higher-than-expected level of position vacancies while recruitment activity is completed.

Operations and Maintenance Costs

Actual \$40.882 million, Budget \$40.065 million, Unfavourable variance \$817k

Transportation expenditure was unfavourable \$1.657 million due to greater state highway street lighting maintenance, emergency works and traffic services maintenance than budgeted, including road marking which is a seasonal activity. There was also additional environmental maintenance, including road gritting and sweeping, which is weather dependant.

Three waters expenditure was unfavourable \$552k including \$628k of stimulus funded projects.

Economic Development costs were \$331k higher than budget due to timing of the delivery of MBIE funded projects, including the engagement of contractors for the Centre of Digital Excellence and the Strategic Tourism Asset Protection Programme – see offsetting income note above.

Parks and Recreation costs were \$359k under budget due to timing of expenditure on building maintenance and greenspace maintenance contract costs.

Property costs were \$724k less than budget due to some reactive maintenance unable to be carried out over the Coivd-19 lockdown period, and expenditure on the Railway station to date being mainly capital in nature.

Consumable and General Costs

Actual \$12.159 million, Budget \$13.815 million, Favourable variance \$1.656 million

BIS costs were favourable \$698k due to timing of software licence fees and IT consultant's expenditure.

Corporate Policy expenditure was \$560k favourable reflecting delayed timing of project expenditure while scoping work is completed.

Waste and Environmental expenditure was \$817k favourable as most consultants costs to date for the Smooth Hill landfill are capital in nature.

Transportation expenditure was \$367k favourable due to the timing of consultant costs related to capital project development (Central City and Cycleways).

Parks and Recreation expenditure was \$216k favourable due to timing of work developing reserves and other asset management plans, including coastal management planning.

Page 3 of 7



These favourable variances were partially offset by unbudgeted expenditure in Three Waters (\$1.350 million) for costs associated with water reform and design work for stimulus projects – see favourable income noted above.

Depreciation

Actual \$47.621 million, Budget \$44.636 million, Unfavourable variance \$2.985 million

This variance was due to a revaluation as at 30 June 2021 (Three Waters and Property in particular) impacting both the depreciable replacement cost and asset useful lives.

Interest

Actual \$4.734 million, Budget \$5.804 million, Favourable variance \$1.070 million

Interest expenditure was less than budget due to a favourable floating interest rate applied to the nonfixed interest borrowing.

Note that as at 31 January, \$10.0 million of the term loan balance was subject to historical fixed rates of interest, with the balance being charged at the floating rate set by Dunedin City Treasury Limited.

WAIPORI FUND NET OPERATING RESULT

Actual \$538k deficit, Budget \$1.908 million surplus, Unfavourable variance \$2.446 million

Equity markets were impacted in January as current world events create uncertainty. This resulted in negative revaluations across all equity portfolios held by the fund. There has also been a year-to-date negative revaluation of fixed term investments as wholesale interest rates continue to rise.

STATEMENT OF FINANCIAL POSITION

A Statement of Financial Position is provided as Attachment C.

Short term investments of \$10.184 million relate to the Waipori Fund.

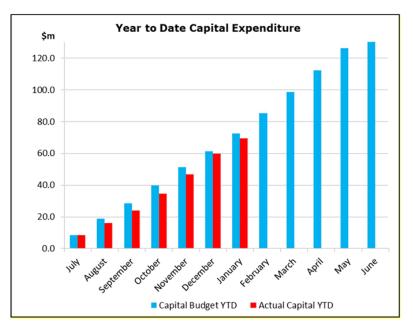
Page 4 of 7



CAPITAL EXPENDITURE

A summary of the capital expenditure programme by Activity is provided as Attachment E.

Total capital expenditure for the period was \$69.508 million or 95.8% of the year-to-date budget. The report also shows the relative level of expenditure versus the full year budget showing an overall spend of 47.8% after 7 months.



Corporate Services capital expenditure was \$1.125 million underspent

The underspend was primarily driven by lower-than-expected expenditure on IT related projects – Customer Self Service Portal, Aquatic Retail System, and Asset Management solution.

Property capital expenditure was \$3.489 million underspent

The Civic Centre roof renewal project was behind budget due to programme adjustments required to manage the risk associated with asbestos. Window replacements on the 7th floor have been completed and the floor re-occupied in January.

The Art Gallery roof renewal was behind budget due to additional work required for asbestos and roof framing remediation. Construction is progressing well with completion expected in June 2022.

Other projects have been delayed resulting in the underspend including the South Dunedin Library and Community Complex.

Page 5 of 7

Attachment G



Parks and Recreation capital expenditure was \$2.530 million underspent

The underspend was primarily due to delayed timing of the Mosgiel Pool development. Construction work on this project is now underway.

Renewals expenditure was also behind budget due to timing of some projects including Moana Pool and playground renewals.

Transport capital expenditure was \$6.253 million underspent

Transport's overall renewal spend was underspent due to the budget timing of some NZTA subsidised renewals projects, including kerb and channel renewals, street lighting renewals, reseal surface preparation and footpath resurfacing. The phasing of these budget lines will be reviewed in future to ensure they align with planned delivery.

Timing of the Shaping Future Dunedin projects and the Peninsula Connection has also contributed to the underspend.

Waste and Environmental capital expenditure was \$1.067 million overspent

Expenditure was ahead of budget due to costs associated with the development of the proposed landfill at Smooth Hill as well as renewals projects at the Green Island landfill and Waikouaiti transfer station.

Three Waters capital expenditure was \$9.657 million overspent

Renewal's expenditure was ahead of budget, including water and sewer renewals in North East Valley, Stuart St and Sawyers Bay, and water renewals at Karitane and Mosgiel. Other projects included the biofilter media renewal at Green Island and Tahuna wastewater treatment plants, as well as the program to replace water toby taps and water meters.

COMMENTS FROM GROUP ACTIVITIES

Attachment F, the Summary of Operating Variances, shows by Group Activity the overall net surplus or deficit variance for the period. It also shows the variances by revenue and expenditure type.

Corporate Services \$2.097 million Favourable

Staff costs were favourable due to the current level of position vacancies.

Operating expenditure was favourable due mainly to timing of software licence fees and delayed project costs in Corporate Policy while scoping activities are completed.

Page 6 of 7



Property - \$1.730 million Unfavourable

Revenue was unfavourable \$333k mainly due to rent relief provided to some commercial tenants during the covid-19 lockdown.

Depreciation was unfavourable \$2.084 million due to the revaluation of Property assets as at 30 June 2021 impacting both the depreciable replacement cost and asset useful lives.

Operating costs were favourable \$632k largely due to a higher-than-expected level of expenditure being classified as capital, particularly in the housing activity, as well as the Railway Station refurbishment project.

Parking Services/Operations - \$527k Unfavourable

Revenue was unfavourable year to date primarily due to the impact of the Covid-19 lockdown earlier in the financial year.

Parks and Recreation - \$4.103 million Unfavourable

Overall revenue was unfavourable mainly due the delayed timing of external funding for the Mosgiel aquatic facility while consenting activities are completed, along with the impact of Covid-19 closures on pool/gym revenue.

Operating costs were \$907k favourable due partly to savings in energy and cleaning costs at Moana Pool due to covid restrictions, as well as timing of consultant expenditure in the Recreation Planning and Coastal Planning activities. Greenspace contract costs and building maintenance costs were also favourable, mainly due to the timing of budgets.

Transport - \$3.117 million Unfavourable

Revenue was unfavourable \$2.226 million due to the lower than budgeted level of subsidised capital expenditure year to date.

Operating costs were unfavourable due to higher-than-expected road gritting and sweeping work in July and August which was weather driven. Drainage maintenance costs were also high due to some large jobs being undertaken at Mount Watkin Road, Portobello Road and Melrose Street.

Three Waters - \$4.015 million Favourable

Three Waters revenue was favourable \$6.268 million including \$7.208 million stimulus project funding from the Department of Internal Affairs, partly offset by lower than anticipated water sales, and consultancy fee recoveries.

Operating expenditure was unfavourable \$1.918 million primarily due to unbudgeted expenditure on stimulus funded project work. Depreciation was also unfavourable \$514k due to the revaluation of Three Waters assets as at 30 June 2021 impacting both the depreciable replacement cost and asset useful lives.

Page 7 of 7

Attachment G

DRAFT 2022/23 STATEMENTS OF INTENT - DUNEDIN CITY HOLDINGS LIMITED GROUP COMPANIES

Department: Executive Leadership Team

EXECUTIVE SUMMARY

1 This report presents the draft 2022/23 Statements of Intent of Dunedin City Holdings Group companies for Council comments and/or noting.

RECOMMENDATIONS

That the Committee:

a) **Notes** the draft 2022/23 Statements of Intent of Dunedin City Holdings Group companies;

BACKGOUND

- 2 Council Controlled Organisations (CCOs) are required to deliver draft Statements of Intent (SOIs) to Council each year.
- 3 The SOI demonstrates accountability to the shareholder and the public by outlining the company's activities and intentions for the next three financial years. The SOI provides the basis for the accountability of the directors to their shareholder for the performance of their organisation.
- 4 Draft SOIs have been prepared to reflect the Letter of Expectation (LoE) from the Dunedin City Council dated 16 December 2021.

DISCUSSION

- 5 The DCHL Report that is included in the attachments identifies key considerations that are relevant when reviewing these draft SOIs.
- 6 The financial projections contained in draft SOIs are subject to change and will be updated for inclusion in the final SOIs in June.
- 7 As a shareholder of DCHL the Council may provide comments on the draft SOIs to the Board of DCHL, who must consider any such comments. DCHL will also co-ordinate providing any feedback to subsidiary and/or associate companies.

8 Final SOIs must then be delivered to shareholders on or before 30 June 2022. SOIs are made available publicly on the DCC website on or before 1 July 2022.

OPTIONS

9 Not applicable.

NEXT STEPS

- 10 Elected Members will be able to provide feedback via email or through a workshop. Feedback will be required by the Chief Financial Officer by 31 March 2022.
- 11 The feedback will be collated into a report to Council on 27 April 2022 for Council to consider if it wishes to amend the SOIs. Council's decisions at that meeting will then be provided to DCHL by the statutory deadline of 1 May 2022.
- 12 Financial projections will be updated prior to the completion of final SOIs in June 2022.

Signatories

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

Attachments

	Title	Page
<u>↓</u> A	DCHL:Cover Report	45
<mark>.</mark> ₽	Aurora Energy Ltd - Draft Statement of Intent	53
<u>↓</u> C	City Forest Ltd - Draft Statement of Intent	69
ŪD	Delta Utility Services Ltd - Draft Statement of Intent	82
<u></u> ₽	Dunedin City Holdings Ltd - Draft Statement of Intent	96
<u> </u> ↓	Dunedin City Treasury Ltd - Draft Statement of Intent	106
ŪG	Dunedin International Airport Ltd - Draft Statement of Intent	113
<u> </u>	Dunedin Railways Ltd - Draft Statement of Intent	131
<u></u> 1	Dunedin Stadium Property Ltd - Draft Statement of Intent	138
<u>1</u> 1	Dunedin Venues Management Ltd - Draft Statement of Intent	145
<u>↓</u> K	DCHL Letter of Expectation - December 2021	159

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This report relates to providing local infrastructure, public services and regulatory functions for the community.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy			\boxtimes
Economic Development Strategy			\boxtimes
Environment Strategy			\boxtimes
Arts and Culture Strategy			\boxtimes
3 Waters Strategy			\boxtimes
Spatial Plan			\boxtimes
Integrated Transport Strategy			\boxtimes
Parks and Recreation Strategy			\boxtimes
Other strategic projects/policies/plans			\boxtimes

All draft SOIs take Council's Strategic Framework, and the themes of Council's Letter of Expectation to DCHL into account.

Māori Impact Statement

There are no known impacts for tangata whenua.

Sustainability

There are no known implications for sustainability.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

The financial forecasts within the DCHL SOI (page 6) shows annual levels of interest (\$5.9m) and dividend (\$Nil) payable to DCC that are consistent with the DCC Long Term Plan.

Financial considerations

Refer "LTP/Annual Plan/Financial Strategy/Infrastructure Strategy" section above. Also note that final projections (including group debt) will be updated prior to finalisation of the Sols.

Significance

This matter is considered Low in terms of Council's Significance and Engagement Policy.

Engagement – external

There has been no external engagement outside of DCHL Group.

Engagement - internal

There has been no internal engagement to date. Feedback on the SOIs will be provided by elected members and considered by Council prior to being conveyed to DCHL

Risks: Legal / Health and Safety etc.

There are no known risks.

SUMMARY OF CONSIDERATIONS

Conflict of Interest

There are no known conflicts of interest.

Community Boards

There are no known implications for Community Boards.



DUNEDIN CITY HOLDINGS LIMITED Report TO: Dunedin City Council FROM: Keith Cooper, DCHL Chair Jemma Adams, General Manager DCHL DATE: 28 February 2022 SUBJECT: Draft 2022/2023 Statements of Intent of DCHL Group companies

SUMMARY

This report accompanies the Draft 2022/2023 Statements of Intent (SoIs) of Dunedin City Holdings Ltd (DCHL) and its subsidiary and associate companies.

Draft SoIs are presented to Council for consideration and feedback by 1 May 2022. Final SoIs will then be submitted to Council by 30 June 2022.

BACKGROUND

- 1. The Local Government Act 2002 (the Act) requires that the Board of a Council Controlled Organisation (CCO) deliver to its shareholders a draft Statement of Intent (SoI) on or before 1 March each year. Schedule 8 of the Act sets out the specific requirements of SoIs.
- 2. The SoI demonstrates accountability to the shareholder and the public by outlining the company's activities and intentions for the next three financial years. The SoI provides the basis for the accountability of the directors to their shareholder for the performance of their organisation.
- 3. This report accompanies the draft SoIs for the Year Ending 30 June 2023 (FY2023) of:
 - a. Dunedin City Holdings Ltd (DCHL)
 - b. Aurora Energy Ltd (Aurora Energy)
 - c. City Forests Ltd (City Forests)
 - d. Delta Utility Services Ltd (Delta)
 - e. Dunedin International Airport Ltd (DIAL)
 - f. Dunedin City Treasury Ltd (DCTL)
 - g. Dunedin Railways Ltd (DRL)
 - h. Dunedin Stadium Property Ltd (DSPL)
 - i. Dunedin Venues Management Ltd (DVML).

DISCUSSION

4. The draft SoIs have been prepared in accordance with requirements of the Act and take into account Council's Letter of Expectations (LoE) to DCHL dated 16 December 2021.

Page 1 of 8



5. Several areas of note from the draft SoIs are discussed below. A summary of differences between FY2022 SoIs and FY2023 draft SoIs is also attached at Appendix A.

Net zero carbon goal

- 6. Each DCHL Group company has set a target to be net zero carbon by 2030, as a contribution to Council's goal of achieving net carbon neutrality by 2030.
- 7. The draft SoIs note that over the 2023 financial year, the DCHL group will be building on our existing work to develop a roadmap to 2030. We will engage with Council regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with Council to identify alternative or complementary opportunities to contribute to Council's city-wide net zero carbon goal.

Financial forecasts

8. The financial forecasts in draft SoIs should be viewed as indicative only. Forecasts are likely to show some change when final SoIs are presented in June 2022, as most DCHL Group companies undertake their budgeting for the coming year in April and May, when current year data and market outlook information is available. The Covid-19 environment also makes forecasting more difficult.

Dividend forecasts

9. Each draft SoI includes a statement of dividend policy, as well as forecast dividends for the next three financial years. The table below summarises these for ease of reference:

Company	Dividend policy ¹	Dividend forecast
DCHL	At least 60% of parent company's	FY2023: \$5.5 million
(dividends to DCC)	after tax profit	=77.5% of after tax profit
		FY2024: 0
		DCHL forecasts a loss
		FY2025: 0
		DCHL forecasts a minimal surplus
Aurora Energy	To consider dividends once	FY2023: 0
(dividends to DCHL)	FFO/debt reaches 7-9% range. Dividends to be calculated at 20-	Not in target FFO/debt range
Denie	40% of net profit after tax.	FY2024: 0
	Anticipate being in a position to pay	Not in target FFO/debt range
	dividends within 3-4 years;	FY2025: 0
	revisiting projections and forecasts	To assess FFO/debt range when
	annually.	updated forecasts available
City Forests	Lesser of 75% of forecast after tax	FY2023: \$3.600m
(dividends to	profit or 75% net operating cash	= 75% of net operating cash flow less
DCHL)	flow less capitalised forest costs	capitalised forestry costs
		Plus \$10.000m special dividend (see notes below)
		FY2024: \$3.300m
		= 75% of net operating cash flow less
		capitalised forestry costs
		FY2025: \$4.200m
		= 75% of net operating cash flow less
		capitalised forestry costs
Delta	Within range of 50-75% of net	FY2023: \$2.250m
(dividends to	surplus after tax	= 61% of net surplus after tax
DCHL)		FY2024: \$2.500m
		= 65% of net surplus after tax
		FY2025: \$2.500m
		= 64% of net surplus after tax

 $^{\rm 1}$ All dividend policies are subject to directors' obligations to act in accordance with their statutory duties and with companies' constitutions.

Page 2 of 8

σ	
Ξ	
Ð	
Ū,	

Company	Dividend policy ²	Dividend forecast
DIAL	60% of operating surplus after tax,	FY2023: \$1.127m
(dividends to	adjusting for fair value movements	= 55% of operating surplus after tax
DCHL)	in any investments in equity	FY2024: \$1.157m
	securities ³ .	= 60% of operating surplus after tax
		FY2025: \$1.386m
		= 60% of operating surplus after tax
DCTL	DCTL's policy is not to pay	0
	dividends.	
DRL	DRL's policy is not to pay dividends	0
	while in hibernation.	
DSPL	DSPL's policy is not to pay	0
	dividends.	
DVML	DVML's policy is not to pay	0
	dividends.	

- 10. As noted in the table above, DCHL's Draft SoI forecasts a dividend payment of \$5.5 million to Council in FY2023.
- 11. This will be funded in large part by a forecast special dividend resulting from a capital restructure of City Forests.
- City Forests' balance sheet has strengthened significantly over the last few years due to 12. increased productivity, improved supply chain efficiency, favourable markets for logs and carbon, land acquisitions and increases in land value.
- In late 2020, DCHL requested that City Forests undertake a review of the company's 13. capital structure, with the support of independent advisers. City Forests has gone through a comprehensive exercise and reported back to DCHL.
- 14. The boards of DCHL and City Forests agree it would be appropriate to adjust the company's capital structure based on:
 - a. A target equity to total assets ratio of 65-75%;
 - b. Providing base dividends going forward based on 75% of net free cash flow; and
 - c. Supporting continued investment in business growth.
- We anticipate an adjustment to take place in the first quarter of the 2023 financial year. 15. The mechanism and quantum of the adjustment are still to be confirmed, but it will result in a release of cash to the shareholder (DCHL), and higher gearing of City Forests.
- This can be seen in the financial forecasts in DCHL's and City Forests' draft SoIs, which 16. forecast an indicative \$10.0 million special dividend from City Forests to DCHL as a result of the adjustment. Final forecasts will be included in Statements of Intent in June 2022.
- 17. This release of cash will enable DCHL to do the following in the 2023 financial year:
 - a. Pay a \$5.5m dividend to Council;
 - b. Fund Dunedin Railways' hibernation operations up to \$2.4 million, as directed by Council; and
 - c. Pay \$5.9m to Council as interest on its shareholder's advance.

Page 3 of 8

² All dividend policies are subject to directors' obligations to act in accordance with their statutory duties and with

³ Note, DIAL's dividends are paid in the November of the following financial year (so calculations are based on the operating surplus of the previous financial year). Also note, as a joint owner of DIAL, DCHL receives half of the forecast dividend.



- 18. City Forests' higher level of debt going forward is considered by both boards to be appropriate for City Forests' size and industry profile. Independent benchmarking data confirms it is within the range of peer companies.
- 19. DCHL does not currently forecast a dividend in either FY2024 or FY2025, as the parent entity forecasts a loss in FY2024 and a minimal surplus in FY2025. DCHL will continue to revisit budgets and forecasts regularly. As noted above, financial forecasts in draft SoIs are draft only, and will be updated in June once companies' budgeting rounds are complete.

Non-financial performance measures

- 20. Each company's SoI sets out a range of non-financial performance measures relevant to that company, which will be reported against in Interim and Annual Reports.
- 21. We would like to draw Council's attention to the following non-financial performance measures:
 - Carbon emissions and waste reduction: Companies' adoption of 2030 net zero carbon targets are noted above. Companies' draft SoIs also include performance measures to implement the carbon emissions and waste reduction strategies that are currently under development, and to meet the associated targets.
 - Living wage: draft SoIs now all include a performance measure that all direct employees of DCHL group companies are paid at or above living wage.⁴

NEXT STEPS

- 22. The Act allows for shareholder feedback on draft Statements of Intent to be provided by 1 May. DCHL is available throughout this period to answer questions or provide further information about SoIs. DCHL will also co-ordinate providing any feedback to subsidiary and/or associate companies.
- 23. DCHL will then revert with final SoIs, which must be delivered to shareholders by 30 June 2022.
- 24. We look forward to working with you on Statements of Intent for the Year Ending 30 June 2023.

Keith Cooper Chair

Jemma Adams General Manager

⁴ With the exception of Dunedin International Airport Ltd (DIAL) as an associate company. DIAL confirms that 100% of its staff are paid at or above living wage, but this is not a performance measure for the company.

Page 4 of 8

Attachment A



Appendix A: Summary of changes from FY2022 SoIs to Draft FY2023 SoIs

This summary highlights the main areas of change in each draft SoI but is not intended to be an exhaustive schedule. Draft FY2023 SoIs may also have other editorial changes since FY2022 SoIs.

Company	Section	Change notes
Dunedin City Holdings Ltd	2: Objectives	Adoption of 2030 net zero carbon goal
	5: Performance Targets	Updated quarterly reporting performance measure (to FCCOs Committee rather than Council)
		Updated carbon emissions and waste reduction performance measures
		Additional living wage performance measure
	6: Financial forecasts	Updated to present Group financial forecasts in section 6, in consistent format with subsidiaries
	8: Dividend policy	Updated and expanded to include key parent financial forecasts, and demonstrate how forecast dividends relate back to dividend policy, and other shareholder returns
Aurora Energy	2: Objectives	Adoption of 2030 net zero carbon goal
	5: Performance Targets	Performance measures have been re-organised under new headings and goals to align with Aurora's strategic goals. New performance measures added including: 5x new performance measures relating to: • Leading green energy innovation (x2) • Implementing a new data strategy • Streamlining customer service processes through enhanced outage information • Developing a corporate sustainability framework • Living wage Updated performance measures relating to: • Aligning with Customised Price-quality Path (CPP) requirements (e.g. asset management and development initiatives) • Carbon emissions and waste reduction • Achieving transition targets for electrification of the company's motor fleet (2022 goal was
	8: Dividend Policy	to develop targets) Removed 2x performance measures relating to RMA breaches and testing the company's emergency response plan Updated dividend policy

Page 5 of 8

Company	Section	Change notes	
City Forests Ltd	2: Objectives	Adoption of 2030 net zero carbon goal	
	5: Performance Targets	Updated carbon emissions and waste reduction performance measures, and living wage performance measure.	
		Removed performance measure on incorporating carbon accounting into strategic plan (complete)	
	8: Dividend Policy	Update to dividend policy wording, accommodating special dividends on basis of above-plan performance or above-plan increases in financial position	
Delta Utility Services Ltd	2: Objectives	Adoption of 2030 net zero carbon goal	
		Updated wording to reflect Delta's focus for FY2023	
	5: Performance Targets	Updated carbon emissions and waste reduction performance measures	
		Updated targets for staff turnover and fuel efficiency	
		Additional living wage performance measure	
Dunedin City Treasury Ltd	2: Objectives	Adoption of 2030 net zero carbon goal	
	3: Nature and Scope of Activities	Updated wording on the nature and scope of DCTL's activities to better describe the company's activities	
	5: Performance Targets	Updated carbon emissions and waste reduction performance measures; additional living wage performance measure	
Dunedin International Airport Ltd	5: Goals, Objectives and Performance Measures	d New paragraph summarising focus areas from shareholders	
	5: Performance Measures	Performance measures have been re-organised around DIAL's updated strategic goals	
		15x new performance measures relating to:	
		 health & safety security breaches developing new strategies for several areas of infrastructure undertaking a study of economic contribution to the region protecting the airport from adverse effects increasing operating surplus from residential housing increasing passenger spend rate of individual retail partners compared with prior year developing a community and mana whenua and mataawaka engagement plan staff and board performance evaluation 	

Page 6 of 8

Company	Section	Change notes
		 Updated performance measures relating to: carbon emissions and waste reduction non-aeronautical revenues customer service surveys (new measures propose undertaking one survey instead of two, but achieving a better result) maintaining milk solids production in line with previous year implementing the sustainability strategy which is being developed over FY2022 4x performance measures removed relating to annual updates to strategic business plan incorporating Covid-19 recovery ensuring vacant business premises are tenanted maintaining resource consent obligations identifying opportunities to incorporate cultural diversity within the airport team and public spaces (replaced with new measure to develop a community and mana whenua and mataawaka engagement plan as listed above)
Dunedin Railways Ltd	2: Objectives 5: Performance Targets	Adoption of net zero carbon goal Updated carbon emissions and waste reduction performance measures. Additional living wage performance measure
	10: Related Party Transactions and 11: Other Matters	Updated to reflect Council direction that hibernation operations will continue, funded by DCHL, for FY2023 and FY2024.
Dunedin Stadium Property Ltd	2: Objectives	Adoption of net zero carbon goal
	5: Performance Targets	Updated carbon emissions and waste reduction performance measures. Additional living wage performance measure
Dunedin Venues Management Ltd	4: Nature and Scope of Activities	Condensed to focus more strongly on nature and scope of DVML's activities (had previously included an update on each event segment in context of Covid-19 – this material is presented in other reporting channels).
	6: Performance Targets and Other Measures	Re-ordering performance measures and some minor updates to wording to align with current DVML strategy.
		 2x new performance measures including: Conducting an annual staff engagement survey Providing quarterly 'pop-up' staff wellness sessions

Page 7 of 8

Item 9

Company

Section

•

Updated performance measures relating to:

• carbon emissions and waste, including single use cups additional detail on safety auditing programme

Change notes
Removed 4x performance measures relating to
Quarterly newsletters
 developing a venue hirer document

Item 9

Page 8 of 8

engagement with DVML board on potential opportunities on new revenue streams





Draft Statement of Intent

for the year ending 30 June 2023



TABLE OF CONTENTS

1	Introduction and Purpose of Statement of Intent	3
2	Objectives	3
3	Approach to Governance	4
4	Nature and Scope of Activities	4
5	Performance Targets and Other Measures	5
6	Financial Forecasts	.11
7	Accounting Policies	.12
8	Dividend Policy	.12
9	Commercial Value of Shareholder's investment	.13
10	Transactions with Related Parties	
11	Information to be provided to the Shareholder	.14
12	Working with the Shareholder	.14
13	Acquisition/Divestment of Assets or Shares in any Company or Organisation	
14	Compensation Sought	
15	Group Facility Use	.15
16	Other matters as agreed by the Shareholder and the Board	

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 (DCHL). Dunedin City Holdings Ltd is wholly owned by the Dunedin City Council (DCC).

This Statement of Intent (SoI) sets out the Company's planned activities and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in the Company's 2023 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.

Aurora Energy has adopted a target to be net zero carbon by 2030, as a contribution to the Council's goal of achieving net carbon neutrality city-wide by 2030. Over the 2023 financial year we will be building on our existing work to develop a roadmap to 2030. We will engage with our shareholders DCHL and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with the Dunedin City Council to identify alternative or complementary opportunities to contribute to the Dunedin City Council's city-wide net zero carbon goal. Aurora Energy's emissions associated with network losses are excluded from our 2030 target for now, noting the network will see greater renewable electricity usage as businesses and communities make efforts to decarbonise.

During the year ended 30 June 2023, the Company's focus will be on the key business initiatives detailed in its approved Customised Price-Quality Path (CPP) programme. 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
- In seeking to attain its principal objective, an Energy Company shall have regard, among other things, to the desirablity of ensuring the efficient use of energy.

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

- a) achieve the objective of its shareholder, both commercial and non-commercial, as specified in the statement of intent; and
- b) be a good employer (as per clause 36 of Schedule 7 to the Local Government Act); and
- 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
w 1	OUR PEOPLE, OUR PLACE	
Werees	tablishing our core capabilities and creating a positi	ive culture
Manage risks to staff and community through proactive risk management and executing a health safety and wellbeing plan	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: 2023 0 2024 0 2025 0
	Reduce levels of recordable harm	Total Recordable Injury Frequency Rate (TRIFR) per 200,000 hours worked by Aurora and ContractorsTargets:2023< 3.75
	Develop opportunities across the business that support the overall wellness of our team	A Board-approved Health, Safety and Wellbeing Plan is in place. The Plan is reviewed and updated annually
To deliver a unique value proposition and to be an employer of choice	To create a motivated and satisified team and to understand and action opportunities for improvement within our team environment	>75% staff satisfaction result on annual employee survey
	Ensure that all direct employees are paid the living wage or above	All direct employees are paid at living wage or above

<u>1</u> 24.	DUNEDIN CITY COUNCIL	kaunihera a-rohe o
- 1E) 7	CITY COUNCIL	Ōtepoti

FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE	
8 March 2022	

Goals	Objectives	Performance Measures
	ENABLING DECARBONISATION	
We're operating an	d maintaining a strong, safe & reliable network and p	planning for the future
	Reliability Performance Targets	
SAIDI and SAIFI Performance Measures are	e calculated in accordance with the Commerce Co	mmission's Price Quality Path methodology.
	easures for 2023, 2024 and 2025 are consistent with the gy's Customised Price-Quality Path released 31 Marc	
To deliver electricity supplies to consumers on the	SAIDI	Average minutes without electricity per consumer
Aurora network of a reliability standard that meets the service level targets in the company's	System Average Interruption Duration Index	Limits for years ended 31 March :
2022-2031 Asset Management Plan.	- Class B Interruptions (Planned)	2023 ≤ 195.96 minutes 2024 ≤ 195.96 minutes 2025 ≤ 195.96 minutes
	SAIDI	Average minutes without electricity per consumer
	System Average Interruption Duration Index	Limits for years ended 31 March:
	- Class C Interruptions (Unplanned)	2023 ≤ 124.94 minutes 2024 ≤ 124.94 minutes 2025 ≤ 124.94 minutes
	SAIFI	Average frequency of outages per consumer
	System Average Interruption Frequency Index	Limits for years ended 31 March:
	- Class B Interruptions (Planned)	$\begin{array}{llllllllllllllllllllllllllllllllllll$
	SAIFI	Average frequency of outages per consumer
	System Average Interruption Frequency Index	Limits for years ended 31 March:
	- Class C Interruptions (Unplanned)	$\begin{array}{ll} 2023 & \leq 2.07 \\ 2024 & \leq 2.07 \\ 2025 & \leq 2.07 \end{array}$

Goals	Objectives	Performance Measures
	Asset Management Maturity	·
Enhance asset management practices across the business	Implement process and capability improvements identified in CPP Asset Management Practices Development Plan (AMPDP)	Asset management development initiatives delivered in accordance with timetable in CPP AMPDP
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.
	Future Energy	
To be leaders of green energy innovation	Lead investigations into future South Island system operation models to ensure fit-for-future solutions for customers	Co-ordinate South Island electricity distribution business group initiative investigating future system operation models
	Work collaboratively with the sector on green energy initiatives	Participate in South Island electricity distribution sector 'decarbonisation ready' collaboration group

Item 9

Goals	Objectives	Performance Measures
	EFFICIENT DELIVERY	*
We're	focused on delivery, building core systems and colla	boration
To be efficient, forward- thinking and digital- enabled	Deliver work programme outcomes to scope, time and budget	Work programmes are delivered to Contractors on a rolling quarterly basis in accordance with Field Service contract terms
	Implement new Aurora Energy data strategy and establish a structured approach to the utilization of business intelligence	Data strategy approved and implemented, and appropriate business intelligence tools used to support decision making
	Aurora Energy Risk Register is regularly reviewed & updated, and the risk profile is managed in	Risk Management Framework embedded as evidenced by:
	accordance with Board approved risk tolerance levels.	- Risk registers reviewed regularly and up to date,
	le vels.	- Risk treatment plans reviewed regularly and up to date
		- Regular reporting to Board and Audit & Risk Committee
	OUR COMMUNITIES	
	We're improving our customer and partner relationsh	ips
To partner with our customers and develop a brand that is synonymous with solutions focused thinking	Maintain community support through approved sponsorships and community initiatives	Sponsorship and community initiatives \$ per annum targets:2023\$10,0002024\$10,0002025\$10,000
	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 approved CPP timeframe
	Streamline customer service processes through enhanced outage information via the outage management system (OMS)	The OMS upgrade is complete and enabling the automation of outage data capture

8 of 16

Item 9



Goals	Objectives	Performance Measures
	LICENCE TO OPERATE We're developing sustainable management practice	es
To have a sustainable workplace, focused on delivering value to our shareholder, customers	Develop corporate sustainability initiatives	A corporate sustainability framework is developed by 30 June 2023
and community	Contribute to Council's Carbon Neutrality initiatives	Implement Aurora Energy's carbon emissions strategy developed in the 2022 financial year, and achieve our FY2023 targets
	Minimise waste and the associated negative environmental impacts	Implement Aurora Energy's waste reduction strategy developed in the 2022 financial year, and achieve our FY2023 targets
	Implement opportunities to transition light motor fleet to electric vehicles where appropriate	Transition targets for electrification of the company's motor fleet achieved by 30 June 2023
	Increase sustainability reporting and climate related disclosures in our Annual Report	Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report

Goals	Objectives	Performance Measures
	SHAREHOLDER	
Bring to the attention of the Shareholder any strategic or operational matters where there may be conflict between the Council's community outcomes and those of the Company and seek the Shareholder's view	Consult with the Shareholder at the earliest possible time on matters where conflict may or could result	Potential conflicts notified to the ShareholderTargets:2023No unnotified potential conflicts2024No unnotified potential conflicts2025No 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 hoursTargets:2023All substantive matters reported within 24 hours2024All substantive matters reported within 24 hours2025All substantive matters reported within 24 hours



6 Financial Forecasts

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

Please note that the financial forecasts included in this section were previously approved by the Aurora Energy Ltd Board in May 2021. The company's three-year financial forecast will be updated and reapproved by the Board in April/May 2022, following which this draft document will be revised prior to finalisation in June 2022.

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

	Year ending	Year ending	Year ending
	30/06/2023	30/06/2024	30/06/2025
Shareholder's Funds to Total Assets	23%	24%	25%

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.

"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	Year ending	Year ending
	30/06/2023	30/06/2024	30/06/2025
	\$000	\$000	\$000
Dividend	Nil	Nil	Nil

c) Other financial forecasts

	Year ending 30/06/2023 \$000	Year ending 30/06/2024 \$000	Year ending 30/06/2025 \$000
EBITDA	50,429	64,524	78,804
Net profit after tax	8,449	15,731	24,261
Cash flow from operations	37,743	49,489	62,904
Capital expenditure	79,088	80,780	76,154
Term borrowings	480,420	511,560	525,205
Shareholder's funds	184,961	200,692	224,952



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 DCHL group and are fully listed in the Company's annual report.

8 Dividend Policy

As a regulated business, Aurora Energy has a responsibility to its customers to provide safe, reliable electricity infrastructure. To maintain a reliable network and cater for growth, we are planning to invest in the order of \$800 million in the network over the next decade to be funded by increased revenue, increased borrowings and reduced dividends.

Aurora Energy will determine its ability to pay dividends by assessing the company's Funds From Operations / debt ratio (FFO/debt), which assesses the company's available funds from operations (pre capital expenditure) relative to its debt. Aurora Energy will consider dividends once the company can achieve and sustain a position in the range of FFO/debt of 7-9%, which is consistent with comparable entities. For reference, Aurora's current FFO/debt measure is approximately 4.7%.

Based on current projections the Board expects to be in a position to consider the payment of a dividend in the next three or four years. At that point the Board intend to pay dividends within the range of 20-40% of the company's net surplus after tax. This range reflects the company's likely need to retain a portion of earnings to continue to rebuild its balance sheet, targeting a shareholders' funds to total assets of 30-35%.

The company will revisit these projections and dividend forecasts annually when preparing its Statement of IntentIn 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
- inflationary forecasts and the Company's cost of borrowings.

Dividends will also be subject to Directors' obligations to act in accordance with their statutory duties and the company's Constitution.

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

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.

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

11 Information to be provided to the Shareholder

12 Working with the Shareholder

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

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

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

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

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

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

14 Compensation Sought

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

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

15 Group Facility Use

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

16 Other matters as agreed by the Shareholder and the Board

- a) The Company is committed to open and transparent engagement with its stakeholders and customers and will maintain a publicly available and actively promoted Customer and Stakeholder Charter and Public Information Disclosure Policy consistent with its responsibilities as an Energy Company providing essential infrastructure services.
- b) The Company will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with the Dunedin City Council's ethical position. For reference, those activities are: tobacco, armaments, fossil fuel extraction, gambling and pornography.



City Forests Limited Statement of Intent 2022 / 23



City Forests Limited Statement of Intent For the Year Ending 30 June 2023





City Forests Limited Statement of Intent 2022 / 23

TABLE OF CONTENT

Table of Content	
1	Introduction
2	Objectives
3	Approach to Governance
4	Nature and Scope of Activities
5	Performance Targets and Other Measures
6	Financial forecasts
7	Accounting Policies
8	Dividend Policy
9	Commercial Value of the Shareholder's investment
10	Transactions with Related Parties
11	Information to be provided to the Shareholders in the Financial Reports
12	Other matters as agreed by the Shareholder and the Board

City Forests Statement of Intent 2022 / 2023

City Forests Limited Statement of Intent 2022 / 23

1 INTRODUCTION

City Forests Ltd ("the Company") owns and manages approximately 24,100 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 2023 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
- caring for and enhancing environmental values, particularly carbo 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:

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

City Forests has adopted a target to be net zero carbon by 2030, as a contribution to the Council's goal of achieving net carbon neutrality city-wide by 2030. Over the 2023 financial year we will be building on our existing work to develop a roadmap to 2030. We will engage with our shareholders DCHL and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with the Dunedin City



3 of 13

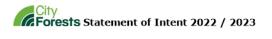
Attachment C



City Forests Limited Statement of Intent 2022 / 23

Council to identify alternative or complementary opportunities to contribute to the Dunedin City Council's goal city-wide net zero carbon goal.







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 is subject to the prior approval of the shareholder.



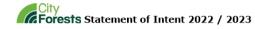
Goals	Objectives	Performance Measures
The principal goal of City Forests Limited is to operate a long-term sustainable business and to maintain and enhance the values of the forest estate investment including; economic, social and environmental values. The specific corporate goals of City Forests Limited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



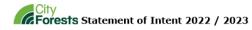
Goals	Objectives	Performance Measures
	Sustainable Yield	1
To optimise the Net Present Value of the estate in perpetuity with the overall goal of managing the financial returns from the forest on a long-term sustainable basis.	To ensure that the appropriate yield monitoring systems are in place and sufficient forest is available to achieve long term sustainable yield from the forest estate. To ensure that the risk to the forest estate from pests, fire and disease is minimised through appropriate management practices and audit. To respond to and manage legislative and compliance risk to the Company's operations and license to operate.	The Company's annual harvest volumes as detailed in the strategic plan will be within 30% of projected long term sustainable yield. The Company will carry out annual forest inventory to measure and verify forest yield. The number of sample plots measured will be reported. A forest surveillance program will be in place as part of the National surveillance program to assess the forest estate for pests and disease. The annual fire plan will be updated and operational by 1 October for each fire season. The Company will actively participate in regional land use and environmental planning processes.
Goals	Objectives	Performance Measures
	Research and Development	1
To support and participate in Research and Development to enable the Company to undertake continuous performance improvement to achieve industry best practice forest management, value recovery and supply chain performance.	To actively participate in value-added research into forest management, tree breeding, wood products, supply chain and environmental management. To leverage collaborative industry research initiatives and implement research results through technology transfer.	The Company will participate in industry research consortia (via the Forest Levy) to ensure research objectives are in line with Company Strategy and to gain financial leverage to achieve research objectives. The implementation of research outcomes into operational management plans will be tracked.
To support the sustainable development of added value wood processing in Otago and Southland.	To support integrated wood processing capacity within the Otago and Southland regions, subject to optimising the long-term return from the Company to the Shareholder. The Company will support regional bio-energy initiatives subject to optimising the long-term return from the Company to the Shareholder.	The Company will maintain supply arrangements with Otago and Southland wood processors provided customers match (or better) alternative market options. Annual supply volumes to the three largest wood processors customers will be tracked and reported. The annual volume of wood supplied to bio-energy uses will be tracked and reported.



	ENVIRONMENTAL AND SOCIAL OBJECTIVES	
Goals	Objectives	Performance Measures
	Corporate Responsibility	
To be a socially and environmentally responsible corporate citizen and maintain comprehensive environmental and health and safety systems for the Company's forests and operations.	To minimise lost time accidents, injuries and property damage. To maintain Environmental Certification of the Company's forests. (Currently FSC) To preserve and enhance rare threatened and endangered (RT&E) species on the Company's estate.	Lost time accident rates for staff and contractors will be minimised and not more than 15 lost time accidents per 1,000,000 hours worked. The Company will undertake drug and alcohol testing of its staff and contract workforce. The number of random tests and percentage of positive random tests will be reported. Forest Stewardship Council Certification of the Forest Estate will be maintained. The Company will have in place an environmental management system which will include procedures for sustainability monitoring. Results of water sampling and reserve area environmental assessments will be publicly available on the Company's website. The Company will work with partners Doc, University of Otago & contractors to maintain and enhance RT&E species on and around the Company estate. Sponsorship amounts for these activities will be reported annually.
Goals	Objectives	Performance Measures
	Skilled Workforce	
To maintain an experienced, trained for task and reliable staff and contract workforce.	To increase the level of training within the Company's staff and contract workforce.	The company will report on the number of National Certificates achieved by its workforce each year.
To operate a personnel policy that complies with and adopts the principle of being a good employer.	To actively encourage "Forestry" as a vocation.	The Company will engage with its contractors to participate in Modern Apprenticeship programs. The number of apprentices working in Company operations will be reported each year.



Goals	Objectives	Performance Measures
	Recreation and Education	1
To encourage the use where appropriate, of the Company's forests for recreational and educational purposes by both organised groups and individuals.	To promote and manage community recreation and educational use of the Company's forests.	The Company will maintain a Forest Access permit system, track and report on forest recreational use statistics.
	Shareholder Outcomes	1
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).	Ensure that all direct employees are paid at living wage or above.
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Contribute to Council's Carbon Neutrality initiatives.	Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report
	The Company will develop an emissions reduction strategy and associated targets for the 2022/2023 financial year.	Implement City Forests' carbon emissions strategy developed in the 2022 financial year, and achieve our FY2023 targets.
	The Company will develop a waste reduction strategy and associated targets for the 2022/2023 financial year.	Implement City Forests' waste reduction strategy developed in the 2022 financial year, and achieve our FY2023 targets.



6 FINANCIAL FORECASTS

a. The ratio of Shareholders' Funds to Total Assets and the definition of those terms.

	Year ending 30/06/2023	Year ending 30/06/2024	Year ending 30/06/2025
Shareholders' Funds to Total Assets	69.5%	70.2%	70.9%

The Company has adopted a target Shareholder Funds to Total Assets ratio (equity ratio) of between 65%-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 30/06/2023	Year ending 30/06/2024	Year ending 30/06/2025
Normal Dividend Distribution	\$3.6m	\$3.3m	\$4.2
Special Dividend Distribution	\$10m	0	0

c. Other Financial Forecasts

	Year ending 30/06/2023	Year ending 30/06/2024	Year ending 30/06/2025
EBITDA	\$15.6m	\$14.9m	\$14.9m
Net Profit after Tax	\$12.0m	\$7.4	\$8.3
Cash Flow from operations	\$9.2	\$9.3m	\$10.2m
Capital Expenditure	\$4.9m	\$5.0m	\$5.1m
Term Borrowings	\$36.5	\$35.7	\$34.6
Shareholders Funds	\$254.8m	\$258.9m	\$262.9m

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

The financial forecasts are driven by log and carbon prices, forest, land and carbon asset values, harvest volumes and carbon available for sale, operating costs, acquisitions and development costs of land parcels, capital expenditure and debt levels.





Attachment C

COMMITTEE 8 March 2022



7 **ACCOUNTING POLICIES**

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

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.

DIVIDEND POLICY 8

City Forests Limited will plan for a minimum base annual dividend payment equal to the lessor of; 75% of forecast after tax profit, or 75% of net operating cash flow less capitalised forest costs. Special Dividends may be declared on the basis of above plan financial performance or above plan increases in financial position. Dividend payments are subject to the Directors' obligations to act in accordance with their statutory duties. 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:
- Asset gains increasing the Company's financial position; .
- 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.

COMMERCIAL VALUE OF THE SHAREHOLDER'S 9 **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.

City Forests Statement of Intent 2022 / 2023



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

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

Related Party Transactions

Dunedin City Council	Council rates for properties owned by the Company	
	Lease of Council owned land	
Dunedin City Treasury Limited	Provision of debt funding to the Company generating interest payments	
	Management of foreign exchange	
Delta Utility Services Limited	Maintenance and construction of forest roads and infrastructure	
Dunedin City Holdings Limited	Management services provided to the Company	

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

11 INFORMATION TO BE PROVIDED TO THE SHAREHOLDERS IN THE FINANCIAL REPORTS

	Quarterly	Half Yearly	Annual
Key Financial Performance Indicators	x	Х	Х
Statement of Financial Performance		Х	Х
Statement of Financial Position		Х	х
Statement of Cash Flows		х	х
Statement of Movement in Equity		х	х
Notes to the Financial Statements		х	х
Statement of Service Performance against SOI targets		Х	Х
Directors' Report		х	х
Auditors Report			х
Statement of Intent (Draft) Statement of Intent (Final)			Prior to 1 March Prior to 30 th June

City Forests Statement of Intent 2022 / 2023



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 Statement of Intent 2022 / 2023





Delta Utility Services Limited

Draft Statement of Intent for the year ending 30 June 2023



TABLE OF CONTENTS

1	Introduction
2	Objectives
3	Approach to Governance
4	Nature and Scope of Activities
5	Performance Targets and Other Measures
6	Financial/Economic Targets
7	Accounting Policies
8	Dividend Policy
9	Commercial Value of Shareholder's investment
10	Transactions with Related Parties
11	Other matters agreed by Delta Utility Services and the Shareholder

30 June 2022

Delta Utility Services Limited

Page 2 of 14

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 has the following objectives, as defined in the Local Government Act 2002:

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

Health and Safety performance is essential to the achievement of Delta's objectives. Delta's safety goal is "Everyone Home Safe, Every Day".

Delta's focus for FY2023 centres around expanding and diversifying our operations whilst minimising our carbon footprint, achieving better Health and Safety outcomes for our people and maintaining consistent financial results.

Delta will also continue its journey to become a living wage employer. During FY2023, Delta will ensure all of its staff are paid at or above the living wage.

Delta has adopted a target to be net zero carbon by 2030, as a contribution to the Council's goal of achieving net carbon neutrality city-wide by 2030. Over the 2023 financial year we will be building on our existing work to develop a roadmap to 2030. We will engage with our shareholders DCHL and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with the Dunedin City Council to identify alternative or complementary opportunities to contribute to the Dunedin City Council's goal city-wide net zero carbon goal. 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.

30 June 2022

Delta Utility Services Limited

Page 3 of 14

3 APPROACH TO GOVERNANCE

In addition to the obligations of the Local Government Act 2002 (LGA), the Company is also subject to the requirements of the Companies Act 1993 and is governed by directors in accordance with the law and best practise.

As defined in Section 58 of the LGA:

- (1) The role of a director of a council-controlled organisation is to assist the organisation to meet its objectives and any other requirements in its statement of intent.
- (2) This section does not limit or affect the other duties that a director of a councilcontrolled organisation has.

The Board meets on a regular basis to direct and control the company's activities. Directors are appointed by the shareholder, Dunedin City Holdings Ltd.

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

The Shareholder reviews and approves the SOI and three-year financial plan. Six-monthly and annual reports of financial and operating performance are provided to the shareholder.

4 NATURE AND SCOPE OF ACTIVITIES

The principal activity of the Company is the provision of contracting services, which include the construction, operation, and maintenance of essential energy and environmental infrastructure. The undertaking by the Company of any activity of a nature or scope not provided for in the Company's mission or goals would be subject to the prior approval of the Shareholder.

Our purpose is to be local professionals with innovative ideas, passionate about serving our communities. Our purpose directly relates to our vision of great people shaping better communities together. Our values of Do it First, Do it Right, Do it Together allow us to make a difference through fresh thinking, dependability, and working together.

We're a team of more than 550 skilled professionals, with a dedication and passion for the job. We are committed to our people, safety, and the environment, and support the communities we live and work in.

The Company's total assets were \$65.4 million as at 30 June 2021, and it generated revenues of \$105.4 million for the year then ended.

30 June 2022

Delta Utility Services Limited

Page 4 of 14

5 PERFORMANCE TARGETS AND OTHER MEASURES

The company will record its performance relating to the targets stated in Section 5 and 6 in its annual report.

Goals	Objectives	Performance Measures
	Community	
	hich we operate. Our main contribution is through the ess ture the next generation of smart thinking infrastructure sp	
To make a positive contribution to the communities in which we operate	Maintain community support through local sponsorship/donations whilst ensuring that no monies are provided to companies deemed inconsistent with the Dunedin City Council's ethical position	Sponsorship \$ per annum Targets: 2023 \$25,000 2024 \$25,000 2025 \$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: 2023 Achieved 2024 Achieved 2025 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: 2023 Plan delivered 2024 Plan delivered 2025 Plan delivered

30 June 2022

Delta Utility Services Limited

Page 5 of 14

Goals	Objectives	Performance Measures
	People	
It is the skill and dedication of c	ur people that makes the difference for our customers a	nd keeps everyone safe at work.
Our safety goal is 'Everyone Home Safe, Every da	y'. We are committed to the provision of safe and healthy	work environments for our workers and the public.
To ensure safe and healthy outcomes for our people are expected. This goal is reflected in the attention to detail with regards to how we plan and prepare our work across all areas of service delivery	Reduce harm to employees and contractors	Maximum total recordable injury frequency rate (TRIFR) per 200,000 hours worked Targets: 2023 3.50 2024 3.50 2025 3.50
		Maximum total lost time injury frequency rate per 200,000 hours worked Targets: 2023 1 2024 1 2025 1
Fo ensure full compliance with all Health and Safety egislation	Maintain all existing Health and Safety accreditations.	Maintain ISO 45001 Occupational Health and Safety Management System throughout the period.
To maintain the health and wellbeing of staff	Monitor absences due to illness	Sick leave % based on total hours worked Targets: $2023 \leq 2.5\%$ $2024 \leq 2.5\%$ $2025 \leq 2.5\%$
	Maintain an employee wellbeing programme	Programme maintained throughout the year
	Ensure that all direct employees are paid at living wage or above	No employee is paid at less than the living wage

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: 2023 ≥ 20 2024 ≥ 20 2025 ≥ 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: 2023 ≤ 11% 2024 ≤ 11% 2025 ≤ 11%

Item 9

30 June 2022

Delta Utility Services Limited

Page 7 of 14

Statement of Intent 2022/2023				
Goals	Objectives	Performance Measures		
	Environment			
	nvironmental performance, to the prevention of harm to the report our Greenhouse Gas (GHG) emissions, and progre and targets, in our Annual Report.			
To ensure a well-recognised environmental accreditation is maintained	Maintain all existing Environmental accreditations.	Maintain ISO14001 accreditation throughout the period		
o ensure full compliance with environmental and esource consents	Maintain full compliance with the Resource Management Act (RMA)	Number of breaches Targets: 2023 0 2024 0 2025 0		
To improve fuel efficiency and therefore lower carbon emissions	Maintain or improve fuel efficiency in the Company's vehicle fleet	Maximum litres of fuel used per 100 km Targets: 2023 9.25 2024 9.25 2025 9.25		
Implement Delta's carbon emissions strategy developed in the 2022 financial year, and achieve our FY2023 targets	ТВС	ТВС		
Implement Delta's waste reduction strategy developed in the 2022 financial year, and achieve our FY2023 targets	ТВС	TBC		

30 June 2022

Delta Utility Services Limited

Page 8 of 14

Statement of Intent 2022/2023				
Goals	Objectives	Performance Measures		
	The Shareholder			
We are committed to communicating ou	r activities and strategy clearly to our shareholder and to c	ontinue to maintain an active dialogue.		
Engage with the Shareholder annually on opportunities for the Company to contribute, or assist where possible, with Council's community outcomes (as listed in the Annual Plan)	Consult with the Shareholder on matters to be included in the Company's Statement of Intent	Shareholder approval of the Company's Statement of Intent Targets: 2023 Approved 2024 Approved 2025 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 ShareholderTargets:2023All potential conflicts notified2024All potential conflicts notified2025All 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 hoursTargets:2023All substantive matters reported within 24 hours2024All substantive matters reported within 24 hours2025All substantive matters reported within 24 hours		

30 June 2022

Delta Utility Services Limited

Page 9 of 14

6 FINANCIAL/ECONOMIC TARGETS

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

	Year ending 30/06/2023	Year ending 30/06/2024	Year ending 30/06/2025
Shareholder's Funds to Total Assets	≥ 43%	≥ 52%	≥ 54%

The Company has adopted a target Shareholder's Funds to Total Assets ratio (equity ratio) of 50%, but expects this ratio will fluctuate depending on a variety of circumstances including asset renewal and investment cycles.

The Company is presently focused on increasing its equity ratio towards the targeted level.

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

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

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

	Year ending	Year ending	Year ending
	30/06/2023	30/06/2024	30/06/2025
	\$000	\$000	\$000
Dividend/subvention distributions	2,250	2,500	2,500

c) Other financial forecasts

	Year ending 30/06/2023 \$000	Year ending 30/06/2024 \$000	Year ending 30/06/2025 \$000
EBITDA	≥ 13,301	≥ 13,480	≥ 13,229
Net profit after tax	≥ 3,664	≥ 3,877	≥ 3,905
Return on Shareholder's funds	≥14%	≥14%	≥14%
Cash flow from operations	≥ 10,749	≥ 10,834	≥ 11,508
Capital expenditure	≤ 3,884	≤ 3,884	≤ 3,884
Term borrowings	≤ 9,400	≤ 8,400	≤ 6,700
Shareholder's funds	≥ 27,054	≥ 28,431	≥ 29,837

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

30 June 2022

Delta Utility Services Limited

Page 10 of 14



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. 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.

30 June 2022

Delta Utility Services Limited

Page 11 of 14

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	

Delta Utility Services Limited

Page 12 of 14

11 OTHER MATTERS AGREED BY DELTA UTILITY SERVICES AND THE SHAREHOLDER

Information to be provided to the shareholder:

	Quarterly	Half Yearly	Annual
Key financial performance indicators	х	х	х
Statement of Financial Performance		х	х
Statement of Financial Position		х	х
Statement of Cash Flows		х	х
Statement of Movement in Equity		х	х
Notes to the Financial Statements		х	х
Statement of Service Performance against SOI targets		x	х
Directors' Report		х	х
Auditor's Report			х
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.

30 June 2022

Delta Utility Services Limited

Page 13 of 14

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.

30 June 2022

Delta Utility Services Limited

Page 14 of 14



DRAFT STATEMENT OF INTENT

For the Year Ending 30 June 2023



TABLE OF CONTENT

Tab	le of Content	. 2
1.	Introduction	. 3
2.	Objectives	. 3
3.	Approach to governance	. 4
4.	Nature and scope of activities	. 4
5.	Performance Targets	. 5
6.	Financial Forecasts	. 6
7.	Accounting Policies	. 7
8.	Dividend Policy	. 7
9.	Commercial value of the shareholder's investment	. 8
10.	Transactions with Related Parties	. 8
11.	Other matters as agreed by the Shareholder and the Board	. 9

2022/23 SoI

Dunedin City Holdings Limited



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 assets 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.

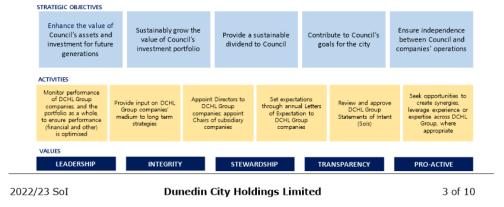


This Statement of Intent (SoI) sets out DCHL's planned activities, objectives and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in DCHL's 2023 Annual Report.

2. OBJECTIVES

DCHL's purpose is to achieve the best for Dunedin 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.





In 2022/2023, DCHL intends to continue 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.

DCHL has adopted a target to be net zero carbon by 2030, as a contribution to the Council's goal of achieving net carbon neutrality city-wide by 2030. Over the 2023 financial year we will be building on our existing work to develop a roadmap to 2030. We will engage with our shareholders Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with the Dunedin City Council to identify alternative or complementary opportunities to contribute to the Dunedin City Council's goal city-wide net zero carbon goal.

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 Ltd¹ and Dunedin Venues Management Ltd. DCHL is also responsible for appointing two of the four directors of Dunedin International Airport Ltd, and for appointing the Chair of Dunedin Stadium Property Ltd.

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

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

4. NATURE AND SCOPE OF ACTIVITIES

DCHL is responsible for setting the strategic direction of Dunedin City Council's companies as a group, monitoring their operational performance, appointing directors to their boards, providing input to annual

2022/23 SoI

Dunedin City Holdings Limited

¹ 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.



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.

5. PERFORMANCE TARGETS

Strategic Objective	Activity	Target
To encourage and facilitate increased shareholder value of DCHL Group companies	Monitor performance of DCHL Group companies to ensure returns (financial and other) are optimised	 DCHL Board perform a monthly review of DCHL Group companies' operating activities, including financial performance against budget (DIAL quarterly) DCHL Board monitor DCHL Group companies' progress against their SoI targets quarterly
	Seek opportunities to create synergies, leverage experience or expertise across DCHL Group, where appropriate	Synergies have been made across the DCHL Group
To take a long term and strategic view of the portfolio, and make proposals to Council on strategic issues	Monitor performance of DCHL portfolio as a whole to ensure returns (financial and other) are optimised	 DCHL Board review consolidated DCHL Group financial performance against budget (monthly) DCHL Board review of DCHL Group companies' rates of return (quarterly) DCHL Board provide a quarterly update to DCC's Finance and Council Controlled Organisations Committee on the DCHL Group's performance (financial and other)
	Consider strategic issues Provide input on DCHL Group companies' medium to long term strategies	 DCHL Board review the ownership and capital structures of the DCHL Group companies (at least annually) Consider capital expenditure proposals and business cases in accordance with company constitutions and SoIs DCHL Board engage with each group company at least annually on strategy DCHL Board meet with full group of
To promote and support DCHL Group companies' contribution to	Review and approve DCHL Group Statements of Intent for consistency with Council's strategic direction	Chairs twice annually • Review draft SoIs by 1 March 2023 • Approve SoIs by 30 June 2023
Council's Strategic Framework and Climate Change and	Set expectations through annual Letters of Expectation to DCHL Group companies	Send Letters of Expectation to subsidiary and associate companies by 20 December 2022
Carbon Neutrality initiatives	Monitor performance of the DCHL group in measuring, reporting and reducing carbon emissions and waste	 Co-ordinate across the group in developing a roadmap to net zero carbon, and provide reporting to Council on progress and challenges Implement DCHL's carbon emissions strategy developed in the 2022 financial year and achieve our FY2023 targets Implement DCHL's waste reduction strategy developed in the 2022 financial year and achieve our FY2023 targets Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report
	Living wage	• Ensure that all direct employees are paid at living wage or above.

2022/23 SoI

Dunedin City Holdings Limited

5 of 10



Strategic Objective	Activity	Target
To ensure DCHL Group companies have best practice governance, are good employers, and operate in an environmentally and socially responsible way	Appoint Directors to DCHL Group companies; appoint Chairs to subsidiary companies Ensure companies are good employers, and operate in an environmentally and socially responsible way. DCHL expects Group companies to maintain ongoing focus on health and safety as a top priority.	 Appointments and re-appointments are all completed on time, and in compliance with DCHL and Council policy Ensure DCHL Group companies have appropriate policies and procedures in place DCHL Board review DCHL Group companies' (including DCHL) ESG disclosures in their Annual Reports.
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. Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	 All such matters escalated to the shareholder in a timely manner. DCHL board provide briefings to Councillors on matters of significance as required. All such matters reported to the shareholder within 24 hours.

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 30/06/2023	Year ending 30/06/2024	Year ending 30/06/2025
Shareholder's funds to total assets	22%	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 30/06/2023 \$'000	Year ending 30/06/2024 \$'000	Year ending 30/06/2025 \$'000
Interest paid to shareholder	5,902	5,902	5,902
Dividend distributions	5,500	0	0

2022/23 SoI

Dunedin City Holdings Limited

6 of 10



Other Financial Forecasts - DCHL Group

	Year ending 30/06/2023 \$'000	Year ending 30/06/2024 \$'000	Year ending 30/06/2025 \$'000
EBITDA	91,413	101,529	116,113
Net profit after tax	11,558	15,521	29,211
Cash flow from operations	53,978	66,308	80,539
Capital expenditure	86,978	86,464	82,154
Term loans	1,063,841	1,146,184	1,235,374
Shareholder's funds	403,518	429,821	470,392

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

7. ACCOUNTING POLICIES

General Accounting Policies

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

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 AND FORECAST SHAREHOLDER RETURNS

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.

Financial forecasts relating to the **parent entity** below show that the parent company's after-tax profit supports a dividend payment in FY2023 (paid at 78% of parent entity net profit, compliant with the

2022/23 SoI

Dunedin City Holdings Limited

7 of 10

policy stated above). DCHL does not anticipate a dividend to DCC in FY2024 or FY2025 based on current projections.

The forecasts below also show that DCHL forecasts providing other financial returns to the city, in the form of interest payments on its shareholder's advance², and funding of Dunedin Railways' hibernation operations, in line with Council decisions.

DCHL parent entity financial forecasts

	Year ending 30/06/2023 \$'000	Year ending 30/06/2024 \$'000	Year ending 30/06/2025 \$'000
Dividend income from subsidiary and associate companies	16,414	6,379	7,393
Contribution of equity received from Dunedin City Council (for DSPL and DVML)	2,550	2,550	2,550
Contribution of equity made in DSPL and DVML	2,550	2,550	2,550
Contribution of equity made in Dunedin Railways Ltd	2,400	2,400	0
Interest on shareholder's advance	5,900	5,900	5,900
Net profit after tax	7,093	(2,912)	545
Dividend distribution to shareholder	5,500	0	0
Term loans	22,544	20,634	18,874

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.

Contributions of equity are also made to Dunedin Railways, in line with Council directives of May and November 2021, that DCHL (parent entity) fund Dunedin Railways' continued hibernation operations through FY2022, FY2023 and FY2024.

The board will revisit the parent company's financial projections and forecasts on an annual basis as it prepares its Statement of Intent.

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.

2022/23 SoI

Dunedin City Holdings Limited

8 of 10

² DCHL pays interest on a \$112 million shareholders advance at a rate of 5.27% per annum.

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.

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		1	✓
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.

2022/23 SoI

Dunedin City Holdings Limited

9 of 10

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.

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 FY2023, up to \$2.400 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.

2022/23 SoI

Dunedin City Holdings Limited

Dunedin City Treasury Ltd

DRAFT STATEMENT OF INTENT For the Year Ending 30 June 2023



TABLE OF CONTENT

Table	e of Content	2
1.	Introduction	3
2.	Objectives	3
3.	Nature and scope of activities	3
4.	Approach to Governance	4
5.	Performance Targets	4
6.	Financial Forecasts	5
7.	Accounting Policies	6
8.	Dividend Policy	6
9.	Commercial Value of Shareholders' investment	6
10.	Transactions with Related Parties	6
11	Other matters as agreed by the Shareholder and the Board	7

Attachment F

ltem 9

Dunedin City Treasury Limited

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 2023 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."

DCTL has adopted a target to be net zero carbon by 2030, as a contribution to the Council's goal of achieving net carbon neutrality city-wide by 2030. Over the 2023 financial year we will be building on our existing work to develop a roadmap to 2030. We will engage with our shareholders DCHL and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with the Dunedin City Council to identify alternative or complementary opportunities to contribute to the Dunedin City Council's goal city-wide net zero carbon goal.

In 2022/2023, 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.

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:

- Source debt and on-lend to DCC and its CCOs, ensure funds are available to meet obligations.
 Minimise funding costs, and maximise return of surplus funds, within agreed acceptable levels of risk.
- Manage financial markets risk and ensure compliance with DCC's Treasury Risk Management Policy.
- Manage financial relationships with third parties.
- Separately, manage the Waipori Fund on behalf of DCC.

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.

Dunedin City Treasury Limited

3 of 7



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
Ensure funds are available to meet obligations.	Manage the liquidity risk of the DCC Group and use a variety of funding sources to achieve appropriate levels of funds as required by the DCC Group.	Zero breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.
Minimise funding costs, while having regards to interest rate risk.	Utilise a portfolio approach to minimise funding costs and manage interest rate risk in accordance with the DCC Treasury Risk Management Policy.	Zero breaches of DCC Treasury Risk Management Policy's interest rate risk policy.
Maximise returns on surplus funds, within acceptable levels of risk.	Securely invest surplus cash available from within the DCC Group, ensuring funds deposited outside the DCC Group are compliant with the DCC Treasury Risk Management Policy.	Zero breaches of DCC Treasury Risk Management Policy's investment management policy.
Issue securities.	Manage the issuance of securities as and when required.	Successfully fill any issues brought to the market during the year.
Manage financial relationships with third parties.	Maintain financial relationships with preferred financial providers.	Maintained funding lines with preferred financial providers.
Maximise the cost effective utilisation of financial products.	Maintain a benchmarking system to measure DCTL's performance.	Regular reporting to the Board, of DCTL's achievement against defined benchmarks.
Manage the Waipori Fund on behalf of the Council.	Manage the 'Waipori Fund' fully in accordance with policy and objectives set by Council to achieve the investment objectives.	Management of the fund and meeting the investment objectives set by Council in the Statement of Investment Policy and Objectives.
Manage business risk.	Maintain a risk management framework to regularly identify, 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.
Compliance with Dunedin City Council	Comply with the DCC Treasury Risk Management Policy.	No breaches of policy.
Treasury Risk Management Policy.	Management Policy.	Where breaches have occurred, there are no breaches that have not been reported to the Chief Financial Officer within 1 business day and as per requirements of the policy.
Communicate with the shareholder on a 'no surprises' basis.	Consult with the shareholder in a timely manner on DCTL strategic or operational matters which could compromise the Council's community outcomes.	No such matters that were not escalated to the shareholder in a timely manner.
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	No such matters that were not reported to the shareholder within 24 hours.
Contribute to Council's Strategic Framework and	Contribute to Council's Carbon Neutrality initiatives.	Implement DCTL's carbon emissions strategy developed in the 2022 financial year and achieve our FY2023 targets.
Climate Change and Carbon Neutrality initiatives.		Implement DCTL's waste reduction strategy developed in the 2022 financial year and achieve our FY2023 targets.

Dunedin City Treasury Limited

4 of 7

Attachment F

Goal	Objective	Performance Targets
		Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.
		Ensure that all direct employees are paid at living wage or above.
Maximise benefits of the strong credit profile of the DCC to assist the Group.	Maintain a credit rating equal to that of the Dunedin City Council where the rating agency used applies the same credit rating to both entities.	Credit rating equal to that of Dunedin City Council.

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 30/06/2023	Year ending 30/06/2024	Year ending 30/06/2025
Shareholders' Funds to Total Assets	-2.7%	-2.5%	-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 30/06/2023	Year ending 30/06/2024	Year ending 30/06/2025
Dividend/Subvention Distributions	Nil	Nil	Nil

Other Financial Forecasts

	Year ending 30/06/2023 \$'000	Year ending 30/06/2024 \$'000	Year ending 30/06/2025 \$'000
EBITDA	15	18	18
Net Profit after Tax	11	13	13
Cash Flow from operations	(2,290)	(2,604)	(2,604)
Capital Expenditure	0	0	0
Debt	1,063,841	1,146,184	1,235,374
Shareholder's funds *	(29,184)	(29,171)	(29,158)

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

* Shareholder's funds largely consist of the hedge reserve which moves in line with the mark to market of the company's cash flow hedging arrangements. Movements are extremely difficult to forecast; therefore, no hedge reserve movements have been budgeted for above.

Dunedin City Treasury Limited

5 of 7

Attachment F



Item 9

Statement of Intent 2022/23

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

Dunedin City Treasury Limited

6 of 7



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	1	✓	✓
Statement of Financial Performance		✓	✓
Statement of Financial Position		✓	✓
Statement of Cash Flows		✓	✓
Statement of Movement in Equity		✓	✓
Notes to the Financial Statements		1	✓
Statement of Service Performance against SoI targets		1	✓
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

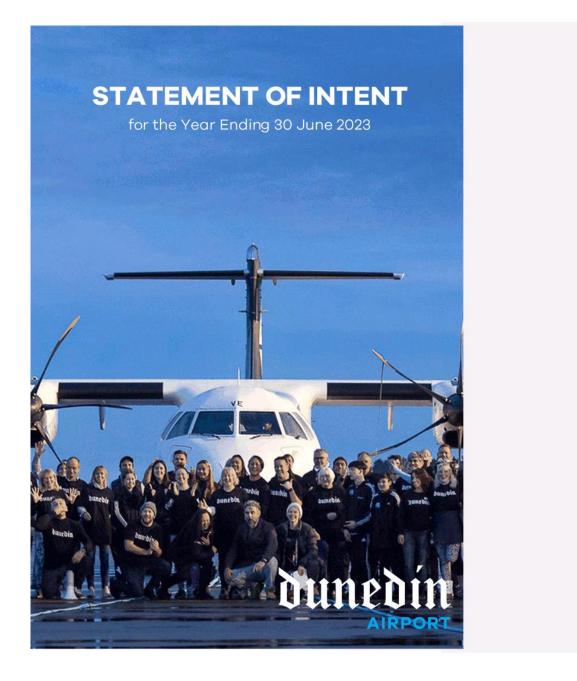
DCTL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position.

Dunedin City Treasury Limited

7 of 7

Attachment F







Attachment G

CONTENTS 1. INTRODUCTION 4. HOW WE DO IT 2. CORPORATE 3. WHAT WE DO GOVERNANCE STATEMENT 6. PERFORMANCE 7. FINANCIAL 8. DIVIDEND MEASURES OBJECTIVES AND POLICY PASSENGER PERFORMANCE FORECASTS AND ASSUMPTIONS

9. REPORTING то SHAREHOLDERS

5. GOALS.

MEASURES

AND

13. COMMERCIAL VALUE OF SHAREHOLDER INVESTMENTS

10 ACCOUNTING POLICIES

OR

11. ACQUISITION OF SHARES IN ANY COMPANY ORGANISATION

TRANSACTIONS PARTIES



WITH RELATED

Page 114 of 330



Attachment G

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 2023 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.



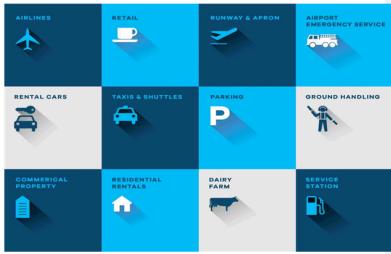
3. WHAT WE DO

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:

- 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.



Attachment G

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 Commented [CC1]: Graphic to be updated Strategic Framework STRATEGIC FRAMEWORK Our strategic framework including our Vision, Values and Key Strategies sets out the key areas of focus and underlying principles upon which our organisation is based. OUR VISION CONNECTING OUR PLACE, TO MORE PEOPLE, IN THE BEST WAY EVERYDAY OUR VALUES BE YOU BETTER TOGETHER CAN DO MAKE IT EASY WE CARE MAKE IT HAPPEN KEY STRATEGIES Make safety and security our first priority. Be environmentally responsible. se the commercial return to our shareholders. Increase passenger numbers. Develop and strengthen our partnerships Provide the best customer experience. Be a great place to work. Cannect and engage with our place.

Draft 2022/23 Statements of Intent - Dunedin City Holdings Limited Group Companies



5. GOALS, OBJECTIVES AND PERFORMANCE MEASURES

In preparing our goals, objectives and performance measures, we have considered our Shareholders Letters of Expectations for 2022/23 and have incorporated their specific focus areas for 2022/23, namely:

- 1. Dunedin International Airport Limited's role in post-Covid 19 regional recovery through our continued route development work; 2. Financial performance and long-term fiscal sustainability;
- 3. Development and implementation of our Sustainability Strategy, inclusive of a carbon zero target by 2030;
- 4. Development and implementation of our employee Wellbeing Strategy; and
- 5. Cyber-security.

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.

	DUNEDIN CITY COUNCIL	kaunihera a-rohe o
- 1 <u>-</u> 1-7	CITY COUNCIL	Ōtepoti

	OUR SAFETY, SECURITY & ENVIRONMENT			
Strategic Goals	Actions	Performance Measures		
SAFETY & SECURITY IS OUR NUMBER ONE PRIORITY.	To work with our staff and stakeholders to maximise safety on site for all staff, passengers, and visitors.	 No Serious Harm incidents at Dunedin Airport for any passenger or airport user. No major airside security breach. Review the Health and Safety Plan and objectives with the Health and Safety Committee each year. Strike rate of <5 strikes per 10,000 aircraft movements on a 12-month moving average. Lost Time Injury Frequency Rate (LTIFR) to remain below Worksafe benchmark level of 4.66. 		
TO BE SUSTAINABLE.	Act as a socially and environmentally responsible corporate citizen that contributes economically to Dunedin and the Lower South.	 Implement DIAL's carbon emissions strategy developed in the 2022 financial year and achieve our FY2023 targets. Implement DIAL's waste reduction strategy developed in the 2022 financial year and achieve our FY2023 targets. Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report. Implement our sustainability strategy developed in 2021/22. DIAL has adopted a target to be net zero carbon by 2030. Over the 2023 financial year we will be building on our existing work to develop a roadmap to 2030. We will engage with our shareholders The Crown, DCHL, and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions Develop an Electrification Master Plan to understand future infrastructure needs to support electricity demand for electric vehicles (EVs) and electric aircraft. Undertake a study of our economic contribution to the region. Remain compliant with Fonterra dairy farm inspections. Implement recommendations from the Fonterra Sustainable Farm Environment Plan and any specific initiatives for the dairy farm from our Sustainability Strategy. 		

COMMERCIAL			
Strategic Goals	Actions	Performance Measures	
TO PROVIDE	Comply with financial	 Fulfil lender borrowing facility financial covenant: 	
AITIAKITANGA AND	covenants, policy and	 Earnings Ratio (EBITDA / interest expense) > 1.75 	
O MAKE THE BEST	ongoing risk monitoring	 Equity Ratio (total shareholders' funds / total assets) > 40% 	
SE OF THE ASSETS		 Comply with the company's Dividend Policy as outlined in Section 8 below. 	
VAILABLE TO US.		 Comply with the company's Treasury Policy. 	
		 Six monthly risk analysis undertaken and reported to the Board. 	
		• Audit, Risk and Strategic Opportunities Committee to meet three times during	
		the year.	
	Generate commercial	• Generate a X.X% Return on Shareholders' Funds adjusted for IFRS fair value	
	returns across our asset	movements and asset revaluations. **	
	base	 Generate a XX.X% Return on Shareholders' Capital invested. ** 	
		Note: historic and forecast performance against financial metrics, including those noted above are encompassed in Section 7.	
	Ensure the future of the	 Implement a comprehensive Asset Management Plan. 	
	airport is protected.	 Develop a Landside Access Strategy including airport access and carpark improvements. 	
		 Ensure any new development is considered in conjunction with the District Plan and Airport Master Plan. 	
		 Remain involved in protecting the airport from any adverse effects of any future external factors. 	

	DUNEDIN CITY COUNCIL	kaunihera a-rohe o
71 <u>1</u> 17	CITY COUNCIL	Ōtepoti

	BUSINESS DEVELOPMENT			
Strategic Goals	Actions		Performance Measures	
TO GROW OUR AERO AND NON AERO BUSINESSES	Partner with our airline, airport, region, and tourism industry.	0 0	International Regular Scheduled Services reinstated to the airport ** Achieve XXX,XXX passengers on Regular Scheduled Services for the 2022-2023 financial year. **	
	Achieve increased non- aeronautical revenues from activities compared to the previous year.		Generate an operating surplus from the Momona Garage profit centre. Increase the year-to-date operating surplus from the Residential Housing profit centre against the prior year. Maintain total milk solids production in line with previous year.	
			Increase total Passenger Spend Rate (PSR) of our individual retail partners against the prior year's total PSR. Commence development of a Cargo Strategy and Farm Strategy.	

	OUR CUSTOMERS, SHAREHOLDERS & COMMUNITY								
Strategic Goals	Actions	Performance Measures							
DEVELOPING AND STRENGTHENING OUR CUSTOMER, PARTNER & STAKEHOLDER RELATIONSHIPS	Provide a high standard of service to our customers. Ensure all airside infrastructure maintenance causes no delays to airline operations.	 Conduct a minimum of one customer insight survey. Achieve a majority of "very good" or better across all surveyed areas of customer service. A focus on Customer Experience is considered in the Landside Access Strategy No delays to regular scheduled passenger operations are incurred as a result of airside infrastructure. 							
	Implement initiatives to improve the performance of our-relationships. Provide sponsorship to community events and organisations.	 Conduct stakeholder engagement surveys once a year with our strategic partners to review the strength of the relationships. Invest 0.25% of prior year operating revenue to sponsorship in line with our sponsorship application criteria. 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.
	 Implement community initiatives identified in our Sustainability Strategy.
Engage with our	 Develop a Community and Mana Whenua and Mataawaka Engagement Plan
community and share	 Arrange for Dunedin Airport staff to work within the community each year.
information.	
Operate on a "no	 Report to shareholders within 24 hours substantive matters which have the
surprises" basis with	potential to significantly impact negatively on shareholders and the company
shareholders.	with a particular focus on matters of interest to the media.
	 Consult with shareholders on matters where the company's and shareholders
	requirements are in conflict.

OUR PEOPLE							
Goals	Objectives	Performance Measures					
TO BE A GREAT	To recognise and review	• Each staff member to have a formal Annual Performance Review and Personal					
PLACE TO WORK	Staff and Board	Development Plan.					
	performance and	• Senior Leadership Team undertake a 360 review and the Board undertakes a					
	development.	Board evaluation.					
		• People and Remuneration Committee to meet at least three times annually.					
	Ensure that our staff are	• Continuously improve our annual staff engagement survey score. Act on any					
	engaged with the	matters that require attention as appropriate.					
company's Vision, Purpose		 Continuously improve and maintain the Staff Wellbeing Programme. 					
	and Values.						

Achieving those performance measures marked with '**' are dependent on New Zealand remaining in COVID-19 Traffic Light Levels Orange or Green.

Commented [CC2]: 2026/27 to be updated as budgets finalised.

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 2026/27.

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 vs pre-COVID-19 passenger levels.

PASSENGER NUMBERS (excluding	2019/20	2020/21	2022/23	202 3/24	2024/25	2025/26	2026/27
general aviation)	ACTUAL	ACTUAL	BUDGET				
Domestic	756,656	759,117	859,993	902,992	948,142	995,549	
International	34,232			-	-	-	
TOTAL	790,888	759,117	859,993	902,992	948,142	995,549	
Percentage Increase/(Decrease) from Prior Year	(26.4%)	(4.0%)	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:



	ACTUAL	ACTUAL			BUDGET		
PERFORM ANCE MEASURE	2019/20	2020/21	2022/23	2023/24	2024/25	2025/26	2026/27
	\$000's	\$000′s	\$00 0's	\$000's	\$000′s	\$000's	\$000's
Revenue (includes sundry income)	15,031	14,603	15,924	16,620	17,348	18,111	
EBITDA	6,133	7,393	7,828	8,322	8,855	9,408	
Net Profit after Taxation	3,636	2,083	1,928	2,309	2,853	2,861	
Shareholders' Funds (average)	66,461	70,325	73,292	74269	75,579	76,887	
Cash Flow from Operations	3,563	5,810	5,739	5,921	6,448	7,451	
Capital Expenditure	7,569	918	1,785	525	5	11,175	
Term Loans	14,750	14,750	16,650	12,400	7,400	12,400	
Dividend Paid**	2,372		1,127	1,157	1,386	1,712	

** The dividend Paid is calculated by reference to the prior financial years Net Profit after Taxation, in line with the Dividend Policy outlined in Section 8..

			2019/20	2020/21	2022/23	2023/24	2024/25	2025/26	2026/27
MEASURE	DESCRIPTION	CALCULATION	ACTUAL	ACTUAL			BUDGET		
Profitability/Efficiency									
Return on Assets	The profit a company is able to generate from its assets.	Net profit after tax / Total Assets	3.5%	2.0%	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%	39.6%	41.7%	47.0%	54.4%	54.5%	
Operating Margin	The profitability of the company per dollar of revenue	EBITDA / Revenue	40.8%	50.6%	49.2%	50.1%	51.0%	52.0%	
Leverage/Solvency									
Equity Ratio	The relative portion of the equity used to finance the company's assets.	Total shareholders' funds/ Total assets	66.2%	69.7%	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	14.9	11.2	14.3	22.4	23.8	
Gearing Ratio (net)	The ratio of debt (liabilities on	Net debt / Net debt plus	17.57	17.11	18.43	14.21	8.84	13.80	



			2019/20	2020/21	2022/23	2023/24	2024/25	2025/26	2026/27
MEASURE	DESCRIPTION	CALCULATION	ACTUAL	ACTUAL			BUDGET		
	which a company is required to pay interest) less cash, to debt less cash plus equity	equity							
Shareholders' Return									
Dividend Pay-aut	Proportion of a company's net operating cash flows less allowarce for capital maintenance paid out as a dividend to the sha reholder	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%	3.0%	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 revoluations	Net profit after tax adjusted for IFRS fair value movements (net of tax) / Average of share capital plus retained earnings	12.8%	6.5%	5.5%	6.4%	7.6%	7.3%	

The following are assumptions made throughout the budget:

- The budget assumes 2022-23 passengers of XXX,XXX.
- 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, effective 1 July 2021.

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

Landings/PAX have been assumed to grow by **XX%** for the 2023-24 – 2026-27 forecast periods.



- Runway, apron and taxiway opex and capex forecasts are based on a defined maintenance program. As a result of inspection, our maintenance plan may be subject to change.
- The 2022-23 budget has assumed no change to the current carparking charges.
- Wages and Salaries have been forecast based on a X% yearly increase.
- An interest rate of **X.XX%** (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 2023/24 to 2026/27 is X.X% for each year for both non-aeronautical income and expenditure items apart from landing charges, carpark and garage revenue which grows at X.X% year on year from 2023/24 to 2026/27 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 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

- Annualy 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 in duding -
 - a review of operations,
 - 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; <u>www.dunedinairport.co.nz</u>

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;

Transaction Type

- (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

Dunedin City Council	Rates & Licences
Delta Limited	Maintenance Contracts
Dunedin Venues Management Limited	Corporate Membership
Dunedin City Treasury Limited	Specific Treasury Services



13. COMMERCIAL VALUE OF SHAREHOLDERS INVESTMENT IN THE AIRPORT COMPANY

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

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



DUNEDIN RAILWAYS



DRAFT STATEMENT OF INTENT For the Year Ending 30 June 2023

2022/23 SoI

Dunedin Railways Limited

1 of 7

Attachment H



TABLE OF CONTENT

Tab	le of Content	2
1.	Introduction	3
2.	Objectives	3
3.	Nature and scope of activities	3
4.	Approach to Governance	3
5.	Performance Targets	4
6.	Financial Forecasts	5
7.	Accounting Policies	5
8.	Dividend Policy	5
9.	Commercial Value of Shareholder's investment	6
10.	Transactions with Related Parties	6
11.	Other matters as agreed by the Shareholder and the Board	6

2022/23 SoI

Dunedin Railways Limited

2 of 7

1. INTRODUCTION

Dunedin Railways Ltd (DRL or the Company) previously operated regular tourist train services. The Company is now in hibernation (with limited services), 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 2023 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.

DRL has adopted a target to be net zero carbon by 2030, as a contribution to the Council's goal of achieving net carbon neutrality city-wide by 2030. Over the 2023 financial year we will be building on our existing work to develop a roadmap to 2030. We will engage with our shareholders DCHL and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with the Dunedin City Council to identify alternative or complementary opportunities to contribute to the Dunedin City Council's goal city-wide net zero carbon goal.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 2022/2023, 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.

2022/23 SoI

Dunedin Railways Limited

3 of 7

Attachment H



5. PERFORMANCE TARGETS

Goal	Objective	Performance Targets		
Manage the Hibernation Plan to protect and maintain DRL's assets	Hibernation Plan in place and report against it to the Board.	Hibernation Plan is prepared and reported on to the Board on a quarterly basis.		
Ensure health and safety of our people	Reduce harm to employees and contractors.	Target zero lost time injuries.		
DRL maintains a strategic direction that is consistent with the policies and objectives of the shareholder	Ensure Statement of Intent is consistent with objectives of the shareholder.	A draft 2023/2024 Statement of Intent will be submitted to the shareholder by 1 March 2023.		
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Contribute to Council's Carbon Neutrality initiatives.	Implement DRL's carbon emissions strategy developed in the 2022 financial year and achieve our FY2023 targets.		
		Implement DRL's waste reduction strategy developed in the 2022 financial year and achieve our FY2023 targets.		
		Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.		
		Ensure that all direct employees are paid at living wage or above.		
Communicate with the shareholder on a `no surprises' basis	Consult with the shareholders in a timely manner on DRL strategic or operational matters which could compromise Council's community outcomes.	No such matters that were not escalated to the shareholder in a timely manner.		
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	No such matters that were not reported to the shareholders within 24 hours.		

2022/23 SoI

Dunedin Railways Limited

4 of 7

Attachment H

Attachment H

Statement of Intent 2022/2023

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 30/06/2023	Year ending 30/06/2024	Year ending 30/06/2025
Shareholder's Funds to Total Assets	100%	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 30/06/2023	Year ending 30/06/2024	Year ending 30/06/2025	
Dividend distributions	Nil	Nil	Nil	

Other Financial Forecasts

	Year ending 30/06/2023 \$'000	Year ending 30/06/2024 \$'000	Year ending 30/06/2025 \$'000
EBITDA	(2,140)	(2,140)	0
Net profit/(loss) after tax	(2,150)	(2,150)	0
Cash flow from operations	(2,140)	(2,140)	0
Capital expenditure	0	0	0
Term loans	0	0	0
Shareholder's funds	316	316	316

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.

2022/23 SoI

Dunedin Railways Limited

5 of 7



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 FY2023 and FY2024 operations Functions appropriate between Parent company (DCHL) and subsidiary (DRL)		
Dunedin City Treasury Limited	Debt facility agreement in place.		
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	1	1	✓
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

2022/23 SoI

Dunedin Railways Limited

6 of 7

Attachment H



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 FY2023 and FY2024, 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.

2022/23 SoI

Dunedin Railways Limited

7 of 7

Attachment H



Statement of Intent 2022/2023



DUNEDIN STADIUM PROPERTY LTD

DRAFT STATEMENT OF INTENT

For the Year Ending 30 June 2023

2022/23 SoI

Dunedin Stadium Property Limited

1 of 7

Attachment I



TABLE OF CONTENT

Tab	le of Content	2
1.	Introduction	3
	Objectives	
3.	Nature and scope of activities	3
4.	Approach to Governance	3
5.	Performance Targets	4
	Financial Forecasts	
7.	Accounting Policies	5
8.	Dividend Policy	5
9.	Commercial Value of Shareholder's investment	6
10.	Transactions with Related Parties	6
11.	Other matters as agreed by the Shareholder and the Board	6

Attachment I

2022/23 SoI

Dunedin Stadium Property Limited

2 of 7

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 2023 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.

DSPL has adopted a target to be net zero carbon by 2030, as a contribution to the Council's goal of achieving net carbon neutrality city-wide by 2030. Over the 2023 financial year we will be building on our existing work to develop a roadmap to 2030. We will engage with our shareholders DCHL and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with the Dunedin City Council to identify alternative or complementary opportunities to contribute to the Dunedin City Council's goal city-wide net zero carbon goal.

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 2022/2023, 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.

2022/23 SoI

Dunedin Stadium Property Limited

3 of 7

Attachment |



Goal	Objective	Performance Targets
Forsyth Barr Stadium remains a fit for purpose venue for public and private events	Ensure an Asset Management Plan which enables general use of the stadium, and meets asset warranty and guarantee requirements, is in place.	An Asset Management Plan is in place.
	Ensure the Asset Management Plan remains current and relevant.	The Asset Management Plan is internally reviewed annually, and externally reviewed every three years (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.
Manage debt prudently	Ensure an appropriate debt repayment programme is in place.	A debt repayment programme is in place and reviewed by the Board annually.
DSPL maintains a strategic direction that is consistent with the policies and objectives of the shareholder	Ensure Statement of Intent is consistent with objectives of the shareholder.	A draft 2023/2024 Statement of Intent will be submitted to the shareholder by 1 March 2023.
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Contribute to Council's Carbon Neutrality initiatives.	Implement DSPL's carbon emissions strategy developed in the 2022 financial year and achieve our FY2023 targets.
		Implement DSPL's waste reduction strategy developed in the 2022 financial year and achieve our FY2023 targets.
		Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.
		Ensure that all direct employees are paid at living wage or above.
Communicate with the shareholder on a `no surprises' basis	Consult with the shareholder in a timely manner on DSPL strategic or operational matters which could compromise the Council's community outcomes.	No such matters that were not escalated to the shareholder in a timely manner.
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	No such matters that were not reported to the shareholder within 24 hours.

5. PERFORMANCE TARGETS

2022/23 SoI

Dunedin Stadium Property Limited

4 of 7

Attachment I

Attachment I

Statement of Intent 2022/2023

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	Year ending	Year ending
	30/06/2023	30/06/2024	30/06/2025
Shareholder's Funds to Total Assets	44%	45%	47%

"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 30/06/2023	Year ending 30/06/2024	Year ending 30/06/2025	
Dividend distributions	Nil	Nil	Nil	

Other Financial Forecasts

	Year ending 30/06/2023 \$'000	Year ending 30/06/2024 \$'000	Year ending 30/06/2025 \$'000
EBITDA	5,308	5,039	4,747
Net / (loss) profit after tax	(2,708)	(2,708)	(2,708)
Cash flow from operations	3,298	3,108	2,967
Capital expenditure	1,790	934	1,200
Term loans	79,240	74,820	70,800
Shareholder's funds	64,073	63,615	63,157

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.

2022/23 SoI

Dunedin Stadium Property Limited

5 of 7



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

2022/23 SoI

Dunedin Stadium Property Limited

6 of 7

Attachment I



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.

2022/23 SoI

Dunedin Stadium Property Limited

7 of 7

Attachment |







dunedín

venues

Attachment J

TABLE OF CONTENT

		Page
1.	Introduction	3
2.	Purpose of the Statement of Intent	3
3.	Objectives	3
4.	Nature and Scope of Activities	4
5.	Corporate Governance	5
6.	Performance Targets and Other Measures	6-9
7.	Financial Forecasts	10
8.	Accounting Policies	11
9.	Information Provided to the Shareholder in the Financial Reports	11
10.	Dividend Policy	12
11.	Acquisition/Divestment of Assets or Shares in a Company or Organisation	12
12.	Compensation Sought	12
13.	Commercial Value of Shareholder's Investment	12
14.	Other Matters as Agreed by the Shareholder and the Board	13
15.	Transactions with Related Parties	13
16.	Group Facility Use	14
17.	Working with the Shareholder DRAF	14



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 (SoI) sets out DVML's planned activities and financial forecasts for the next three years. It includes performance measures and targets which form the basis of DVML's organisational accountability and will be reported on in DVML's 2023 Annual Report. This SoI 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):

- a) Achieve the objectives 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 of the 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; and
- d) To conduct its affairs in accordance with sound business practice.

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.

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.









4. Nature and Scope of Activities

The principal activities of DVML are to:

- Source and secure events for all venues under its management that delivers commercial and economic returns for the company and the region.
- 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.

In the 2023 financial year DVML will provide input to potential development on the Forsyth Barr Stadium site as required, and will continue to deliver agreed outcomes for Dunedin Railways' hibernation operations.

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.







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



Adam La Hood



Joanne Conroy



Dylan Rushbrook







6. Performance Targets and Other Measures

dunedin

Goals	Objectives	Performance Measures
Naintain business continuity within required Ministry of Health guidelines uring a Pandemic.	Maintain a Pandemic Response that ensures business continuity and staff work in a safe and secure environment.	Manage and implement Government and Ministry of Health guidelines as set out in New Zealand's COVID-19 traffic light system. Ensure all staff ha access to required systems in the event they are not able to work in the office.
o make safety DVML's first priority and provide a safe environment.	Review the Safety and Wellness management system and improvement plan with the Safety and Wellness Committee annually.	Safety and Wellness management system and improvement plan is reviewed. Opportunities for improvement and corrective actions are prioritised and actioned.
	Work with Dunedin Venues staff, Contractors and Service Providers to ensure adequate training is provided to eliminate, where possible, or minimise risk across all venues.	Workplace, Contractor and Event inspections completed and show no breaches of agreed procedures. Only inducted Contractors gain entry int venues.
	Report on Safety and Wellness management and provide statistical data to the Board monthly.	An Incident Frequency Rate Events (IFRE) < 0.05% of the total number of event attendees across all 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 work
	Provide staff education and training to support awareness and legislative requirements under the Health and Safety Work Act 2015.	Staff training is relevant, current and meets current legislative requirement
	Complete annual internal auditing programme, with external auditing verification bi-annually.	Audits completed as per programme and show no critical non-complianc Opportunities for improvement and corrective actions are prioritised and completed. External verification audit scheduled for FY2024.
p meet all of DVML's statutory obligations.	Meet and maintain all statutory, regulatory and resource consent requirements.	No material breaches of legislation.
	Facilities and infrastructure are maintained as fit for purpose and in accordance with the approved current Asset Management Plan.	No material breaches of KPI's as set out in the approved current Asset Management Plan section 4.4.3.
	Report on facilities indicators and provide statistical data to the monthly board reports.	Reports are provided within deadlines and data is acted upon.

Item 9

ltem 9

dunedín

Attachment J

		venues		
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 (Insofar as events are deliverable).	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 enhance the sense of value that DVML delivers to its Members.	Members feel valued, engaged and receive exceptional service through enhanced offerings.	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.		

DRAFT

6. Performance Targets and Other Measures contd

dunedín

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.	Initiate opportunities to speak to the community, stakeholders and interested organisations	Senior management conduct a minimum of five speaking engagements.		
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives.	DVML has adopted a target to be net zero carbon by 2030. Over 2023 financial year we will be building on our existing work to develop a roadmap to 2030. We will engage with our shareholders DCHL and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions.	Implement DVML's carbon emissions strategy developed in the 2022 financial year and achieve our FY2023 targets. Implement DVML's waste reduction strategy developed in the 2022 financial year and achieve our FY2023 targets, which will include specific measures relating to the use of single use cups. Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.		
	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).		
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.		

DRAFT



6. Performance Targets and Other Measures contd

HUMAN RESOURCES (DCC Strategic Framework Accountabilities – Social and Wellbeing)				
Goals	Objectives	Performance Measures		
To support and sustain a workplace that encourages and enables individuals as well as teams to grow and develop, providing high levels of satisfaction and a strong sense of wellbeing.	Recognise and review staff performance. Ensure staff are engaged with the company vision, purpose and values. Continue to provide wellness support.	Performance reviews are conducted with all staff at least every six months, implement any training, improvements, and recommendations as appropriate. Conduct a confidential staff annual engagement survey acting on outcomes as appropriate. Provide quarterly 'pop up' staff wellness sessions on various topics of interest. Ensure that all direct employees are paid at living wage or above.		

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.		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 he sithe potential to implect nee atively on DCHL and DVML with a particular focul on reacting or 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.



7. FINANCIAL FORECASTS

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

	Year ending 30/06/2023	Year ending 30/06/2024	
Shareholder Funds to Total Assets	8%	14%	17%

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.

"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 30/06/2023	Year ending 30/06/2024	
Dividend/Subvention	Nil	Nil	Nil
Distributions	T NIT	TNII .	TNU .

c. Other Financial Forecasts.

	Year ending 30/06/2023 \$'000	Year ending 30/06/2024 \$'000	Year ending 30/06/2025 \$'000
EBITDA	\$2,560	\$3,779	\$2,650
Net Profit after Tax	\$85	\$915	\$168
Cash Flow from Operations	\$2,859	\$4,659	\$1,755
Capital Expenditure	\$1,700	\$350	\$400
Term Borrowings	\$Nil	\$Nil	\$Nil
Shareholder Funds	\$1,411	\$2,620	\$3,004
			RAT





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)	DRA	ET	Prior to 30 June





10. DIVIDEND POLICY

DVML's current policy is not to pay dividends.

DVML wishes to maintain an optimal capital structure and every three years will review that structure to determine whether additional capital can be released and whether changes need to be made to the Dividend Policy.

DVML's retention of cash is important:

- a) in an environment where future cashflow remains uncertain as a result of Covid-19 restrictions.
- b) to continue DVML's asset replacement program.
- c) to provide the ability to bid for major events.

11. ACQUISITION/DIVESTMENT OF ASSETS, OR SHARES IN ANY COMPANY OR ORGANISATION

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

If the directors intend that DVML or its subsidiaries should acquire assets, they will obtain prior approval of DCHL where an investment into the new assets exceeds \$500,000. For the purpose of this section "Asset(s)" includes a group of assets similar in type, cost and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the directors intend that DVML or its subsidiaries should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) exceeding a total investment of \$500,000 they will obtain prior approval of DCHL.

The approval of DCHL is required before disposal by DVML of any segment of its business or shares in a subsidiary or associate company where the value of the asset to be disposed of exceeds the investment delegated authority of \$500,000.

12. COMPENSATION SOUGHT

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

13. COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

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

This will be considered annually when the SoI is completed.







14. OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD

a) The approval of DCHL is also required before DVML could dispose of any segment of its business or shares in a subsidiary or associated company where the value of the asset to be disposed of exceeds the investment delegated authority set out in Section 11 above.

15. TRANSACTIONS WITH RELATED PARTIES

The DCC is the sole shareholder of DCHL.

DCHL is the sole shareholder in Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited (DCTL), Dunedin Railways Limited, Dunedin Venues Management Limited and Dunedin Stadium Property Limited.

DCHL owns 50% of Dunedin International Airport Limited.

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

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

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

Related Party Transactions

Dunedin City Council	DCC rates for properties leased by DVML.		
	Event Attraction Fund and Community Access Grant.		
	Occupancy of DCC owned property.		
	Provision of services.		
Dunedin City Treasury Limited	Provision for debt funding and deposit facilities to DVML generating interest payments to and from DCTL.		
Dunedin Stadium Property Limited	Lease of property to DVML. Provision of facility management services.		
Dunedin Railways Limited	Provision of management services.		
Dunedin City Holdings Limited	Functions and the second subsidiary.		





16. GROUP FACILITY USE

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

17. WORKING WITH THE SHAREHOLDER

DVML will undertake to keep DCHL informed of all substantive matters, as set out in the performance measures above. DVML will work to build a culture of accountability and constructive working practices between DCHL and DVML.

It is expected that any conflicts that may arise between DCHL and DVML will be resolved directly between DCHL and DVML, in accordance with appropriate governance practices.

DVML will not accept sponsorship or award naming rights to companies involved in activities deemed to be inconsistent with DCC's ethical position.











16 December 2021

The Board of Directors Dunedin City Holdings Ltd PO Box 5045 Dunedin 9054

Dear Directors

LETTER OF EXPECTATIONS FOR THE YEAR ENDING 30 JUNE 2023

- This Letter of Expectations (the Letter) outlines the matters the Dunedin City Council (DCC) expects the board of Dunedin City Holdings Ltd (DCHL) to address in the business planning process for the 2022/2023 financial year.
- 2. The Letter is intended to create an opportunity for DCHL and DCC to have strategic alignment through enhanced communication and engagement.
- It is anticipated that you will share the contents of the Letter with DCHL's subsidiary and associate companies, and that those companies will adhere to the principles and direction given.

DCHL purpose

- 4. 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.
- DCHL's purpose is to achieve for Dunedin the best from its investments and provide leadership and oversight of its subsidiary and associated companies on behalf of the ultimate Shareholder, the Dunedin City Council.
- 6. DCHL is responsible for setting the strategic direction of Dunedin City Council's CCOs 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.
- 7. DCHL's Statement of Intent lists its current objectives as:
 - Enhance the value of the DCC's assets and investments for future generations
 - Sustainably grow the value of the DCC's investments
 - Provide a sustainable dividend for the DCC
 - Contribute to the DCC's goals for the city



Focus for the 2023 financial year

- 8. In the 2023 financial year, we expect DCHL to continue with its purpose of achieving for Dunedin the best from its investments. We specifically expect DCHL to:
 - continue its transition to a more active investor approach, with richer analysis and strategic thinking supporting discussions with Council about the composition and direction of the portfolio and how this is (or is not) aligned to the Shareholder's objectives;
 - continues to ensure each company measures and reports its carbon footprint and sets emission reduction targets and strategies for the future so as to contribute to Council's goal of reducing Dunedin's carbon emissions to net zero by 2030;
 - continue to work with DCC on progress towards adopting living wage policies.

Climate Change

- The Council is committed to addressing climate change including the impact of DCHL's activities on the environment, the need to build resilience and understand and manage risk.
- 10. The Council has set a target to be net zero carbon by 2030 for its activities. The Council is taking a leadership role on this matter and is asking all members of its wider group to also adopt this target, with the focus being on reducing greenhouse gas emissions and then offsetting any residual amount.
- 11. The Council notes that DCHL is committed to this but asks the DCHL group to review its activities and advise Council how the DCHL group will contribute to the Council's zero carbon work programme.
- 12. The Council acknowledges some of DCHL's subsidiaries face challenges that are not easily addressed, at least in the short term. The Council supports the approach that DCHL is taking to become net carbon neutral as a group initially. However, DCHL must not lose sight of the goal of each company achieving the 2030 target; this is what the Council will report progress against publicly.
- 13. We would like DCHL to provide ongoing reporting including the extent to which the DCHL group itself may be able to reduce emissions, the challenges to which solutions are not readily apparent or available and the potential cost of offsetting residual emissions.

General expectations of DCHL

- We also require DCHL and subsidiary and associate companies to:
 - Manage operations in accordance with company constitutions, Statements of Intent and relevant legislation
 - Be cognisant of the political context in which they operate, and recognise that Council is accountable to the community for DCHL group companies' performance
 - Observe the practice of "no surprises"
 - Ensure best practice governance for all companies
 - Be transparent and accountable, including compliance with Local Government Official Information and Meetings Act 1987 (LGOIMA) and information disclosure policies
 - Ensure health and safety is a top priority across the group, and that appropriate policies and structures are in place to support this

14.



- Act within investment and divestment approval thresholds defined in Statements of Intent
- Obtain all debt funding from Dunedin City Treasury Ltd (DCTL)
- · Use the group insurance broker and tax advisor appointed by Council
- Comply with group-wide considerations in DCC's Procedure for the Appointment and Remuneration of Directors of DCHL
- Seek opportunities for companies to contribute to Council's Strategic Framework.

Dividends and debt

- 15. DCHL's current 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.
- 16. The dividend policy between Council and DCHL needs to achieve a greater level of certainty and transparency when it comes to dividend payments and retentions.
- 17. Council acknowledges that the group needs to retain cash for reinvestment in their various businesses as well as for debt servicing and repayment. The Council however wishes to have a Group wide view of where debt and debt servicing is best placed and wants to work proactively with DCHL to ensure the capital needs of the group, debt financing and repayment obligations and distributions available to the Council are mutually acceptable and effective for all.
- 18. The outcome from this would then be a clear statement of dividend policy of DCHL as parent and the subsidiary companies in each Statement of Intent.

Group Investment Plan

- 19. Council also wishes to be more active shareholder and intends to develop an investment plan for all its investment assets. This work will be led by Council but the expectation is that DCHL will fully engage with the process and provide whatever support and resource is necessary to assist with the development in the group wide investment plan.
- 20. The aim would be to complete this work in time for inclusion in the Council's next 10 year plan.

Reports

21. Council requests that the DCHL Group standardises financial reporting from each company, including content and presentation of financial information in the Statements of Intent.

Working with DCC

22. We expect DCHL to keep Council informed as to companies' financial performance and progress towards achieving the goals set in the Statements of Intent.

23. We require DCHL to provide:

- Quarterly updates to the Finance and Council Controlled Organisations Committee
- Half-yearly and Annual Reports in accordance with the Local Government Act 2002
- A two-monthly update to DCC's Audit and Risk Subcommittee on DCHL/DCTL Audit and Risk Activity
- Briefings for Councillors on matters of significance as required.
- 24. We also expect DCHL to invite the Mayor, Deputy Mayor, Chair of the Finance and Council Controlled Organisations Committee, DCC Chief Executive and Chief Financial Officer to a session with the DCHL board meeting each quarter, to review the achievement of financial targets and other performance measures identified in the Statement of Intent (Sol).

Next steps

- 25. The Letter of Expectations forms the basis for the development of your Statement of Intent for the year ending 30 June 2023.
- 26. Draft Statements of Intent of DCHL Group companies are due to be delivered to Council on or before 1 March 2022. Your Sol should reflect the Letter of Expectations and comply with the requirements of the Local Government Act (see s64 and Schedule 8).
- 27. We look forward to working with you in the coming financial year and the Group Investment Plan and other matters. Please contact me if you have any queries relating to this letter or Council's expectations of DCHL.

Yours sincerely

Aaron Hawkins Mayor of Dunedin

DUNEDIN CITY HOLDINGS LIMITED PARENT FINANCIALS - YEAR ENDED 30 JUNE 2021

Department: Executive Leadership Team

EXECUTIVE SUMMARY

1 This report provides the financial results for the year ended 30 June 2021 and the financial position as at that date for the Dunedin City Holdings Limited parent company.

\$ Million	Actual	Budget	Variance	Last Year
Revenue	10.310	6.560	3.750	F 7.732
Expenditure DRL Impairment	(7.907) -	(8.118)	(0.211)	J (7.606) (5.322)
Net Surplus/(Deficit) =	2.403	(1.558)	3.961	F <u>(5.196)</u>
Revenue				
Dividend Aurora Energy Dividend City Forests Dividend Delta Utility	8.200 1.750	4.200 1.750	4.000	F 4.500 1.500
Dividend Subsidiaries	9.950	5.950	4.000	F 6.000
Dividend DIAL Group Management Fees Other Revenue	0.360	0.250 0.360 -	(0.250) (- -	U 1.186 0.546 -
Total Revenue	10.310	6.560	3.750	F 7.732

RECOMMENDATIONS

That the Committee:

a) **Notes** the Financial Performance for the year ended 30 June 2021 and the Financial Position as at 30 June 2021 for Dunedin City Holdings Limited Parent Company.

BACKGROUND

2 This report provides a commentary of the financial performance of Dunedin City Holdings Limited (Parent) for the year ended 30 June 2021 and the financial position as at that date.

DISCUSSION

- 3 The net surplus for the year was \$2.403 million or \$3.961 million better than budget.
- 4 The favourable result was driven by a higher than expected dividend from City Forests Limited.
- 5 Note that the 2020 deficit included an impairment of the investment held in Dunedin Railway Limited following a capital restructure of that company.
- 6 Investment in Subsidiaries as at 30 June was represented as follows:

	Budget	Last Year
57.400	57.400	57.400
91.725	91.725	91.725
17.000	17.000	17.000
0.100	0.100	0.100
0.450	-	0.450
124.929	124.929	122.679
3.660	3.660	3.360
295.264	294.814	292.714
	91.725 17.000 0.100 0.450 124.929 3.660	91.725 91.725 17.000 17.000 0.100 0.100 0.450 - 124.929 124.929 3.660 3.660

OPTIONS

7 Not applicable.

NEXT STEPS

8 Not applicable.



Signatories

Authoriser:	Gavin Logie - Chief Financial Officer

Attachments

	Title
<mark>.∏</mark> A	DCHL Parent Financial Statements 30.06.2021

Page 166



DUNEDIN CITY HOLDINGS LIMITED Statement of Financial Performance For the Year Ending 30 June 2021 Amount : \$'000					
REVENUE	Full Year Actual	Full Year Budget	Full Year Variance		LY Full Year Actua
Dividends Dunedin International Airport	-	250	250	U	1,186
Dividends Subsidiaries	9,950	5,950	4,000	F	6,000
Other Operating Revenue	360	360	-		546
Interest Income	-	-	-		
TOTAL REVENUE	10,310	6,560	3,750	F	7,732
EXPENDITURE					
Directors Fees	386	349	37	U	322
Fees & Levies	207	357	150	F	187
General Expenses	11	26	15	F	15
Interest Term Borrowings	652	873	221	F	664
Interest Shareholder Advance	5,902	5,902	-		5,902
Management Fees	749	611	138	U	510
Impairment of DRL Investment	-	-	-		5,32
TOTAL EXPENDITURE	7,907	8,118	211	F	12,928
NET SURPLUS (DEFICIT)	2,403	(1,558)	3,961	F	(5,196



Statement As at	Y HOLDINGS LIMI of Financial Positic 30 June 2021 iount : \$'000		
	As at 30-Jun-21	Budget 30-Jun-21	As at 30-Jun-20
Current Assets			
Cash and Deposits	23	25	35
Sundry Debtors	764	605	617
Total Current Assets	787	630	652
Non Current Assets			
Investments Subsidiaries	295,264	294,814	292,714
Investments Associates	4,400	4,400	4,400
Total Non Current Assets	299,664	299,214	297,114
TOTAL ASSETS	300,451	299,844	297,766
Current Liabilities			
Sundry Creditors	-	-	-
Accrued Expenditure	121	280	95
Derivative Financial Instruments	-	-	-
Total Current Liabilities	121	280	95
Non Current Liabilities			
Term Loans	21,740	25,281	24,495
Shareholder Advance	112,000	112,000	112,000
Other Non-Current Liabilities	-	-	-
Total Non Current Liabilities	133,740	137,281	136,495
TOTAL LIABILITIES	133,861	137,561	136,590
COMPANY EQUITY	166,590	162,283	161,176
	300,451	299,844	297,766
Statement of Change in Equity			
Opening Balance	161,176	160,744	163,498
Operating Surplus (Deficit)	2,403	(1,558)	(5,196)
Income Tax	461	547	324
Capital Injections	2,550	2,550	2,550
Adjustment Derivatives	-	-	-
Dividend	-	-	-
	166,590	162,283	161,176



DUNEDIN CITY HOLDIN Statement of Cas For the Year Ending 30 Amount : \$'00	hflows 0 June 2021		
	Full Year Actual	Full Year Budget	LY Full Ye Actual
Cash Flow from Operating Activities			
Cash was provided from operating activities			
Other Revenue	176	498	5
Income Tax Refund	531	346	1
Interest Received	551	540	1
Dividend Received	- 9,950	6,200	7,1
Difficility (Converting)	5,550	0,200	,,1
Cash was applied to			
Suppliers and Employees	(1,345)	(1,367)	(1,0
Interest Paid	(6,569)	(6,611)	(6,5
Net Cash Inflow (Outflow) from Operations	2,743	(934)	2
Cash Flow from Investing Activities			
Cash was provided from investing activities:			
Reduction in Investments	-	-	
Cash was applied to:			
Increase in Investments	(2,550)	(2 550)	(7 5
Increase in Investments	(2,550)	(2,550)	(7,5
Net Cash Inflow (Outflow) from Investing Activity	(2,550)	(2,550)	(7,5
Cash Flow from Financing Activities			
Cash was provided from financing activities:			
Loans Raised	5,820	1,320	8,5
Equity Injections	2,550	2,550	2,5
Cash was applied to:			
Loans Repaid	(8,575)	(390)	(3,8
Dividends Paid	-		
Net Cash Inflow (Outflow) from Financing Activity	(205)	3,480	7,2
Total Increase/(Decrease) in Cash	(12)	(4)	
Opening Cash and Deposits	35	29	
Closing Cash and Deposite		25	
Closing Cash and Deposits	23	25	

DUNEDIN CITY HOLDINGS LIMITED GROUP COMPANIES - INTERIM REPORTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

Department: Executive Leadership Team

EXECUTIVE SUMMARY

1 Please find attached the interim reports for the six months ended 31 December 2021 for the Dunedin City Holdings Limited (DCHL) Group Companies.

RECOMMENDATIONS

That the Committee:

a) **Notes** the Dunedin City Holdings Limited Group Companies Interim Reports for the six months ended 31 December 2021.

BACKGROUND

2 Not applicable.

DISCUSSION

3 Not applicable.

OPTIONS

4 Not applicable.

NEXT STEPS

5 Not applicable.

Signatories

Author:	Gavin Logie - Chief Financial Officer
Authoriser:	



Attachments

	Title	Page
₽	DCHL Cover Report	171
<mark>↓</mark> B	Aurora Energy Ltd - half yearly report to 31 December 2021	174
<u>↓</u> C	City Forests Ltd - half yearly report to 31 December 2021	194
Ū₽	Delta Utitily Services Ltd - half yearly report to 31 December 2021	216
<u></u> €	Dunedin City Holdings Ltd Group - half yearly report to 31 December 2021	236
<u>.</u> ↓F	Dunedin City Treasury Ltd - half yearly report to 31 December 2021	262
ŪG	Dunedin International Airport Ltd - half yearly report to 31 December 2021	279
<u>.</u> 1	Dunedin Railways Ltd - half yearly report to 31 December 2021	289
<u>↓</u> I	Dunedin Stadium Property Ltd - half yearly report to 31 December 2021	301
<u>1</u> 1	Dunedin Venues Management Ltd - half yearly report to 31 December 2021	314



TO:

DUNEDIN CITY	HOLDINGS LI	MITED

NGS LIMITED	Report
Dunedin City Council	
Keith Cooper, DCHL Chair	

FROM:	Keith Cooper, DCHL Chair Jemma Adams, General Manager DCHL
DATE:	28 February 2022
SUBJECT:	2021/2022 Interim Reports of DCHL Group companies

SUMMARY

This report accompanies the 2021/2022 Interim Reports of Dunedin City Holdings Ltd (DCHL) and its subsidiary and associate companies, for noting by Dunedin City Council.

BACKGROUND

- 1. The Local Government Act 2002 (the Act) requires that Council Controlled Organisations (CCOs) deliver to its shareholders a half-yearly report within two months after the end of the first half of each financial year.
- 2. This report accompanies the Interim Reports for the Six Months Ended 31 December 2021 (the Interim Reports) of:
 - Dunedin City Holdings Ltd (DCHL)
 - Aurora Energy Ltd (Aurora Energy)
 - City Forests Ltd (City Forests)
 - Delta Utility Services Ltd (Delta)
 - Dunedin International Airport Ltd (DIAL)
 - Dunedin City Treasury Ltd (DCTL)
 - Dunedin Railways Ltd (DRL)
 - Dunedin Stadium Property Ltd (DSPL)
 - Dunedin Venues Management Ltd (DVML).
- 3. Interim Reports are adopted and signed by company boards. They are provided to Dunedin City Council (Council) for **noting**.
- The Act requires Council to publish the Interim Reports online within one month of receiving them.



DISCUSSION

Scope of Interim Reports

- Interim Reports must include the information required to be included by each CCO's 5. Statement of Intent (SoI). For most CCOs1, that entails:
 - Key financial performance indicators;
 - Statements of financial performance, financial position, cash flows, movements in equity, and notes to those statements;
 - Statement of Service Performance against SoI targets; and
 - Directors' Report.

Financial results

- The financial results for this reporting period are broadly in line with budget projections. 6. Overall, the Group recorded a pre-tax profit of \$6.878 million.
- Total revenue is in line with budget and higher than the same period last year due to the 7. impact of Covid-19 during the prior year. Across the Group operating costs are lower than the same period last year, due to reduced cost of borrowing and a conscious effort to reduce costs.
- 8. Individual company results are summarised at high level below. Results are reported in context of the same period from the prior year, and the full year results from the prior year. They are not reported against a budget comparative, but this is typically covered in the report's commentary.
- Aurora Energy is ahead of its financial targets for the year, recording a net profit after g tax of \$6.9 million for the period, compared with a budgeted \$2.5 million. Higher than anticipated revenue was driven by strong customer connections and use of system revenue (excluding pass-through costs), with lower operating expenses than expected. Aurora Energy's capital expenditure for the period was \$36.0 million.
- City Forests recorded a weaker result than the same period in the previous year (\$4.0 10. million profit after tax, compared with \$4.94 million in the same period in FY21). This reflects weaker log export trading conditions, which the company maintains a watching brief on. The market value of carbon credits held by the company experienced a marked increase over the period.
- 11. Delta reported a net profit after tax lower than the same period in the previous year as a result of the impact of the Covid-19 Level 4 lockdown on operations during the period. Delta's forward workload remains strong with several large contracts commencing during the period. Delta's Interim Report also notes the company's historic debt related to infrastructure services provided for the Yaldhurst Village subdivision was repaid in full in September 2021.
- 12. DCTL recorded a result similar to the same period in the previous year, as expected.
- Unsurprisingly, Covid-19 continues to impact DIAL. The company's financial results are 13. behind budget, and behind the same period in the previous year, driven largely by a decrease in passengers impacting on both aeronautical and non-aeronautical revenue.

Page 2 of 3

¹ As an associate company, Dunedin International Airport Ltd's (DIAL's) Interim Report requirements are a little different. DIAL reports a financial review, aircraft and passenger activity and commentary on any matters relating to the performance of the company.

- 14. **DRL** made a loss of \$719,000 during the period to 31 December 2021, as expected. The company has been funded by way of equity contributions from DCHL, in line with Council instructions. DRL operated 13 passenger services in the period.
- 15. **DSPL's** results for the period were consistent with expectations and with the same period last year.
- 16. Covid-19 also continues to impact on **DVML's** operations, with a number of planned events cancelled in the six-month period. DVML recorded a loss of \$614,000 over the period, compared with a loss of \$273,000 in the same period in the previous year.

Dividends

17. DCHL parent entity received \$5.1 million in dividends during the six-month period (\$3.8 million from City Forests Ltd, \$1.0 million from Delta and \$0.3 million from Dunedin International Airport Ltd). This income will be applied to paying \$5.9 million to Council as interest on its shareholder's advance, and funding Dunedin Railways in line with Council instructions.

Other results

18. Each company's report highlights achievements (financial and non-financial) and activities undertaken over the six-month period. Interim Reports also include a Statement of Service Performance which reports progress towards each company's non-financial performance measures as set in their Statement of Intent. DCHL is comfortable with progress of each company in this regard.

NEXT STEPS

- 19. The Interim Reports are presented for Council to **note**.
- 20. DCHL proposes adding the Interim Reports to the DCHL section of Council's website once they have been noted by Council.

Keith Cooper Chair

Jemma Adams General Manager

Page 3 of 3



Aurora Energy Limited

Interim Report

For the Six months ended

31 December 2021



Aurora Energy Limited

Contents	Page
Directors' Report	2
Statement of Comprehensive Income	6
Statement of Changes in Equity	7
Balance Sheet	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directory	17
Attachment	
Statement of Service Performance	18



Aurora Energy Limited

Directors' report

The Directors of Aurora Energy Limited are pleased to present their report for the six months ended 31 December 2021.

Review of operations

Aurora Energy owns and operates the electricity network in Dunedin, Central Otago and Queenstown Lakes. We own the poles, lines and equipment that distribute electricity from Transpower's national grid to more than 92,000 homes, farms and businesses. Aurora Energy is responsible for maintaining and renewing infrastructure, and the safety and reliability of electricity supply is a critical driver across all elements of our business.

Aurora Energy is a wholly owned subsidiary of Dunedin City Holdings Limited, which is in turn owned by Dunedin City Council. Our key industry sector regulators are the Commerce Commission and the Electricity Authority.

Highlights for Six Months ended December 2021

- Completion of the Harbour Crossing submarine cable project, lifting the resilience of power supply to the Otago Peninsula
- Our community update, Your Network Your News, was distributed to 68,500 households
- We were placed 'Top of the class' in September, when the Electricity Authority released its pricing scorecards for New Zealand's 29 electricity distribution businesses
- We launched Phase 1 of our new Asset Management System (AMS)
- We consulted with the public on proposed changes to electricity distribution pricing. We want to
 reform our approach so it supports NZ's drive towards electrification and decarbonisation

Safety and Risk

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

We had a successful H&S review in August and our Public Safety Management System was found to be effectively implemented in accordance with NZS 7901.

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

We continue our internal focus on the health, safety and wellbeing of our staff. The Health and Safety team worked closely with the Wellbeing team on the following:

- A group of Health and Safety and Wellbeing team members completed Good Yarn training. This is an
 initiative with a focus on increasing mental health literacy across the business
- Walking and Activity challenge across both Dunedin and Central Otago. This was an initiative to
 encourage staff to get active by having a friendly competition to see who could walk, ride and bike
 the most of 46 specified tracks
- We continue to support the "White Ribbon" campaign against domestic violence and we are working towards accreditation
- Planning began for the 2022 Staff Health Event, with multiple speakers booked in to talk about various health issues

As an essential service provider, it is vital we are well prepared to respond to emergency situations that can disrupt electricity supply, such as major storms or earthquakes. Nine Aurora Energy staff members attended a two-day Coordinated Incident Management Systems (CIMS) training course in December. An emergency response desk-top training exercise was also held in December, to test our preparedness for an emergency event. The scenario utilised in the desk-top training was a fire and the operations and communications team were involved in the exercise.



Review of operations continued

Network reliability

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

We are pleased to report that our planned and unplanned SAIDI and SAIFI performance for the 9 months ended December 2021 are tracking favourably against reliability limits approved for the current regulatory year.

Network investment

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

We have launched Phase one of our Asset Management System (AMS), which will systemise our longterm asset management solution and deliver benefits for both Aurora Energy and our customers by having a single source of asset data that will help us manage our strategic assets more efficiently.

Backup electricity supply for Clyde advanced with a new 11kV line installed between Alexandra and Clyde, allowing the Alexandra network to take on Clyde township power when required.

New switchgear and protection equipment was installed in the Ettrick substation, which has improved the supply of electricity to the community.

In September, we completed the Harbour Crossing project, which involved removing six old lattice towers and overhead lines between Port Chalmers and Portbello and an old submarine cable, and replacing them with new submarine cables.

In December we completed a major piece of work on the electricity network that supplies Albert Town, Camp Hill, Hāwea Flat, Lake Hāwea and Makarora. This involved cutting power supply to over 1500 customers for ten hours, which is a larger and longer outage than usual. We engaged proactively with customers in relation to this planned outage and by bundling the work we were able to reduce the overall number of supply interruptions needed. This is an approach we intend to replicate on other large projects moving forward.

Planning for the \$6 million Arrowtown Ring Upgrade is progressing, with this project due to commence in April 2022.

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

Customised price-quality path (CPP)

As part of our CPP approval, we are required to report publicly on the delivery of our CPP.

By 31 March 2022, we will have disclosed a development plan, which will detail the improvement actions we plan to take throughout our CPP period relating to voltage quality, customer engagement on our customer charter, planned interruptions, asset management, asset data quality, quality assurance and cost estimation. We will also disclose a project and programme delivery plan, which will detail the projects and programmes we expect to deliver during the CPP period, along with a safety delivery plan, which will outline how the projects and programmes we plan to deliver are expected to reduce our network safety risk.

The first of our Annual Delivery Reports, which will detail how we have performed during the previous regulatory year, will be published by 31 August 2022.

Customers

Improving customer experiences and our engagement with customers and stakeholders continues to be a key priority for Aurora Energy.

We distributed our bi-annual community update, 'Your Network, Your News' to 68,500 households across our network in November, to provide an update on upgrades to the electricity network and share news on our sustainability focus and community support.

We have commenced a customer satisfaction survey by conducting 10 in-depth interviews with business and residential customers about their experiences with and knowledge of Aurora Energy. A similar survey will be undertaken in early 2022 with around 700 participants. This will be repeated each year to measure progress and inform our decision-making about how we can best meet our customers' needs.

Review of operations *continued*

We are making progress on the Outage Management System (OMS), which will improve our visibility and oversight of faults on the network, therefore improving the information we can provide to customers about unplanned outages.

New connections

Simple connection processes have now been automated, with 3,872 jobs in 2021 being processed through the system. The Aurora Energy Capital Contribution Policy was simplified in 2021, with a new rate card introduced to contractors that is easier to understand and use.

A team re-structure has enabled the creation of hybrid connections processing roles to ensure all connection applications can be administered in a timely manner. The contracting market for customer connections has continued to mature and capacity has been built to ensure we have service providers across the region as strong growth continues in the new housing and property development market.

Financial results

Our financial results exceeded performance targets for the reporting period.

The company recorded a net profit after tax of \$6.9 million for the six months to 31 December 2021, compared with a budgeted profit after tax of \$2.5 million.

Total revenue of \$63.9 million (HY20: \$58.2 million) was \$5.7 million higher than for the same period last year, driven by strong customer connections. HY21 use of system revenue (excluding pass-through costs) was \$4.4 million higher and other income (including customer contributions) was \$1.4 million higher than for the same six months last year.

Operating expenses (including network management, operations and maintenance) decreased by \$2.4 million to \$55.1 million (HY19: \$57.5 million) due to lower network maintenance and CPP application costs.

Asset additions were \$31.0 million (HY20: \$30.3 million) for the six-month reporting period.

Aurora Energy continues to fund its investment programmes through a combination of operating cash flows and term borrowings from Dunedin City Treasury Ltd. Term borrowings increased by \$9.9 million, from \$389.7 million as at 30 June 2021, to \$399.6 million at 31 December 2021.

Leadership

We welcomed Simon Clarke and Stephen Lewis to the Board after Brenden Hall's retirement as of 30 June 2021.

Matt Settle was appointed acting General Manager Operations and Network Performance following John Campbell's retirement in August 2021.

The Board thanks all Aurora Energy staff and contractors for their ongoing commitment and dedication during the last six months, as Aurora Energy continues to make major network upgrades and ongoing business improvements.

Dividends

No dividends were declared and paid during the period.

Events after balance sheet date

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

At the date of signing this Interim Report the Covid-19 Omicron variant had just been reported in the Queenstown and Dunedin regions. The Company has developed plans to mitigate the impact of Covid-19 on its activities and we are continuing to monitor this latest situation.



Statement of responsibility

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

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

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

The Directors of Aurora Energy Limited have pleasure in presenting the interim unaudited financial statements, set out on pages 6 to 16, for the six months ended 31 December 2021 and authorises them for issue on 11 February 2022.

hom A .

Stephen Thompson Chairman

 \leq

Margaret Devlin Director



Aurora Energy Limited

Statement of Comprehensive Income For the Six months ending 31 December 2021

	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Audited full year to 30 Jun 2021 \$'000
Operating revenue	63,913	58,216	116,254
Interest revenue Total revenue	63,913	58,216	116,254
Audit fees	88	78	167
Bad debts written off	-	75	105
Directors remuneration & disbursements	156	158	325
Depreciation	11,666	10,858	22,370
Employee expenses	7,814	7,897	15,410
Interest	5,311	5,494	10,658
Increase (decrease) in provision for doubtful debts	<i>6</i> 0	, - -	(165)
Lease expenses-short term	60	13	100
Loss (gain) on sale / disposal of fixed assets	28	311	979
Network operations and maintenance	8,562	9,337	19,610
Transmission charges	15,514	15,609	30,310
Other operating expenses	5,830	7,642	14,732
Total expenses	55,089	57,471	114,601
Profit before tax	8,824	745	1,653
Income tax expense	1,882	284	972
Net profit after tax	6,942	461	681
Other comprehensive income:			
Interest rate swap hedges gains (losses) during the year	538	757	1,493
Total other comprehensive income	538	757	1,493
Total comprehensive income	7,480	1,218	2,174

The accompanying notes form part of these financial statements 6



Aurora Energy Limited

Statement of Changes in Equity For the Six months ending 31 December 2021

	Share capital \$'000	Hedge reserve \$'000	Retained earnings \$'000	Total equity \$'000
Unaudited Equity as at 1 July 2021	10,000	(538)	168,677	178,139
Profit after tax	-	-	6,942	6,942
Other comprehensive income	-	538	-	538
Equity as at 31 December 2021	10,000	-	175,619	185,619
Unaudited Equity as at 1 July 2020	10,000	(2,031)	167,996	175,965
Profit after tax	-	-	461	461
Other comprehensive income	-	757	-	757
Equity as at 31 December 2020	10,000	(1,274)	168,457	177,183
Audited				
Equity as at 1 July 2020	10,000	(2,031)	167,996	175,965
Profit after tax	-	-	681	681
Other comprehensive income	-	1,493	-	1,493
Equity as at 30 June 2021	10,000	(538)	168,677	178,139

The accompanying notes form part of these financial statements 7



Aurora Energy Limited

Balance Sheet As at 31 December 2021

	Note	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Audited full year to 30 Jun 2021 \$'000
Current assets				5.0
Cash and cash equivalents		147	51	50
Intra group advances Trade and other receivables	4	- 204	9,546	12 575
Taxation receivable		8,294 4,059	5,337	13,575 4,558
Other current assets		633	1,155	698
Inventories		1,327	1,166	1,151
Total current assets		14,460	17,255	20,032
Non-current assets				
Property, plant and equipment	5	664 133	600 208	644,315
Intangible assets	5	664,133 3,149	609,298 2,117	2,553
Deferred tax asset		1,514	1,285	1,598
Right of use assets (ROU)	6	2,940	3,106	3,386
Investments	0	25	8	25
Total non-current assets		671,761	615,814	651,877
Total assets		686,221	633,069	671,909
Current liabilities				
Trade and other payables		14,981	15,859	18,891
Borrowings		1,046	1,203	651
Contract liabilities		2,331	5,040	2,504
Employee entitlements		2,163	2,063	1,611
Derivative financial instruments		-	-	748
Lease liabilities	6	988	988	1,044
Total current liabilities		21,509	25,153	25,449
Non-current liabilities				
Borrowings	7	399,610	355,165	389,740
Employee entitlements		171	192	391
Deferred tax liability		77,263	71,403	75,755
Lease liabilities	6 8	2,049	2,204	2,435
Derivative financial instruments Total non-current liabilities	8	479,093	1,769 430,733	468,321
Total liabilities		500,602	455,886	493,770
			,	
Equity		10.005	10.000	10.000
Share capital		10,000	10,000	10,000
Cash flow hedge reserves		175 610	(1,274)	(538)
Retained earnings Total equity		175,619	168,457	168,677
		185,619	177,183	178,139
Total liabilities and equity		686,221	633,069	671,909

The accompanying notes form part of these financial statements 8



Aurora Energy Limited

Statement of Cash Flows

For the Six months ending 31 December 2021

	Note	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Audited full year to 30 Jun 2021 \$'000
Cash flow from operating activities Cash was provided from		•	+	+
Receipts from customers Intra group transition payment		68,508	61,628	116,415 4,587
indu group d'unsiden payment		68,508	61,628	121,002
Cash was disbursed to				
Payments to suppliers and employees		38,061	40,150	81,381
Net GST paid		(141)	256	(146)
Interest paid		5,062 42,982	5,193 45,599	10,907 92,142
Net cash flow from operating activities	3	25,526	16,029	28,860
Net cash now norn operating activities	5	25,520	10,029	28,000
Cash flow from investing activities Cash was provided from Sale of property, plant and equipment		1,250	_	-
		1,250	-	-
<i>Cash was disbursed to</i> Purchase of property, plant and equipment		35,969	30,856	77,657
		35,969	30,856	77,657
Net cash flow from investing activities		(34,719)	(30,856)	(77,657)
Cash flow from financing activities Cash was provided from Receipts from borrowings		55,192	52,315	117,315
Receipts from borrowings		55,192	52,315	117,315
Cash was disbursed to			02/020	117,010
Repayment of borrowings		45,322	36,875	67,300
Lease liability repayment		580	615	1,221
		45,902	37,490	68,521
Net cash flow from financing activities		9,290	14,825	48,794
Net increase/(decrease) in cash and cash equivalents Opening cash and cash equivalents		97 50	(2) 53	(3) 53
Closing cash and cash equivalents		147	51	50

The accompanying notes form part of these financial statements 9



Aurora Energy Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2021

1 Reporting entity

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

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

The financial statements of Aurora Energy Limited are for the six months ended 31 December 2021 and comply with the Financial Reporting Act 1993.

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

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

2 Basis of preparation

The financial statements for the period ended 31 December 2021 are unaudited.

The financial statements have been prepared in accordance with and comply with NZ IAS 34, Interim Financial Reporting, and should be read in conjunction with the audited financial statements for the year ended 30 June 2021.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2021.

The judgements, estimates and assumptions used to prepare these interim financial statements are generally consistent with those used at 30 June 2021.



Aurora Energy Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2021

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

	6 months to 31 Dec 2021 \$'000	6 months to 31 Dec 2020 \$'000	full year to 30 Jun 2021 \$'000
Net profit after tax	6,942	461	681
Items not involving cash flows Depreciation Increase / (decrease) in deferred tax Non-cash component of finance costs Other non-cash items Non-cash component of investing activities Increase / (decrease) in cash flow hedge valuation	11,666 1,592 (147) 538 (537) (748)	10,858 1,561 (90) 757 (1,052)	22,346 5,600 (244) 1,493 (17) (2,074)
Impact of changes in working capital items (Increase) / decrease in trade and other receivables Increase / (decrease) in trade and other payables Increase / (decrease) in provision for tax Increase / (decrease) in contract liabilities (Increase) / decrease in other current assets (Increase) / decrease in inventories Increase / (decrease) in other liabilities	5,281 (3,515) 499 (173) 65 (176) 332	4,158 (1,829) (239) 925 (638) 381 268	129 651 540 (1,611) (181) 396 15
Items classified as investing or financing activities Net (gain) / loss on sale of property, plant and equipment Movement in capital creditors in accounts payable	565 3,342	311 197	1,485 (349)
Net cash inflows from operating activities	25,526	16,029	28,860

4 Intra group advances

6 months to 31 Dec 2021 \$'000	6 months to 31 Dec 2020 \$'000	full year to 30 Jun 2021 \$'000
-	-	-
-	-	-

5 Property, plant and equipment

	6 months to	6 months to	full year to
	31 Dec 2021	31 Dec 2020	30 Jun 2021
	\$'000	\$'000	\$'000
Additions	31,009	30,307	76,640
Disposals	28	311	811
Capital commitments	38,111	31,821	21,791

There have been no material changes to the fair value assessment methods for property, plant and equipment asset classes between 30 June 2021 and 31 December 2021.



Aurora Energy Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2021

6 Right of use assets & Lease liabilities

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

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

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

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

7 Borrowings

There has been no material change to the accounting treatment of the term loan from Dunedin City Treasury Limited between 30 June 2021 and 31 December 2021.

8 Derivative financial instruments

	6 months to 31 Dec 2021 \$'000	6 months to 31 Dec 2020 \$'000	full year to 30 Jun 2021 \$'000
Fair value			
Interest rate swaps	-	1,769	748
Analysed as:			
Current	-	-	748
Non-current	-	1,769	-
	-	1,769	748

The Company held \$50 million of cash flow hedge instruments which expired on 15 November 2021.

9 Financial instruments

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



Aurora Energy Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2021

10 Related party transactions

Transactions with Dunedin City Council

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

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

	6 months to 31 Dec 2021 \$'000	6 months to 31 Dec 2020 \$'000	full year to 30 Jun 2021 \$'000
Sales of services to DCC group entities: Rent	80	83	262
Subvention/tax loss offset receipt	-	-	3,843
Corporate shared services	16	242	234
Sales of stock and other	89	545	1,197
Consulting & sundry services	-	-	107
Tax compensation	-	744	305
	185	1,614	5,948
<i>Sales of services to DCC:</i> Other	-	3	102
Amounts receivable by the Company at period end from DCC group entities			
Receivable from DCC	-	-	98
Receivable from DCC group entities	24	1,063	515
Intra-group advance to DCC group entities		-	-
	24	1.063	613





6 months to

full year to

Attachment **B**

Aurora Energy Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2021

10 Related party transactions continued

	31 Dec 2021	31 Dec 2020	30 Jun 2021
	\$'000	\$'000	\$'000
Purchases of goods and services from			
DCC group entities			
Capital work	10,936	14,448	31,299
Network operations and maintenance	7,053	9,228	19,447
Interest	5,449	5,567	10,896
Contracting services and supplies	242	465	1,334
Rent	235	238	456
Lease of meters	20	40	80
	23,935	29,986	63,512
Purchases of goods and services from			
DCC			
Rates & property leases	455	405	812
Capital work	-	-	36
	455	405	848
Amounts payable by the Company at period end to DCC Entities			
Payable to Dunedin City Council entities	405,282	362,155	395,540
	405,282	362,155	395,540

6 months to

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

Services provided to companies in which directors held an interest

	6 months to 31 Dec 2021	6 months to 31 Dec 2020	full year to 30 Jun 2021
	\$	\$	\$
Sale of inventory to Unison Contracting Services Ltd, a subsidiary company of Unison Networks Ltd, of which Mr B J Hall was a Director. Mr Hall retired as a director of Aurora Energy Ltd with effect from 30 June 2021.	-	8,887	23,904
Amounts receivable from Unison Contracting Services Ltd.	-	8,810	11,153

14



Aurora Energy Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2021

10 Related party transactions continued

Purchases of goods and services from companies in which directors held an interest during the period of this report 6 months to 6 months to full ve

	6 months to 31 Dec 2021	6 months to 31 Dec 2020	full year to 30 Jun 2021
	\$	\$	\$
Passmore Consulting Services Ltd, of which Mr S R Thompson is a Director. Deloitte Ltd, of which Mr S R Thompson was a	49,000	55,546	115,708
consultant until May 2021.	-	86,251	99,144
Infrastructure New Zealand Ltd, of which Mrs Devlin is a Director.	3,990	3,990	3,990
ETEL Ltd, of which Mr B J Hall was a Director. Mr Hall retired as a director of Aurora Energy Ltd with effect from 30 June 2021.		122,330	196,601
Stratview Holdings Ltd, of which Mr B J Hall was a Director. Mr Hall retired as a director of Aurora Energy Ltd with effect from 30 June 2021.		31,445	62,971
Unison Contracting Services Ltd, a subsidiary company of Unison Networks Ltd, of which Mr B J Hall was a Director. Mr Hall retired as a director of Aurora Energy Ltd with effect from 30 June 2021.	-	4,311,700	9,675,683
Excellence in Business Solutions Limited of which Mrs Harvey is a Director and Shareholder.	24,750	31,445	62,971
Matua Goverance Limited, of which Mr Clarke is a Director and Shareholder.	24,750	-	-
New Zealand Post Limited, of which Mr Clarke is a Director.	39	-	-

Dunedin City Holdings Limited Group Companies - Interim Reports for the Six Months Ended 31 December 2021

15



Aurora Energy Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2021

10 Related party transactions continued

Amounts payable to companies in which directors have an interest at end of financial period covered by this report

	6 months to 31 Dec 2021 \$	6 months to 31 Dec 2020 \$	full year to 30 Jun 2021 \$
Deloitte Ltd, of which Mr S R Thompson was a consultant until May 2021. ETEL Ltd, of which Mr B J Hall was a Director until 30 June 2021.		6,325 31,878	8,977 12,852
Unison Contracting Services Ltd, a subsidiary company of Unison Networks Ltd, of which Mr B J Hall was a Director until 30 June 2021.		836,802	1,057,631

11 Contingent liabilities

Network Reliability Quality Limits

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

16

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

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



Aurora Energy Limited

Directory

Directors

Stephen R Thompson (Chair) Margaret P Devlin Wendie N Harvey Simon Clarke Stephen Lewis

Registered Office

10 Halsey Street Dunedin New Zealand

Bankers

Westpac Banking Corporation

Solicitors

Gallaway Cook Allan Chapman Tripp Anderson Lloyd

Tax Advisors Deloitte

Auditor

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

17



Aurora Energy Limited

Statement of Service Performance For the Six months ending 31 December 2021

PERFORMANCE MEASURE	TARGET	OUTCOME
Safety		
- Zero serious harm events involving members of the public	Nil	Achieved
- Reduce levels of recordable harm	≤4.00 total recordable injury frequency rate (TRIFR) per 200,000 hours worked	Not Achieved. TRIFR for the six-month period is 4.5
Asset Management		
SAIDI	Full year target to 31 March 2022	
 Class B interruptions (planned) 	≤ 195.96 minutes	On-track to achieve
- Class C interruptions (unplanned)	≤ 124.94 minutes	On-track to achieve
SAIFI	Full year target to 31 March 2022	
- Class B interruptions (planned)	≤ 1.11	On-track to achieve
- Class C interruptions (unplanned)	≤ 2.07	On-track to achieve
Asset Management Maturity		
- 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	On-track to achieve
- 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	On-track to achieve
Operational Performance		
 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.	Achieved
- Aurora Energy Risk Register is regularly	Risk Management Framework embedded as	Existing Risk
reviewed & updated and the risk profile is	evidenced by:	Management
managed in accordance with Board approved risk tolerance levels	 Risk registers reviewed regularly Risk treatment plans reviewed regularly and up to date 	Framework currently under review.
	- Regular reporting to Board and Audit and Risk Committee	On-track to achieve
- Regularly test Aurora Energy's emergency response plan	Annual test of Aurora Energy's emergency response is completed and actions for improvements are documented.	On-track to achieve
Customer Orientation - Maintain community support through approved sponsorships and community initiatives	\$10,000 of sponsor-ship per annum.	Achieved
- 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	On-track to achieve

ltem 11



Aurora Energy Limited

Statement of Service Performance For the Six months ending 31 December 2021

PERFORMANCE MEASURE	TARGET	OUTCOME
Our Team - Support development opportunities for each team member	Learning & development plans in place for >75% of team members by 31 October each year	Achieved
- Understand opportunities for improvement within our team environment	>75% staff satisfaction result on annual employee survey	Survey yet to be undertaken
- 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	On-track to achieve
- To pay all employees at or above the living wage	100% of permanent employees paid at or above the living wage	On-track to achieve
Sustainability - 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	On-track to achieve
- 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 target	On-track to achieve
 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	On-track to achieve
- Maintain full compliance with the Resource Management Act	No breaches	Not achieved. Technical Breach of 25 year air discharge permit disclosed in 2021 Annual Report
Shareholder Objectives - Consult with the Shareholder at the earliest possible time on matters where conflict may or could result	No unnotified potential conflicts	Achieved
 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 	All substantive matters reported within 24 hours	Achieved

Financial Objectives

Financial forecasts are set in the Statement of Intent for the year ending 30 June 2022. Aurora Energy Limited is on track to meet it's financial forecasts for the current year

CITY FORESTS LIMITED

CITY FORESTS LIMITED

HALF-YEAR REPORT FOR THE SIX MONTHS ENDED **31 DECEMBER 2021**

-1-



CITY FORESTS LIMITED

CONTENTS

	Page
Directory	3
Directors' Report	4 - 6
Trend Statement	7
Financial Statements	8 - 11
Statement of Cashflows	12 - 13
Notes to the Financial Statements	14 - 17
Statement of Service Performance	18 - 22

- 2 -



CITY FORESTS LIMITED

DIRECTORY As at 31 December 2021

DIRECTORS

- J F Gallaher A.F.A., F.C.A., B Com., CF.Inst.D., A.N.Z.I.M. (Appointed 01.11.12) (Appointed Chairman 1.10.13)
- T J Mepham B.Com., C.A., C.F.Inst.D. (Appointed 01.12.13)
- S A Mason F.C.A., CM.Inst.D, B Com., B.A., eBA., DipGradBus., (Disp Res), A.A.M.I.N.Z., (Appointed 1.10.19)
- K A Posa BMS(Hons), C.A., G.A.I.C.D., CM.Inst.D. (Appointed 1.10.19)

CHIEF EXECUTIVE OFFICER

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

REGISTERED OFFICE 123 Crawford Street Dunedin

New Zealand

BANKERS

Westpac Banking Corporation

SOLICITORS Gallaway Cook Allan

ACCOUNTANTS Deloitte

AUDITOR

Audit NZ on behalf of the Controller and Auditor General

- 3 -

CITY FORESTS LIMITED

DIRECTORS' REPORT

For the Six Months Ended 31 December 2021

The Directors of City Forests Limited present their report on the activities of the Company for the period ended 31 December 2021.

Dividends

The Company paid a budgeted interim dividend of \$2,000,000 and a special dividend of \$1,800,000 which was paid to comply with the Company dividend policy based on financial overperformance in the last quarter of the 2021 financial year.

Review of Operations

This review of operations and the accompanying financial reports cover the first six months of the 2021 / 2022 financial year.

The Company experienced profitable trading conditions and delivered a \$3.997m profit after tax for the first six months of the 2021 / 2022 financial year. This is less than that recorded for the same period of the previous year (\$4.94m) and reflects the weaker log export trading conditions encountered during the period.

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

Forest production for the period was below budget as the Company temporarily reduced harvesting below its sustainable cut level to adjust to a period of reduced demand from log export markets. The Company traded limited volumes of logs from third party suppliers during the period to ensure customer commitments were met.

There were two sales transactions of Carbon Credits (NZU's) during the period. The asset value of NZU's held was increased on 31 December 2021 to reflect current market value. This led to a significant increase in NZU asset value. No change in the value of the Forest Estate was recorded during the period (see note 2).

The Company's log markets, particularly the China export market, experienced weaker demand and pricing during the period due to the impacts of Covid-19 and financial risk issues within the China construction industry. In contrast the New Zealand domestic log market remains robust, however the Company's log supply to domestic mills is limited by processing capacity and customer demand.

The export log sale price in New Zealand Dollar terms has been further negatively impacted by the cost of international shipping which has continued to increase during the period with some easing occurring in December 2021.

The international economic conditions as a result of the Covid-19 pandemic and a rise in geopolitical tensions have negatively impacted the Chinese and Korean log market demand and price. Overall, conditions are expected to remain volatile for some time.



CITY FORESTS LIMITED

DIRECTORS' REPORT (cont'd) For the Six Months Ended 31 December 2021

During the period, the Company purchased the land underlying the previous McCrostie joint venture area at Kaitangata (314 ha). The Company now owns 100% of the tree crop and all the underlying land that made up the original joint venture area. The purchases will increase both

venture area at Kaitangata (314 ha). The Company now owns 100% of the tree crop and all the underlying land that made up the original joint venture area. The purchases will increase both wood and carbon production from the forest estate. As has been done previously the purchase of the new land and forest will be funded from cash flow or the sale of carbon credits or existing Company debt funding arrangements.

Further opportunities to expand the Company estate in accordance with Company Strategy are under investigation. The Company has a purchase contract to acquire the Tenby estate which is a land and forest crop purchase that will transact on 1st March 2022.

The Company has continued sponsorship agreements with Otago Natural History Trust (Orokonui Eco Sanctuary) \$30,000, the Yellow Eyed Penguin Trust \$10,000 and the Wildlife Hospital Trust \$5,000. Within the forest estate the Company is funding ecological research and protection activities for the NZ Falcon (Karearea) which is commonly found hunting and nesting in exotic forest areas. Operational pest control contributions continue to be made to Predator Free Dunedin.

Events Subsequent to Balance Date

No events have occurred subsequent to balance date.

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

Statement of Responsibility

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

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

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

The Board of Directors of City Forests Limited have pleasure in presenting the interim financial statements, set out on pages 8 to 13, for the six months ended 31 December 2021 and authorises them for issue on Tuesday 15th February 2022.



CITY FORESTS LIMITED

DIRECTORS' REPORT (cont'd) For the Six Months Ended 31 December 2021

On behalf of the Board of Directors:

J F Gallaher Chairman

15/2/22 Date

J Mepham

Director

15/2/22 Date

- 6 -



CITY FORESTS LIMITED

Trend Statement

I I Chu Statement					
	6 Months Ended 31 Dec 21 S'000	6 Months Ended 31 Dec 20 S'000	Year Ended 30 Jun 21 S'000	Year Ended 30 Jun 20 S'000	Year Ended 30 Jun 19 S'000
FINANCIAL PERFORMANCE					
Domestic Revenue	4,770	5,583	12,001	9,553	11,831
Export Revenue Other Revenue	24,419 961	23,093 567	51,660 1,433	37,085 576	46,785 432
Total Revenue	30,150	29,243	65,094	47,214	59,048
Percentage Increase (Annualised)	0.01%	23.9%	37.8%	(20.0%)	9.4%
Inventory Movement	1,147	(1,088)	(916)	(43)	86
Total Expenses	32,338	28,411	57,352	48,484	48,484
Percentage Increase (Annualised)	(0.11%)	17.2%	26.5%	(5.2%)	5.9%
Operating Surplus	(1,041)	(256)	6,888	1,245	10,650
New Zealand Carbon Credits	-	-	5,069	4,861	4,247
Gain in Fair Value of Forestry Asset	6,601	6,897	38,164	11,628	20,333
Write down value of land		62	803	(69)	(462)
Surplus after Non-Operating Items					
and Before Taxation	5,560	6,703	50,862	17,665	34,768
Income Tax	1563	1,763	13,991	4,987	9,536
Total Surplus after Taxation	3,997	4,940	36,871	12,678	25,232
SHAREHOLDERS' FUNDS					
Shareholders Funds	266,928	208,494	246,898	201,816	184,759
Operating Cashflow	6,226	9,102	16,344	5,659	13,578
Dividends Provided - Normal	2,000	2,000	4,200	4,500	6,500
- Special	1,800	2,000	4,000	-	1,500
Value of Forest	201,440	171,699	200,246	169,150	164,010
Surplus after tax to shareholders funds	1.50%	2.37%	14.93%	6.28%	13.66%
Proprietorship Ratio	73.40%	72.31%	73.06%	72.12%	71.60%
Net Forest Revaluation	-	-	27,478	8,374	14,640
Net Land Revaluation	-	(220)	7,327	2,796	4,735
FOREST STATISTICS					
Forest harvested (m ³)	152,238	198,074	388,664	310,100	336,374
Volume traded (m ³) (Outside Jobs)	17,127	1,718	13,597	27,093	31,967
Forest planted (ha)	573	619	1,030	970	765
Total forest (ha)	19,362	19,129	19,324	19,050	18,143
Forest crop purchased (ha)	-	58	87	-	38

- 7 -



CITY FORESTS LIMITED

Statement of Comprehensive Income For the Six Months Ended 31 December 2021

Note	Unaudited Six months to 31 December	Unaudited Six months to 31 December	Audited Year to 30 June
	2021	2020	2021
Calas announ	\$'000	\$'000	S'000
Sales revenue	29,189	28,676	63,662
Gain on sale of property, plant and equipment	3	330	404
Other revenue	239	275	1,465
New Zealand carbon credits	1	-	5,069
Financial income	719	2	366
Gain (loss) in fair value of forestry asset	6,601	6,897	38,164
Total revenue	36,751	36,180	109,130
Inventory movement	1,250	(799)	(916)
Less expenses			
Audit fees	26	38	49
Contractors	9,867	11,668	18,115
Cost of bush applied	7,434	7,520	12,375
Depreciation and amortisation expense	270	282	571
Donations		1	19
Directors fees	93	72	177
Employee expenses	912	789	2,028
Financial expenses	229	644	513
Rental expense on operating leases	1. 1998 -	1	-
Research expenditure	20	82	-
Shipping costs	10,463	5,517	17,704
Other expenses	3,127	2,064	5,801
Total expenses	32,441	28,678	57,352
Profit before tax	5,560	6,703	50,862
Income tax expense	1,563	1,763	13,991
Net profit/(loss) after tax Other comprehensive income	3,997	4,940	36,871
Gains/(loss) on cash flow hedges taken to equity	(304)	2,849	1,342
Tax effect of cash flow hedges taken to equity	85	(798)	(376)
Increase/(decrease) in land revaluation	- 1000	(221)	6,745
Reversal of revaluation gain on disposed land	-	-	(221)
Tax effect of land revaluation taken to equity	3 A 2-1	_ * **	78
Carbon credits revaluation above initial recognition	27,850		
taken to equity		5,428	12,279
Tax effect of carbon credits taken to equity	(7,798)	(1,520)	(3,436)
Other comprehensive income for the period	19,833	5,738	16,411
Total Comprehensive Income for the period	23,830	10,678	53,282



CITY FORESTS LIMITED

Statement of Changes in Equity For the Six Months Ended 31 December 2021

	Share	T. J.	Forest revaluation	Carbon credit	Land revaluation	Retained	Total
		Hedge					
	capital	reserve	reserve	reserve	reserve	earnings	equity
Unaudited	S'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Equity as at 1 July 2021	25,691	568	103,921	16,862	39,683	60,173	246,898
Profit after income tax	-	-	-		-	3,997	3,997
Other comprehensive income							
for the period	-	(219)	-	18,395	-	1,657	19,833
Dividend distributions	· · ·	•	•		-	(3,800)	(3,800)
Equity as at 31 December 2021	25,691	349	103,921	35.257	39,683	62,027	266,928
Unaudited							
Equity as at 1 July 2020	25,691	(399)	84,495	8,019	33,081	50,929	201,816
Profit after income tax	-				-	4,940	4,940
Other comprehensive income							
for the period	-	2,051	-	3,908	(221)	-	5,738
Dividend distributions	-		-	-	-	(4,000)	(4,000)
Equity as at 31 December 2020	25,691	1,652	84,495	11,927	32,860	51,869	208,494
Audited							
Equity as at 1 July 2020	25,691	(399)	84,495	8,019	33,081	50,929	201,816
Profit after income tax	-	-			-	36,871	36,871
Other comprehensive income							
for the period		967	-	8,842	6,602	-	16,411
Transfer of carbon reserve	-			-			-
Revaluation of forestry assets			19,426	-		(19,427)	
Dividend distributions			-	-		(8,200)	(8,200)
Equity as at 30 June 2021	25,691	568	103,921	16.862	39,683	60,173	246,898

-9-



CITY FORESTS LIMITED

Balance Sheet

As at 31 December 2021

	Note	Unaudited 31 December 2021 S'000	Unaudited 31 December 2020 S'000	Audited 30 June 2021 S'000
Equity				
Share capital		25,691	25,691	25,691
Forest reserve		103,921	84,495	103,921
Land revaluation reserve		39,683	32,860	39,683
Hedging reserve		349	1,652	568
Carbon credit reserve		35,257	11,928	16,862
Retained earnings		62,027	51,868	60,173
Total Equity		266,928	208,494	246,898
Current Liabilities				
Trade and other payables		1,843	2,313	4,042
Other current liabilities		73	56	82
Employee provisions		244	186	286
Derivative financial instruments	7	- 1 A	-	138
Provision for taxation		6,674	6,136	4,559
Lease liability		108	128	108
Total current liabilities		8,942	8,819	9,215
Non-Current Liabilities				
Derivative financial instruments	7	13	139	285
Term borrowings	8	15,150	15,800	16,000
Lease liability		340	501	393
Other liabilities		- 1 C	-	-
Deferred tax liability		72,290	54,591	65,129
Total non-current liabilities		87,793	71,031	81,807
Total Liabilities		96,735	79,850	91,022
TOTAL EQUITY PLUS LIABILITIES		363,663	288,344	337,920

- 10 -



CITY FORESTS LIMITED

Balance Sheet (cont'd) At 31 December 2021

		Unaudited 31 December 2021	Unaudited 31 December 2020	Auc ited 30 June 2021
		\$'000	\$'000	\$ 000
Current Assets				
Cash and cash equivalents		2,127	4,124	1,477
Trade and other receivables	,	693	2,163	3,927
Derivative financial instruments	7	143	1,422	928
Inventories		1,873	554	726
Prepayments		130	253	135
GST refund		177	163	423
Deposit on property purchase		1,075	105	
Total current assets		6,218	8,784	7,616
lon-Current Assets				
Derivative financial instruments	7	355	1,012	283
Property, plant and equipment	5	81,454	69,426	80,309
Forestry assets	4	201,440	171,699	200,246
Investments		2	- 1	1
Intangibles - computer software		32	24	22
Intangibles - New Zealand carbon credits		74,162	37,398	49,443
Total non-current assets		357,445	279,560	330,304

TOTAL ASSETS

For and on behalf of the Board of Directors

J F Gallaher Chairman

15th February 2022

J Monham Director

288,344 337,920

363,663

- 11 -



CITY FORESTS LIMITED

Statement of Cash Flows

For the Six Months Ended 31 December 2021

	Note	Unaudited Six months to 31 December 2021 S'000	Unaudited Six months to 31 December 2020 S'000	Audited Year to 30 June 2021 S'000
Cash Flows from Operating Activities				
Cash was provided from				
Receipts from customers		29,219	31,417	63,869
Interest received		1 1 1 1	2	2
GST refunds		1,729		
Effect of exchange rate changes		719	-	342
Income tax refund			1,015	-
		31,667	32,434	64,213
Cash was disbursed to				
Payments to suppliers and employees		25,234	22,705	43,712
Interest paid		207	247	489
Income tax/subvention		1 205 (-)	-	3,668
Effect of exchange rate changes		-	380	-
		25,441	23,332	47,869
Net Cash Inflows / (Outflows)				
from Operating Activities	3	6,226	9,102	16,344
Cash Flows from Investing Activities Cash was provided from				
Carbon credits sold		3,131	-	-
Sale of property, plant and equipment		51	1,575	1,637
		3,182	1,575	1,637
Cash was disbursed to				
Purchase of property, plant and equipment		2,016	792	4,419
Purchase of Forest Assets - Cost of bush		2,028	2,628	4,763
Purchase of Carbon Credits				125
		4,044	3,420	9,307
Net Cash Inflows / (Outflows)				
from Investing Activities		(862)	(1,845)	(7,670)

- 12 -



CITY FORESTS LIMITED

Statement of Cash Flows (cont'd) For the Six Months Ended 31 December 2021

	Unaudited Six months to 31 December 2021 S'000	Unaudited Six months to 31 December 2020 S'000	Audited Year to 30 June 2021 S'000
Cash Flows from Financing Activities			
Cash was provided from			
Proceeds from borrowings	2,850	1,300	4,000
	2,850	1,300	4,000
Cash was disbursed to			
Lease payments	64	77	140
Repayment of borrowings	3,700	2,500	5,000
Dividends paid	3,800	4,000	8,200
	7,564	6,577	13,340
Net Cash Inflows / (Outflows)			
from Financing Activities	(4,714)	(5,277)	(9,340)
Net Increase / (Decrease) in Cash Held	650	1,980	(666)
Cash and cash equivalents at the beginning of the year	1,477	2,143	2,143
CASH AND CASH EQUIVALENTS AT THE			
END OF THE PERIOD	2,127	4,124	1,477
Composition of Cash			
Cash and cash equivalents	2,127	4,124	1,477
CASH AND CASH EQUIVALENTS AT THE			
END OF THE PERIOD	2,127	4,124	1,477

Attachment C

- 13 -



CITY FORESTS LIMITED

Notes to the Financial Statements

For the Six Months Ended 31 December 2021

1. **REPORTING ENTITY**

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

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

City Forests Limited is a profit orientated entity.

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

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

2. **BASIS OF PREPARATION**

The financial statements for the period ended 31 December 2021 are unaudited.

The financial statements have been prepared in accordance with New Zealand Equivalents to International Reporting Standards 34. Interim Financial Reporting, and should be read in conjunction with the audited financial statements for the year ended 30 June 2021.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2021.

The judgement, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2021.



CITY FORESTS LIMITED

Notes to the Financial Statements (cont'd) For the Six Months Ended 31 December 2021

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

TROM OI ERAING ACTIVITIES			
	Unaudited	Unaudited	Audited
	31 December	31 December	30 June
	2021	2020	2021
	S'000	S'000	S'000
Net gain/(loss) for the year	3,997	4,940	36,871
Items Not Involving Cash Flows			
Depreciation and loss on sale	269	579	870
Depletion of forest	7,435	7,520	12,375
Deferred tax	(553)	312	9,433
Depreciation recovered/capital gains	(3)	(360)	(404)
Forestry revaluation	(6,601)	(6,897)	(38,164)
Carbon credits allocated/revaluation			(5,069)
Write down value of land	- 11 C	62	(741)
Lease liability	9	13	21
Other non-cash items			
Impact of Changes in Working Capital Items			
(Increase)/Decrease in accounts receivable	3,234	1,170	(594)
(Increase)/Decrease in inventories	(1,195)	544	673
(Increase)/Decrease in prepayments	6	(116)	1
(Increase)/Decrease in tax	2,114	2,466	889
(Increase)/Decrease in other current assets		116	510
Increase/(Decrease) in accounts payable	(2,732)	(1,262)	116
(Increase)/Decrease in other current liabilities	246	15	(143)
Net cash inflows/(outflows) from operating activities	6,226	9,102	16,344

- 15 -



CITY FORESTS LIMITED

Notes to the Financial Statements (cont'd) For the Six Months Ended 31 December 2021

4. FORESTRY ASSETS

		Unaudited 31 December 2021 S'000	Unaudited 31 December 2020 S'000	Audited 30 June 2021 S'000
Balance at t	the beginning of the year	200,246	169,150	169,150
Add Costs	capitalized in establishing forests during the year	2,028	3,047	3,392
Increa	ase in forest from acquisition	-	125	1,915
Fores	t revaluation	6,601	6,897	38,164
Less Cost	of trees harvested at fair value	(7,435)	(7,520)	(12,375)
		201,440	171,699	200,246

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

5. PROPERTY, PLANT AND EQUIPMENT

Opening balance	80,309	69,165	69,165
Plus purchases (disposals)	1,414	(1,014)	4,150
Plus impairment reversal	and the second	-	803
Less property intended for sale		1,770	0
Less depreciation	(270)	(213)	(554)
Plus/Less revaluations		(282)	6,745
	81,453	69,426	80,309
Capital commitments	9,675	945	1,000

All assets are shown at cost with the exception of land which is held at fair value based on independent valuation from Morice Limited (30 June 2021 accounts only).

The Company has a conditional commitment to purchase \$9.675 million of land assets during the second half of the 2022 financial year.

6. FINANCIAL INSTRUMENTS

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



CITY FORESTS LIMITED

Notes to the Financial Statements (cont'd) For the Six Months Ended 31 December 2021

7. DERIVATIVE FINANCIAL INSTRUMENTS

	Unaudited 31 December 2021 S'000	Unaudited 31 December 2020 S'000	Audited 30 June 2021 S'000
Assets:			
Forward foreign exchange contracts	498	2,434	1,211
	498	2,434	1,211
Liabilities:			
Forward foreign exchange contracts	- 1 - s	-	333
Interest rate swaps	13	139	90
	13	139	423
3. TERM LOANS			
Dunedin City Treasury loan facility	15,150	15,800	16,000

9. CARBON CREDITS

Closing balance	74,162	37,398	49,443
Plus/(less) sales	(3,131)	-	
Plus/(less) revaluation	27,850	5,428	12,279
Plus credits allocated/purchased		-	5,194
Opening balance	49,443	31,970	31,970

Under the accrual principle, the safe carbon level credits have been valued based on the current market prices. Carbon units that are held to be surrendered to meet future harvest liabilities are initially recognised and subsequently measured at nil. Liability (risk) free carbon credits are revalued based on market or market every 6 months.

10. CONTINGENT LIABILITIES

In future years there will be a carbon credit liability against a proportion of the carbon credits sequestered from post-1989 forest areas in accordance with New Zealand Emission Trading Scheme Regulations. A proportion of carbon sequestered from Post-1989 areas will have to be surrendered to compensate for the carbon liability generated from harvesting those forest areas. As at 31 December 2021 the value of the potential liability in future years is unknown due to the variations in the harvesting schedule, carbon reporting periods and the value of carbon to surrender.

CITY FORESTS LIMITED

STATEMENT OF SERVICE PERFORMANCE For the Six Month Ended 31 December 2021

The principal activities of the Company are the growing, harvesting, processing and marketing of forest products from plantations it owns. Performance Targets

- 1a. The Company will achieve a 6% post-tax (or greater) return on shareholders' funds measured on a 3 year rolling average basis
- 1b. A review of the Company's long term strategic plan will have been completed which meets the objective of a 6% post-tax return on shareholders' funds measured on a 3-year rolling average basis.
- lc. Opportunities for expanding the Company's scale will have been investigated including joint ventures. The company will report annually on the hectares of land acquired / divested including joint ventures.
- No single customer will have received more 2a. than 30% of the Company's annual harvest by volume.
- 2b. The Company's sales agency will diversify export sales by geographic market destination and by customer which will be reported annually.
- The Company will participate in the New 2c Zealand Emissions Trading Scheme (ETS) and may realise financial opportunities from the sale of carbon stored in the Company forests, in compliance with carbon policy.
- 2d. The Company will balance its exposure to domestic and export revenues taking into account market risk and product margin. The percentage annual supply to the domestic market by volume will be tracked.
- The Company will incorporate Carbon 2e accounting in the strategic plan in accordance with the New Zealand Emissions Trading Scheme (ETS).
- 3a. The Company will meet its annual supply commitments to domestic customers taking into account agreed variations.

Achievement

Three year rolling average return on shareholders' funds is 11.6%.

Strategy day held on 15th February 2022. The Company's long term strategic plan was reviewed and noted by the shareholder during the annual budget and statement of intent process. The plan incorporates a return on shareholders' funds of; 3.9% for the first 3 years measured on a forecast 3 year rolling average basis.

The strategic plan incorporates a forest estate expansion program. New property purchases totalling 314 ha have occurred to date this half vear.

Our largest customer Taelim Timber Co (Korea) received 14.1% of the Company's annual harvest volume.

Export volume was shipped to:

South Korea: 40.2%, 16 customers.

China: 59.8%, 8 customers.

The Company continues to participate in the ETS and has regularly monitored market Carbon price during the period and considered its Carbon Sales policy at board level. Two NZU sales occurred during the period.

Domestic log production was 34% by volume. (30.7% last year). Export log sales were 66% by volume.

The Company's 10-year strategic plan incorporates Carbon. Future Carbon sequestration and surrender obligations are forecast in accordance with the Company's ETS obligations.

On an annualised basis all customers received their contracted volumes within plus or minus 10%. A number of domestic supply commitments were varied during the period at



CITY FORESTS LIMITED

- 3b The Company will meet its volume and log quality commitments to export shipping and export customer contracts.
- 4a. The annual harvest as detailed in the strategic plan will be within +/- 20% of the long term sustainable yield.
- 4b The Company will carry out annual forest inventory to measure and verify forest yield. The number of inventory plots measured will be reported.
- 4c. A forest surveillance program will be in place as part of the National Surveillance program to assess the forest estate for pests and diseases.
- 4d The annual fire plan will be updated and operational by I October each year.
- 4e The Company will actively participate in regional land use and environmental planning processes.
- 5a. The Company will have reviewed the best tree species, tree genetic selection and silvicultural management plan to apply to the annual operational areas. The Company will report annually on the percentage of species and pruned area by forest.
- 6a. 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 receive research objectives.
- 6b The implementation of research outcomes into operational management plans will be tracked.

the request of the customer.

All export commitments were met however purchase wood volumes were needed to supplement Company production for some shipments.

The bi-annual harvest from the Company forest estate was 152,238m³ including billet wood. This is 43.6% of the sustainable annual yield of 349,000m³. Forecast harvest levels in the long term strategic plan for the next 3 years are; 360,351m³, 359,558m³ and 349,424m³. All are within +/- 20% of the sustainable yield.

The Company completed 240 inventory plots during the period.

The forest industry wide biosecurity surveillance program was operational during the period. No new incursions were reported in the Company estate.

Fire plan update was completed in September 2021 prior to the start of the fire season.

The Company actively participated with the Otago Regional Council's implementation of the National Environmental Standard for Plantation Forestry.

Monitoring of Company pruning strategy was conducted during the period. Percentage Pruned by Forest is:

> Silverpeaks: 56% Flagstaff; 79% Waipori; 21% Tokoiti; 69% <u>Total: 59%</u>

The Company has paid the Forest Growers Levy. Two staff are members of committees (through the Forest Owners Association) which are part of the process of allocating levy research funds. The Company Forest Levy contribution is pooled with industry and Government funds achieving considerable financial leverage enabling significant research to be undertaken.

Management plans are updated to reflect current management practices which are informed by research outcomes, i.e. target tree stocking rates per hectare to optimise site Attachment C



CITY FORESTS LIMITED

- 7a The Company will maintain supply arrangements with Otago and Southland wood processors provided customers match (or better) alternative supply options.
- 7b Annual supply volumes to major wood processors (Pan Pac, Craigpine, Niagara & Daiken) will be tracked and reported.
- carrying capacity.

Otago and Southland wood processors receive supply volumes in accordance with the annual plan. Pricing is negotiated each quarter. Customers have been given the option to decline or reduce supply if they are unable to match returns from alternative supply options (log export) and this occurred by agreement with some customers for periods during the period.

Otago & Southland wood processors were suppled the following volumes during the period:

> Hollows: 5,548m3 Gorton's: 4.582m3 Great South: 2,521m3 Timber Direct: 2,555m3 Stuart Timber: 457m3 Otago Lumber: 4,309m3 Daiken: 21,060m3

Bioenergy: 11,137m3

12 month rolling lost time accident rate for staff and forest contractors was 11.9 lost time injuries per 1,000,000 hours.

50 tests were conducted during the period. Nil positive random tests were recorded.

Forest Stewardship Council Certification was maintained following audit in 2021.

The Company has a set of comprehensive forest management plans that have been externally audited as part of the Company maintaining FSC certification.

Sponsorship of \$30,000 was awarded to Orokonui Ecosanctuary, \$10,000 to the Yellow Eved Penguin Trust and \$10,000 to Dunedin Wildlife Hospital to contribute towards conservation of rare threatened and endangered (RT&E) species on and around the Company estate.

An environmental management system is in place with on-going monitoring of environmental values. This is available on the Company's website and includes water,

- 20 -

Pan Pac: 4,481m3

- The volume of wood supplied for Bioenergy 7c. uses will be tracked and reported.
- 8a. Lost time accident rates for staff and forest contractors will be minimised and not more than 15 lost time accidents per 1,000,000 hours worked.
- The Company will undertake drug and alcohol 8b. testing of staff and the contract workforce. The number of random tests and percentage of positive tests will be reported.
- Forest Stewardship Council Certification of the 8c. Forest Estate will be maintained.
- A current forest management plan will be in 8d. place (as required by FSC standards) which identifies social and environmental, as well as economic outputs.
- The Company will work with partners (Doc, 8e. University of Otago etc) to maintain and enhance are threatened and endangered (RT&E) species on and around the Company estate. Sponsorship amounts for these activities will be reported annually.
- The Company will have in place an 9a. environmental management system which will include procedures for sustainability monitoring. Results of water sampling and

CITY FORESTS LIMITED

reserve area environmental assessments will be publicly available on the Company's website.

- 10a Company and Contract employees will have a training plan in place. The company will report on the number of National Certificates achieved by its workforce each year.
- 10b. 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.
- 10c. There will be "nil" instances of noncompliance with the Company's EEO policy.
- 11a. The Company's forest management plans will have a section allocated to Recreation and Educational use of the forests.
- The Company will maintain a Forest Access Permit system, track and report on recreational use statistics.
- 11c. The Company will track and report on the distance of public walking and mountain bike tracks in the Company's forests.
- 12a A continued and measured expansion of the forest estate will be part of Company Strategy, actioned and tracked annually.
- 12b Consult with the shareholder in a timely manner on DCHL Group strategic or operational matters which could compromise the Council's community outcomes.
- 12c Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.
- 12d Living wage: 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).
- 12e Contribute to the Councils Carbon Neutrality Initiatives. Establish systems for measuring and publicly reporting carbon emissions by end of FY 2021, in a cost effective manner, with a view to then identifying and setting emissions reductions targets.

soil disturbance and reserve biodiversity monitoring.

Company Staff, Contractors and their employees achieved 15 National Certificates during the period.

At 31 December 2021 one modern apprentice employed in Company operations.

There were no instances of non-compliance with the Company's EEO policy.

The Company's forest management plans have sections allocated to recreation and education.

Recreation use is monitored through forest access permit issuance. 141 forest access permits were issued during the year.

The Company has 32.3 km of walking tracks and 24.7 km of mountain bike tracks in its forests.

Company has purchased 314ha of land during the period.

No significant issues arose that would compromise Council community outcomes, however communication channels were maintained with the shareholder such that the shareholder is well informed of Company activities.

A small number of media interactions occurred throughout the period and the shareholder and board were communicated to within 24 hours informing them of the matter.

All employee renumeration is greater than the living wage unless under training.

Carbon reporting has been completed and will be reported in the 2022 annual report in accordance with DCHL group standards.

- 21 -



CITY FORESTS LIMITED

Forecasts (2021 – 2022 Financial Year)		Actual (half year to 31 December 2021)	
	\$'000		\$'000
Profit before income tax	16,053	Profit before income tax	5,560
Profit after income tax	11,552	Profit after income tax	3,997
Shareholders' funds to total assets	74.0%	Shareholders' funds to total assets	73.4%
Dividend Distribution	4,200	Dividend Distribution	3,800
Operating cashflow	9,469	Operating cashflow	6,226
Capex	3,200	Capex	2,489
Term debt	18,000	Term debt	15,150
Term debt	10,000	Term debt	,.



Delta Utility Services Limited

Interim Report For the six months ended 31 December 2021



Delta Utility Services Limited

Contents	Page
Directors' Report	2
Statement of Comprehensive Income	4
Statement of Changes in Equity	5
Balance Sheet	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directory	14



Delta Utility Services Limited

Directors' report

The Directors of Delta Utility Services Limited present their interim report for the six months ended 31 December 2021.

Review of operations

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

During the first half of financial year 2022 (FY22), Delta continued to experience strong demand for its core services. Despite ongoing disruption with COVID-19, Delta remained a fundamental part of the communities we operate in. Delta are pleased with our response to high workloads during this period and were grateful for contributing factors, such as settled weather, working in our favour.

Contract wins such as Network Tasman power systems contracting services contract, Nelson Electricity maintenance & faults contract and the Dunedin City Council parks & reserves 10-year maintenance contract, all commenced on 1 July 2021. Our first six-months have been steady and productive. Customer engagement has been a major focus for Delta and a key strategic pillar. Delta prides itself on the relationships it builds and our ability to meet or exceed the expectations of our customers. On several occasions during the first half of FY22, Delta received community accolades for exceeding customer or contractual obligations.

Our people are the core of our business, and every day, many of them are exposed to critical risks. This is why our safety vision of 'Everyone Home Safe, Every Day' is of utmost importance. The Company's total recordable injury frequency rate (TRIFR) of 3.08 per 200,000 hours worked is significantly lower than in the same period last year and the year ended 30 June 21 (FY21: 4.34, HY20: 4.48). We are continuing to make gains based on small continuous improvements in all targeted areas. Currently we complete over 99% of all work packages without harm; however, we are well aware of the potentially life changing risk we work with every day and are always looking to get better.

Delta's commitment to safety, quality, and environmental sustainability was emphasised in the first half of FY22, when we received ISO 45001, ISO 9001 and ISO 14001 accreditation across the business. In addition, Delta received SiteWise Gold Status and Tōtika Supplier Licensing Certification during this period.

Total operating revenues of \$52,159 million were \$3,493 million (7%) higher than for the same period last year. A large portion of this increase relates to the DCC Parks and Reserves maintenance contract as well as the ramp up in Aurora maintenance works.

Staff resourcing has proved problematic in recent times with border closures and low unemployment rates making it harder to attract and retain skilled staff. This has led to the Company forming partnerships with both PowerNet and Netcon, allowing us to boost resource on major projects or where we have spikes in workload. This increase in subcontractor usage is reflected in Other Operating Expenses on the Statement of Comprehensive income.

The Company's net profit after income tax of \$575,000 (FY21: \$4.624 million, HY20: \$1.262 million) provided a return on average shareholder's equity of 4% (FY21: 19%, HY20: 11%). The decrease on prior year reflects the impact the COVID-19 level 4 lockdown had on operations during this period.

Delta is pleased to report that in September 2021 the company's historic debt related to infrastructure services provided for the Yaldhurst Village subdivision was repaid in full.

From July to December 2021, Delta continued to invest significant time and resource into ensuring its business management processes and its underpinning systems were robust and fit for purpose. In October 2021, Delta launched its new core financial system, NetSuite, and an accompanying payroll system, MyPay. This concluded Stage One of a two-stage project. During the remainder of FY22, Stage Two will implement field mobilisation and allow better visibility between workflow and expenditure.

2

The Directors are continuing to focus on achieving budget targets.



\$000

800

224 576

Delta Utility Services Limited

Directors' report continued

Result

Operating profit before income tax Less Income tax expense

Seasonality

There is limited seasonality of earnings within the Company.

Dividends

A dividend of \$1,000,000 was declared and paid during the period.

Change of Directors

Mr T J Kempton retired as a Director on 31 October 2021. Ms J George was appointed as a Director on 1 November 2021.

Events after balance sheet date

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

Statement of responsibility

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

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

The Board of Directors of Delta Utility Services Limited present the interim financial statements, set out on pages 4 to 13, for the six months ended 31 December 2021 and authorises them for issue on 1 February 2022.

000

Brian Wood Chairman

Tony Allison Director



Delta Utility Services Limited

Statement of Comprehensive Income For the six months ending 31 December 2021

	Unaudited	Unaudited	Audited
	6 months to	6 months to	12 months to
	31 Dec 2021	31 Dec 2020	30 Jun 2021
	\$'000	\$'000	\$'000
Operating revenue	52,159	48,666	104,166
COVID-19 Wage Subsidy	684	-	-
Gain on sale of assets	33	140	151
Interest revenue	89	360	1,074
Total revenue	52,965	49,166	105,391
Less expenses:			
Audit fees	37	36	73
Employee remuneration and benefits	25,154	23,993	47,964
Materials	10,098	9,206	16,742
Depreciation on fixed assets	2,089	2,028	4,077
Depreciation on right of use asset	1,336	1,286	2,627
Directors' fees	107	106	213
Increase/(Decrease) in Provision for Doubtful Debts	(39)	-	64
Bad debts written off / written back	- '	-	(508)
Donations	5	6	11
Interest to Dunedin City Treasury Limited	171	310	531
Interest other	-	5	2
Interest leases	135	91	208
Other operating expenses	13,072	10,444	27,746
Total expenses	52,165	47,511	99,750
Net profit before tax	800	1,655	5,641
Income tax expense / (refund)	224	393	1,017
Net profit after tax	576	1,262	4,624
Other comprehensive income	-	-	-
Total comprehensive income	576	1,262	4,624
	570	27232	.,



Delta Utility Services Limited

Statement of Changes in Equity For the six months ending 31 December 2021

	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
Unaudited Equity as at 1 July 2021	17,000	8,918	25,918
Total comprehensive income Distribution to owners	-	576 (1,000)	576 (1,000)
Equity as at 31 December 2021	17,000	8,494	25,494
<mark>Unaudited</mark> Equity as at 1 July 2020	17,000	6,044	23,044
Total comprehensive income Distribution to owners	-	1,262 (875)	1,262 (875)
Equity as at 31 December 2020	17,000	6,431	23,431
Audited Equity as at 1 July 2020	17,000	6,044	23,044
Total comprehensive income Distribution to owners	-	4,624 (1,750)	4,624 (1,750)
Equity as at 30 June 2021	17,000	8,918	25,918



Delta Utility Services Limited

Balance Sheet As at 31 December 2021

Note\$1000Current assets260Cash and cash equivalents260Trade and other receivables11,722Work in progress11,425Inventories - materials and stores3,510Total current assets26,917Non-current assets226,917Property, plant and equipment524,388	1,728 10,673 8,031 2,978	\$'000 147 14,621 5,974 3,504 24,246
Cash and cash equivalents260Trade and other receivables11,722Work in progress11,425Inventories - materials and stores3,510Total current assets26,917Non-current assets24,388	10,673 8,031 2,978	14,621 5,974 3,504
Trade and other receivables11,722Work in progress11,425Inventories - materials and stores3,510Total current assets26,917Non-current assets24,388Property, plant and equipment524,388	10,673 8,031 2,978	14,621 5,974 3,504
Work in progress11,425Inventories - materials and stores3,510Total current assets26,917Non-current assets24,388	8,031 2,978	5,974 3,504
Inventories - materials and stores 3,510 Total current assets 26,917 Non-current assets 24,388 Property, plant and equipment 5	2,978	3,504
Total current assets 26,917 Non-current assets 24,388 Property, plant and equipment 5 24,388		
Property, plant and equipment 5 24,388		
Property, plant and equipment 5 24,388		
		23,161
Term Receivable	9,497	6,021
Right-of-use asset 7 9,736		7,846
Deferred tax asset 966	-,	966
Intangible assets 6 4,065		3,204
Total non-current assets 39,155	44,764	41,198
Total assets 66,072	68,174	65,444
Current liabilities		
Trade and other payables 6,827	6,802	8,418
Borrowings 45	92	22
Provisions 5,485	5,202	4,950
Lease liability current 2,492	2,433	2,387
Taxation payable 1,317	2,011	1,093
Total current liabilities 16,166	16,540	16,870
Non-current liabilities		
Borrowings 8 16,750	22,250	16,500
Provisions 467		471
Lease liability term 7,195		5,685
Total non-current liabilities 24,412		22,656
Total liabilities 40,578	44,743	39,526
Equity		
Share capital 17,000	17,000	17,000
Retained earnings 8,494	6,431	8,918
Total equity 25,494	23,431	25,918
Total liabilities and equity 66,072	68,174	65,444



Delta Utility Services Limited

Statement of Cash Flows

For the six months ending 31 December 2021

Not	~	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Audited 12 months to 30 Jun 2021 \$'000
Cash flow from operating activities	e	\$ 000	\$ 000	\$ 000
Cash was provided from				
Receipts from customers		48,306	51,583	105,203
Interest received COVID-19 Wage Subsidy		- 684	-	-
Net GST refund / (paid)		342	171	128
(para)		49,332	51,754	105,331
Cash was disbursed to				
Payments to suppliers & employees		50,275	44,394	92,888
Intra-group tax payments		-	-	1,463
Interest paid		148 50,423	287 44,681	94,925
Net cash flow from operating activities 3		(1,091)	7,073	10,406
not cash non non operating accorded		(1,0)1)	,,,,,,	207.00
Cash flow from investing activities Cash was provided from				
Sale of property, plant and equipment		79	167	172
Receipts from loans		7,674	-	4,698
		7,753	167	4,870
Cash was disbursed to Purchase of property, plant and equipment		4,365	2 242	4,879
Purchase of property, plant and equipment		4,365	3,242 3,242	4,879
Net cash flow from investing activities		3,388	(3,075)	(9)
Cash flow from financing activities Cash was provided from				
Receipts from borrowings		45,200	42,200	88,600
Cook was diskumed to		45,200	42,200	88,600
Cash was disbursed to Repayment of borrowings		44,950	42,500	94,650
Repayments of lease liabilities		1,434	1,315	2,670
Dividends paid		1,000	875	1,750
		47,384	44,690	99,070
Net cash flow from financing activities		(2,184)	(2,490)	(10,470)
Net increase in cash and cash		112	1 509	(72)
equivalents		113	1,508	(73)
Opening cash and cash equivalents		147	220	220
Closing cash and cash equivalents		260	1,728	147



Delta Utility Services Limited

Notes to the Financial Statements (unaudited) For the six months ending 31 December 2021

1 Reporting entity

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

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

The financial statements of Delta Utility Services Limited are for the six months ended 31 December 2021 and comply with the Financial Reporting Act 1993.

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

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

2 Basis of Preparation

The financial statements for the period ended 31 December 2021 are unaudited.

The financial statements have been prepared in accordance with and comply with NZ IAS 34, Interim Financial Reporting, and should be read in conjunction with the audited financial statements for the year ended 30 June 2021.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2021.

The judgements, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2021.



Delta Utility Services Limited

Notes to the Financial Statements (unaudited) For the six months ending 31 December 2021

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

	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Audited 12 months to 30 Jun 2021 \$'000
Net profit after tax	576	1,262	4,624
<i>Items not involving cash flows</i> Depreciation Depreciation - RoU Asset Other non-cash items	2,089 1,336 (221)	2,028 1,286 (37)	4,077 2,627 (314)
Impact of changes in working capital items (Increase) / decrease in trade and other receivables (Increase) / decrease in work in progress (Increase) / decrease in inventories Increase / (decrease) in trade and other payables Increase / (decrease) in provision for tax Increase / (decrease) in employee entitlements	8,959 (5,451) (6) (1,568) 224 536	4,437 (1,207) 92 (1,221) 551 453	4,046 849 (434) 356 (367) 31
Items classified as investing or financing activities Net gain on sale of property, plant and equipment Investment in Financial Instrument Movement in capital creditors in accounts payable	(33) (7,674) 142	(140) (360) (71)	(151) (4,698) (240)
Net cash inflows from operating activities	(1,091)	7,073	10,406

9



Delta Utility Services Limited

Notes to the Financial Statements (unaudited) For the six months ending 31 December 2021

4 Related Party Transactions

Transactions with Dunedin City Council

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

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

	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Audited 12 months to 30 Jun 2021 \$'000
Sales of Services to DCC Group Entities:	\$ 000	÷ 000	\$ 000
Capital works constructed	10,936	12,775	31,145
Network maintenance and contracting services	7,497	10,022	19,385
Rent	235	214	442
	18,668	23,011	50,972
Sales of Services to DCC:			
Other contracting	4,405	2,631	5,961
Other contracting	4,405	2,031	5,901
Amounts Receivable by the Company at period end from	DCC Entities:		
Receivable from DCC	841	544	652
Receivable from DCC Group Entities	4,666	4,065	5,827
·	5,507	4,609	6,479
Intrgroup Transfers:			
Tax Compensation paid	-	-	719
Durchasses of Quarks and Quarks of from DCC Quarks Facility			
Purchases of Goods and Services from DCC Group Entitie Interest	es: 171	315	531
Contracting services and supplies	1/1	686	1,145
Rent / Administration	185	427	836
Tax Compensation / Tax loss offsets		12	305
·	357	1,440	2,817
		_,	_,
Purchases of Goods and Services from DCC:			
Contracting services and supplies	46	56	95
Other	39	48	96
	85	104	191
Amounts Payable by the Company at period end to DCC			
Payable to DCC	9	12	19
Payable to Dunedin City Council entities	961	1,197	1,124
	970	1,209	1,143



Delta Utility Services Limited

Notes to the Financial Statements (unaudited) For the six months ending 31 December 2021

4 Related Party Transactions continued

Transactions with Companies in which Directors have an interest

	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Audited 12 months to 30 Jun 2021 \$'000
Services provided to Companies in which Directors have		+	+
Mainpower New Zealand (Mr B J Wood is a Director)	60	-	-
A.G. Foleys Limited (Ms J George is a Director)	2	5	6
Sicon Limited (Mr SW Grave is Chairman)	11	-	101
Dunedin International Airport Limited (Mr T D Allison was the Chairman)	20	20	53
Naylor Love Construction (Mr T J Kempton is the Chairman and a Shareholder)	1	1	25
Amounts receivable from Companies in which Directors h	ave an interest:		
A.G. Foleys Limited (Ms J George is a Director)	1	-	-
Sicon Limited (Mr SW Grave is Chairman)	10	-	20
Dunedin International Airport Limited (Mr T D Allison was the Chairman)	4	4	18
Naylor Love Construction (Mr T J Kempton is the Chairman and a Shareholder)	1	-	7
Purchases from Companies in which Directors have an in	terest:		
Mainpower New Zealand (Mr B J Wood is a Director)	3	3	6
E-Spatial Limited (Mr B J Wood is a Director)	-	3	3
Harrison Grierson Consultants Limited (Mr B J Wood is a Director)	-	-	5
A.G. Foleys Limited (Ms J George is a Director)	10	7	8
Whitestone Contracting Limited (Mr S W Grave is a Director)		-	12
Amounts payable to Companies in which Directors have	an interest:		
A.G. Foleys Limited (Ms J George is a Director)	1	2	-



Delta Utility Services Limited

Notes to the Financial Statements (unaudited) For the six months ending 31 December 2021

5 Property, Plant and Equipment

	Unaudited	Unaudited	Audited
	6 months to	6 months to	12 months to
	31 Dec 2021	31 Dec 2020	30 Jun 2021
	\$'000	\$'000	\$'000
Additions	3,211	2,224	3,425
Disposals (Book Value)	27	27	50
Capital commitments	-	358	129

There have been no material changes to the fair value assessment methods for property, plant and equipment asset classes between 30 June 2021 and 31 December 2021.

6 Intangible Assets

	Unaudited	Unaudited	Audited
	6 months to	6 months to	12 months to
	31 Dec 2021	31 Dec 2020	30 Jun 2021
	\$'000	\$'000	\$'000
Additions Disposals (Book Value)	993	1,089	1,724

There have been no material changes to the fair value assessment method for intangible assets between 30 June 2021 and 31 December 2021.

7 Right-of-use Asset

	Unaudited	Unaudited	Audited
	6 months to	6 months to	12 months to
	31 Dec 2021	31 Dec 2020	30 Jun 2021
	\$'000	\$'000	\$'000
Additions	3,226	3,433	5,055
Disposals (Book Value)		56	113

There have been no material changes to the fair value assessment method for right-of-use assets between 30 June 2021 and 31 December 2021.

8 Term Borrowings

There has been no material changes to the accounting treatment of the term loan from Dunedin City Treasury Limited between 30 June 2021 and 31 December 2021.



Delta Utility Services Limited

Notes to the Financial Statements (unaudited) For the six months ending 31 December 2021

9 Financial Instruments

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

10 Contingent Liabilities

	Unaudited	Unaudited	Audited
	6 months to	6 months to	12 months to
	31 Dec 2021	31 Dec 2020	30 Jun 2021
	\$'000	\$'000	\$'000
Performance Bonds	585	1,006	1,157

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

In January 2021 the Labour Inspectorate office opened an investigation into the Company's leave processes and payments. This investigation is still ongoing and as at 31 December 2021, the financial consequences of this matter (if any) were not known.



Delta Utility Services Limited

Directory

Directors Brian Wood Jane George Steven Grave Tony Allison

Registered Office 33 Sturdee St Dunedin New Zealand

Bankers

Westpac Banking Corporation

Solicitors

Gallaway Cook Allan Anderson Lloyd

Tax Advisors Deloitte

Auditor

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



DELTA UTILITY SERVICES LIMITED

Statement of Service Performance update for the period ended 31 December 2021



STATEMENT OF SERVICE PERFORMANCE

for the period ended 31 December 2021 - continued

PERFORMANCE MEASURE	TARGET	STATUS	DESCRIPTION
T			
The Shareholder			
 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	On track	Draft Statement of Intent provided to DCHL in line with timetable.
 Consult with the Shareholder at the earliest possible time on matters where conflict may or could result 	No unnotified potential conflicts	On track	Nothing to note.
Keep the Shareholder informed of all substantive matters	Report all substantive matters to the Shareholder within 24 hours	On track	Nothing to note.
Community			
 Maintain community support through local sponsorship/donations 	\$25,000 of sponsorship/ donations per annum	Behind target	\$5,000 in sponsorship / donations was provided to community groups during the period.
 Support community recreation and visitor experience in Dunedin 	Achieve KPIs on service contracts	On track	Target KPIs were maintained or exceeded on average throughout the period.
 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	On track	Delta generally met or exceeded its KPI's on maintenance contracts held with Aurora Energy and the Dunedin City Council throughout the period.



STATEMENT OF SERVICE PERFORMANCE

for the period ended 31 December 2021 - continued

PERFORMANCE MEASURE	TARGET	STATUS	DESCRIPTION
People			
 Reduce harm to employees and contractors 	≤ 3.50 total recordable injury frequency rate (TRIFR) per 200,000 hours worked	On track	TRIFR for the period was 3.08 per 200,000 hours worked.
	≤ 1.00 total lost time injury frequency rate (LTIFR) per 200,000 hours worked	Behind target	LTIFR for the period was 1.12 per 200,000 hours worked.
 Implement and maintain a certified and well recognised occupational health and safety management system 	Implement and maintain International Organisation for Standardisation (ISO) 45001 Occupational Health and Safety Management System accreditation	On track	ISO45001 accreditation achieved in August 2021
 Maintain the health and wellbeing of staff 	Lower than 2.5% sick leave based on hours	On track	Staff sick leave was 1.2% of total hours during the period.
	Implement/maintain an employee wellbeing programme	On track	An employee wellbeing programme was maintained during the period.
 Develop skill sets and succession planning through Delta's apprenticeship scheme 	Average number of apprentices in the scheme of 20 or more per annum	On track	Apprenticeship numbers averaged over 26 during the period.
 Maintain a positive and satisfying working environment with low levels of voluntary staff turnover 	Below 13.0% staff turnover	On track	Voluntary staff turnover is 12.8% over the period.

As at 31 December 2021, 97% of the staff employed by the Company received above the living wage (as calculated by the New Zealand Family Centre Social Policy Unit). The Company has committed to pay all employees at or above the living wage by 30 June 2022.

- 3 -



STATEMENT OF SERVICE PERFORMANCE

for the period ended 31 December 2021 - continued

PERFORMANCE MEASURE	TARGET	STATUS	DESCRIPTION
Environment			
 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	On track	Enviro-mark Gold accreditation maintained across all depots. ISO 14001 Accreditation achieved in September 2021.
 Maintain full compliance with the Resource Management Act (RMA) 	Management Systems 0 – number of breaches	On track	There were no breaches of the RMA during the period.
 Maintain or lower fuel efficiency in the Company's light commercial / passenger fleet 	≤ 9.25 litres fuel used per 100 kilometres	On track	Fuel efficiency across the Delta light commercial /passenger fleet was calculated at 9.00 litres per 100 kilometres during the period.
Contribute to the Dunedin City Council's Carbon Neutrality initiatives	Develop an emissions and waste reduction strategy and associated targets for inclusion in our 2022/2023 Statement of Intent.	On track	The company is working closely with Lumen and DCHL to establish targets and a standard/strategy.

- 4 -



PERFORMANCE MEASURE	TARGET \$000	STATUS	AS AT 31 DECEMBER \$000
FINANCIAL OBJECTIVES			
• EBITDA	≥12,742	Behind target	4,530
Net profit after income tax	≥3,273	Behind target	576
Shareholder's equity	≥25,641	On Track	25,494
Return on Shareholder's funds	≥13%	Behind target	4%
Cash flow from operations	≥10,145	Behind target	(1,091)
Capital expenditure	≤5,995	On Track	4,204
Term debt	≤14,600	On Track	16,750
• Dividends	≥2,000	On Track	1,000
Shareholder's equity to total assets	≥41%	On Track	39%

- 5 -



INTERIM REPORT

For the six months ended 31 December 2021



Contents	Page
Directors' report	2
Statement of responsibility	6
Principal activities of the group	7
Group financial statistics	8
Statement of comprehensive income	9
Statement of changes in equity	11
Statement of financial position	12
Statement of cash flows	14
Notes to the financial statements	15
Statement of Service Performance	23
Company directory	25



Dunedin City Holdings Limited

Directors' report

The Directors of Dunedin City Holdings Limited are pleased to present their report on the activities of the Group for the six months ended 31 December 2021.

Overview of results	Unaudited	Unaudited	Unaudited
	6 months to	6 months to	full year to 30
	31 Dec 2021	31 Dec 2020	Jun 2021
	\$'000	\$'000	\$'000
Total revenue	143,428	140,863	296,200
Net profit before tax	6,878	1,600	38,431
Income tax	2,475	1,388	12,292
Net profit after tax	4,403	212	26,139
Other comprehensive income	42,359	13,879	36,529
Total comprehensive income for the period	46,762	14,091	62,668
Net cash flow from operating activities	13,839	19,332	38,850
Total assets	1,555,641	1,408,827	1,481,764

Dividends

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

Retained earnings and reserves

The change in retained earnings comprises the after tax profit and items subsequently reclassified to profit and loss.

The cash flow hedge reserve has increased by \$16.040 million reflecting a change in the market value of interest and foreign exchange hedge valuations.

The carbon credit reserve has increased in value by \$18.395 million (after tax) being the revaluation of carbon credits held. There were two sales of 25,000 carbon credit units each, during the period.

Review of operations

Group Overview

This review of operations and the accompanying financial reports cover the first six months of the 2021/2022 financial year.

The financial results for this reporting period are broadly in line with budget projections. Overall, the Group recorded a pre tax profit of \$6.878 million.



ш

Attachment

Dunedin City Holdings Limited

Directors' report

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

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

Activities this period include:

• monitoring the performance of the DCHL Group companies to ensure returns (financial and other) are optimised

· engaging with the DCHL Group companies on their medium term strategies

- communicating with Dunedin City Council with regular reports and on ad hoc matters as required
- providing support for Dunedin Railways, including the Trains Not Planes Promotion
- considering the ongoing impact of Covid-19, specifically at Dunedin International Airport Ltd and Dunedin Venues Management Ltd
- updating company valuations

• appointing new directors and a new intake of intern directors to DCHL Group companies

• participating in the DCHL Group companies' annual planning processes, and providing 2023 expectations guidance for the companies

• seeking opportunities to create synergies, and leverage experience and expertise across the DCHL Group, such as progressing carbon emissions and waste reduction strategies, and starting cross-group work on staff wellbeing processes.

DCHL Group Company Summaries



The parent company returned a net profit before tax for the half year of \$1.258 million, \$3.150 million better than budget projections. The variance to budget is due City Forests paying a higher interim dividend than anticipated. Total dividends for FY22 are expected to be higher than budgeted, enabling DCHL to cover the annual contribution of equity to Dunedin Railways as instructed by Dunedin City Council, and to make increased debt repayments.



During the period under review, operating revenues of \$63.913 million were \$5.697 million higher, while network operating expenses (including network maintenance, asset management and operations functions) of \$55.089 million were \$2.382 million lower than for the same period last year. The company recorded a net profit after tax of \$6.942 million (HY 20 \$0.461 million). The focus on capital renewals has continued with capital expenditure at \$35.969 million for the period.



ш

Attachment

Dunedin City Holdings Limited

Directors' report



The company experienced profitable trading conditions and delivered an \$3.997 million profit after tax for the first six months to the end of December 2021. This is less than that recorded for the same period of the previous year (\$4.940m) and reflects the weaker log export trading conditions encountered during the period. Forest production for the period was below budget as the company temporarily reduced harvesting below its sustainable cut level to adjust to a period of reduced demand from log export markets. A December interim dividend of \$3.800 million has been paid to the shareholder which was higher than budgeted.



During the first half of financial year 2022, Delta continued to experience strong demand for its core services. Total operating revenues of \$52.159 million were \$3.493 million (7%) higher than for the same period last year, largely due to the DCC Parks and Reserves maintenance contract as well as the ramp up in Aurora maintenance works. A net profit after tax of \$0.576 million (2020: \$1.262 million) was recorded for the six months ended 31 December 2021. The decrease on prior year reflects the impact the Covid-19 level 4 lockdown had on operations during the period. A dividend of \$1.000 million was paid in December 2021.

Dunedin City Treasury Ltd

Dunedin City Treasury's average cost of funding slightly increased from 2.49% to 2.50% over this six month period. However, the company achieved a reduction on the overall cost of funds it passed onto the group compared to the prior year period. One successful refinancing of a \$70.000 million Medium Term Note (MTN) took place on 25 November 2021. The maturity was replaced by issuance of a new \$100.000 million seven year MTN, with a coupon rate of 3.22%.

DUNEDIN STADIUM PROPERTY LTD

An operating loss before tax and subventions of \$3.268 million (2020: \$3.816 million) occurred in the six months to 31 December 2021. The main factor influencing the improved result for the period was a reduction in interest costs.

dunedín venues

DVML's net loss before taxation was \$614,000 for the six months to 31 December 2021, compared to a loss of \$273,000 for the same period in the previous year. The effects of the Covid-19 pandemic are still being felt by the company. The uncertainty of border control has affected the company's ability to host major events and the confidence of content providers to book additional events; these events are a significant source of income for the company.



ш

Attachment

Dunedin City Holdings Limited

Directors' report

DUNEDIN RAILWAYS

Dunedin Railways Limited reported a loss after tax of \$719,000 in the six months to 31 December 2021, compared with a loss after tax of \$83,000 in the same period in the prior year, due to receiving an operating grant from Dunedin City Council in the prior year. The company entered hibernation mode on 1 July 2020. A small team remains employed by the company, to actively maintain key assets during hibernation, pending further decisions from Dunedin City Council. The company operates a limited schedule of passenger services over the summer season, when Covid-19 restrictions permit.



Dunedin Airport recorded an operating surplus before tax of \$0.230 million (2020: \$1.017 million). This decrease is representative of the impact of Covid-19 on the company. There are decreased passenger numbers which has a direct correlation to aeronautical revenue and also impacts on nonaeronautical revenue streams. These decreases in revenue are partially offset by a decrease in operating expenditure.

Events subsequent to balance date

The Directors are not aware of any matters or circumstances since the end of the financial period not otherwise discussed at note 10 of these financial statements, that has significantly or may significantly affect the operation of Dunedin City Holdings Limited, the results of those operations or the state of affairs of the parent company or the Group.

Corporate governance

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

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

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

Outlook

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



Statement of responsibility

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

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

In the opinion of the Directors, the interim financial statements fairly reflect the financial position as at 31 December 2021 and operations for the six months to 31 December 2021 of Dunedin City Holdings Limited Group.

The Directors of Dunedin City Holdings Limited have pleasure in presenting the interim group financial statements, set out on pages 9 to 21, for the six months ended 31 December 2021 and authorises them for issue on 23 February 2022.

Chair

Director



Principal activities of the group

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

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

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

Principal activities of the subsidiary and associate companies

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



Dunedin City Holdings Limited

Group financial statistics

	Six Months	Six Months	Year	Year	Year
	to Dec	to Dec	to June	to June	to June
	2021	2020	2021	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000
		Restated		Restated	Restated
Revenue	143,428	140,863	296,200	257,964	269,651
Profit before subvention and tax	6,878	1,600	38,431	(10,295)	4,369
Income tax	2,475	1,388	12,292	(2,273)	4,510
Net profit after tax	4,403	212	26,139	(8,022)	(141)
Net interest paid to the Council on advance	2,975	2,951	5,902	5,902	5,902
Profit after tax before shareholder interest	7,378	3,163	32,041	(2,120)	5,761
Cash flows from operating activities	13,839	19,332	38,850	14,343	24,036
Shareholder's funds	400,206	302,318	353,444	288,226	286,751
Shareholder's advance	112,000	112,000	112,000	112,000	112,000
Total shareholder's interest	512,206	414,318	465,444	400,226	398,751
Rate of return (on shareholder funds)	1.1%	0.1%	7.4%	-2.8%	0.0%
Dividend paid	-	-	-	-	-
Total assets	1,555,641	1,408,827	1,481,764	1,382,970	1,281,378
Shareholder's funds to total assets	25.7%	21.5%	23.9%	20.8%	22.4%



Statement of comprehensive income For the six months ending **31** December **2021**

	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited full year to 30 Jun 2021 \$'000
Income continuing operations			
Sales revenue	131,940	128,437	248,320
Gain on sale of assets	36	470	-
Interest on advances to related parties	4,021	4,649	8,205
Interest - other	111	410	1,169
Subvention income	-	-	-
Net gain on foreign currency transactions Dividends	719	-	342
Gain in fair value of forestry land	6,601	6,897	38,164
Total operating revenue	143,428	140,863	296,200
Expenses continuing operations			
Bad debts written off	(7)	6	(386)
Movement in expected credit losses for receivables	(39)	-	(112)
Donations	6	7	30
Lease expense	61	14	98
Research expenditure	20	82	-
Employee expenses	35,202	33,637	60,583
Directors remuneration	603	559	1,289
Audit fees	181	180	448
Interest - related parties	2,975	3,603	5,534
Interest - other	11,005	12,455	23,426
Net loss on foreign currency transactions	-	380	-
Depreciation and amortisation	18,328	17,534	33,935
Other expenses	68,270	71,254	133,966
Total operating expenditure	136,605	139,711	258,811
Profit (Loss) from continuing operations	6,823	1,152	37,389
Share of associate profit	55	448	1,042
Profit (Loss) before tax	6,878	1,600	38,431
Income tax	2,475	1,388	12,292
Profit (Loss) after tax	4,403	212	26,138
Attributable to: Equity holders of the parent Minority interest	4,403	212	26,138 -

The accompanying notes form part of these financial statements



Statement of comprehensive income For the six months ending **31** December **2021**

	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited full year to 30 Jun 2021 \$'000
Profit (Loss) after tax brought forward	4,403	212	26,138
Other comprehensive income:			
Gain (loss) on forestry land revaluations	-	(221)	6,524
Gain (loss) on interest rate swap hedges	31,093	10,945	28,127
Gain (loss) on foreign exchange hedges	(381)	-	1,212
Gain (loss) on carbon credit revaluation	27,850	5,428	12,279
Other comprehensive income associates	44	45	91
Income tax on other comprehensive income	(16,247)	(2,318)	(11,704)
Total other comprehensive income	42,359	13,879	36,529
Total comprehensive income for the period	46,762	14,091	62,667
Attributable to:			
Equity holders of the parent	46,762	14,091	62,667
Minority interest	-	-	-
	46,762	14,091	62,667



Dunedin City Holdings Limited

Statement of changes in equity For the six months ending 31 December 2021

	Share capital \$'000	Retained earnings \$'000	Reserves \$'000	Total equity \$'000
Unaudited				
Equity as at 1 July 2021	128,689	171,735	53,020	353,444
Profit after tax	-	4,403	-	4,403
Other comprehensive income	-	7,880	34,479	42,359
Share capital contribution	-	-	-	-
Distributions to equity holders	-	-	-	-
Equity as at 31 December 2021	128,689	184,018	87,499	400,206
Unaudited Equity as at 1 July 2020	126,139	145 755	16,333	200 227
Profit after tax	120,139	145,755 212	10,555	288,227 212
	-	212	12.970	13,879
Other comprehensive income	-	-	13,879	13,679
Share capital contribution	-	-	-	-
Equity as at 31 December 2020	126,139	145,967	30,212	302,318
Unaudited				
Equity as at 1 July 2020	126,139	145,755	16,333	288,227
Profit after tax	-	26,138	-	26,138
Other comprehensive income	-	(158)	36,687	36,529
Share capital contribution	2,550	-	-	2,550
Equity as at 30 June 2021	128,689	171,735	53,020	353,444

The accompanying notes form part of these financial statements



Statement of financial position As at **31** December **2021**

	Note	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited full year to 30 Jun 2021 \$'000
Current assets				
Cash and cash equivalents		25,782	45,793	21,979
Derivative financial instruments	6	156	-	2,059
Trade and other receivables		30,266	29,436	34,320
Inventories		6,761	4,754	5,436
Other current financial assets		1,915	1,457	1,121
Prepayments		671	800	1,564
Total current assets		65,551	82,240	66,479
Non-current assets Term Receivables Other non-current financial assets Investments in associate companies Intangible assets - carbon credits Intangible assets - other Forestry assets Property, plant and equipment Right of Use Assets Derivative financial instruments Total non-current assets	4 6	303,302 35,493 74,162 7,246 201,440 847,787 11,168 9,492 1,490,090	9,497 251,509 35,067 37,398 4,870 171,699 792,047 9,247 15,253 1,326,587	6,021 271,525 35,706 49,443 5,779 200,246 828,338 9,983 8,244 1,415,285
iotal non-current assets		1,490,090	1,326,587	1,415,285
Total assets		1,555,641	1,408,827	1,481,764

The accompanying notes form part of these financial statements $$12\!$



Statement of financial position As at 31 December 2021

٨	lote	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited full year to 30 Jun 2021 \$'000
Current liabilities				
Short term borrowings		2,588	3,108	1,482
Current Portion of Lease Liability		3,058	3,302	3,129
Trade and other payables		28,182	31,897	35,880
Employee entitlements		8,070	7,599	6,988
Accrued expenditure		86	261	82
Derivative financial instruments	6	2,095	-	1,228
Provision for tax		2,464	1,508	657
Current portion of term borrowing	5	-	-	-
Total current liabilities		46,543	47,675	49,446
Non-current liabilities				
Term borrowing	5	852,002	801,186	818,992
Term Portion of Lease Liability	5	8,606	6,783	7,263
Shareholders advance - DCC		112,000	112,000	112,000
Employee entitlements		638	833	862
Other non-current liabilities		25	311	53
Derivative financial instruments	6	24,133	53,518	36,489
Deferred taxation	-	111,488	84,203	103,215
Total non-current liabilities		1,108,892	1,058,834	1,078,874
		_,,	, ,	_,,
Total liabilities		1,155,435	1,106,509	1,128,320
Equity				
Share Capital		128,689	126,139	128,689
Retained earnings		184,018	145,970	171,735
Associate company asset revaluation reserve		18,948	18,858	18,904
Cash flow hedge reserve		(6,389)	(33,437)	(22,429)
Forest land revaluation reserve		39,683	32,860	39,683
Carbon credit reserve		35,257	11,928	16,862
		,_0,	,0	,_ >=
Total equity		400,206	302,318	353,444
			-	-
Total liabilities and equity		1,555,641	1,408,827	1,481,764

The accompanying notes form part of these financial statements



Dunedin City Holdings Limited

Statement of cash flows For the six months ending 31 December 2021

	Unaudited	Unaudited	Unaudited
	6 months to	6 months to	full year to
	31 Dec 2021	31 Dec 2020	30 Jun 2021
Note	\$'000	\$'000	\$'000
Cash flow from operating activities			
Cash was provided from:			
Receipts from customers	132,736	132,909	242,866
Interest received	3,538	5,059	8,208
Dividend received	312	-	-
	136,586	137,968	251,074
Cash was applied to:			
Suppliers and employees	111,287	108,691	182,089
Finance costs paid	13,864	16,058	29,356
Taxation paid	-	(5,410)	1,028
Net GST paid / (received)	(2,404)	(703)	(249)
	122,747	118,636	212,224
Net cash flow from operating activities 3	13,839	19,332	38,850
		,	,
Cash flow from investing activities			
Cash was provided from:			
Sale of property, plant and equipment	1,380	1,753	1,820
Carbon credits sold	3,131	-	(125)
Decrease in investments	7,674	-	4,698
	12,185	1,753	6,393
Cash was applied to:			
Purchase of property, plant and equipment	30,946	32,327	84,707
Increase in investments	21,822	7,474	28,000
	52,768	39,801	112,707
Net cash flow from investing activities	(40,583)	(38,048)	(106,314)
Cash flow from financing activities			
Cash was provided from:			
Call on Capital	-	-	2,550
Loans raised	110,000	109,282	240,270
Cash was applied to .	110,000	109,282	242,820
<i>Cash was applied to:</i> Lease liabilities	2,078	_	3,604
Loans repaid	77,375	95,000	200,000
Dividends	-	-	
	79,453	95,000	203,604
Net cash flow from financing activities	30,547	14,282	39,216
Net increase/(decrease) in cash	3,803	(4,434)	(28,248)
Opening cash and cash equivalents	21,979	50,227	50,227
Closing cash and cash equivalents	25,782	45,793	21,979

The accompanying notes form part of these financial statements



Notes to the financial statements (unaudited) For the six months ending **31** December **2021**

1 Reporting entity

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

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

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

The financial statements of Dunedin City Holdings Limited are for the six months ended 31 December 2021.

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

Dunedin City Holdings Limited is a profit orientated entity.

2 Basis of preparation

The financial statements for the period ended 31 December 2021 are unaudited.

The financial statements have been prepared in accordance with New Zealand Equivalents to International Reporting Standards 34, Interim Financial Reporting, and should be read in conjunction with the unaudited financial statements for the year ended 30 June 2021 and the audited financial statements for the year ended 30 June 2020.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2021 and 30 June 2020.

The judgement, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2021 and 30 June 2020.

The annual report for the year ended 30 June 2021 has not been audited and is therefore not yet publically available. The legislative requirement is for the audit to be completed by 30 November 2021. The delay is due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns. It is expected that the audit will be commenced in February 2022 and finished in March 2022.



Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending **31** December **2021**

3 Reconciliation of operating profit to net cash flows from operating

	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited full year to 30 Jun 2021 \$'000
Net profit after tax	4,403	212	26,138
Share of net profit/(loss) in associated companies	(55)	(448)	(1,042)
Items Not Involving Cash Flows			
Depreciation & amortisation	18,328	17,534	33,935
Depletion of forest	7,435	7,520	12,375
Deferred tax	987	3,741	14,955
Asset impairment	-	-	(741)
Forest revaluation	(6,601)	(6,897)	(38,164)
Carbon credit revaluation	-	(5,428)	(5,069)
(Increase)/Decrease in cash flow hedge valuation	(759)	(1,092)	(2,003)
Other non-cash items	(4,264)	(1,331)	1,491
Impact of Changes in Working Capital Items			
(Increase)/Decrease in trade and other receivables	4,054	5,826	(4,773)
(Increase)/Decrease in other current assets	(794)	313	(219)
(Increase)/Decrease in inventories	(1,325)	(4,149)	884
(Increase)/Decrease in prepayments	893	138	(626)
Increase /(Decrease) in trade and other payables	(7,698)	506	4,489
Increase /(Decrease) in provision for tax	1,807	2,037	1,186
Increase /(Decrease) in other current liabilities	1,086	1,194	404
Items Classified as Investing or Financing Activities			
Gain on sale of property, plant and equipment	532	(470)	(568)
Loss on sale of property, plant and equipment	-	-	1,485
Investment in Financial Instruments	(7,674)	-	(4,698)
Movement in capital creditors	3,484	126	(589)
Net cash inflows from operating activities	13,839	19,332	38,850



Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending **31** December **2021**

4 Property, plant and equipment

	Unaudited	Unaudited	Unaudited
	6 months to	6 months to	full year to
	31 Dec 2021	31 Dec 2020	30 Jun 2021
	\$'000	\$'000	\$'000
Additions	36,068	33,312	84,634
Revaluations	-	-	6,745
Net disposals	(105)	(2,066)	(1,373)
Capital commitments	34,520	33,124	12,000

There have been no material changes in fair value for all property, plant and equipment asset classes between 30 June 2021 and 31 December 2021.

5 Term borrowings

31 December 2021

	Unaudited as at 31 Dec 2021 \$'000	Unaudited as at 31 Dec 2020 \$'000	Unaudited as at 30 Jun 2021 \$'000
Current		4 000	.
	-	-	-
Non Current			
Multi-option note facility	852,002	801,186	818,992
	852,002	801,186	818,992
Total term borrowings	852,002	801,186	818,992

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



Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending **31** December **2021**

	Unaudited as at 31 Dec 2021 \$'000	Unaudited as at 31 Dec 2020 \$'000	Unaudited as at 30 Jun 2021 \$'000
Term borrowings			
Promissory notes	164,474	129,915	149,858
Bonds 15/4/21*	-	30,000	-
Bonds 15/4/21	-	75,000	-
Bonds 25/11/21*	-	70,000	70,000
Floating rate notes 15/10/22	50,000	50,000	50,000
Bonds 15/11/22*	45,000	45,000	45,000
Bonds 16/10/23*	50,000	50,000	50,000
Floating rate notes 15/02/24	25,000	25,000	25,000
Bonds 16/10/24	35,000	35,000	35,000
Bonds 17/7/25	50,000	50,000	50,000
Bonds 15/3/26	50,000	50,000	50,000
Bonds 15/4/26*	65,000	65,000	65,000
Bonds 15/11/26*	55,000	55,000	55,000
Bonds 16/11/26	60,000	60,000	60,000
Bonds 18/4/28*	110,000	-	110,000
Bonds 27/11/28*	100,000	-	-
Fair value impact on bonds (*)	(7,472)	11,271	4,134
Total term borrowings	852,002	801,186	818,992
The repayment period on the term borrowings is as follows:			
Repayable less than one year	259,272	307,712	220,994
Repayable between one to five years	381,581	263,474	374,216
Repayable later than five years	211,149	230,000	223,782
	852,002	801,186	818,992

Fair value of borrowings

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

Directors estimate the fair value of the group's borrowings as at 31 December 2021 as being \$849,735,616 (June 2021: \$829,066,000, December 2020: \$895,621,657).



Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2021

6 Derivative financial instruments

	Unaudited	Unaudited	Unaudited
	as at 31 Dec	as at 31 Dec	as at 30 Jun
	2021	2020	2021
	\$'000	\$'000	\$'000
Assets			
Interest rate swaps and FX contracts	9,648	15,253	10,303
Analysed as:			
Current	156	-	2,059
Non-Current	9,492	15,253	8,244
	9,648	15,253	10,303
Liabilities			
Interest rate swaps and FX contracts	26,228	53,518	37,717
Analysed as:			
Current	2,095	-	1,228
Non-Current	24,133	53,518	36,489
	26,228	53,518	37,717

Derivative financial instruments are recognised at fair value on the date the derivative is entered into and are subsequently re-measured to their fair value.

7 Financial instruments

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



Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending **31** December **2021**

8 Contingent liabilities

	Unaudited	Unaudited	Unaudited
	as at 31 Dec	as at 31 Dec	as at 30 Jun
	2021	2020	2021
	\$'000	\$'000	\$'000
Performance bonds	585	1,006	1,157

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

In January 2021, the Labour Inspectorate office opened an investigation into Delta Utility Services Limited's leave processes and payments. This investigation is still ongoing and at reporting date, the financial consequences of this matter (if any) were not known.

for Electricity Distribution Businesses. Aurora Energy Limited breached its regulated quality limits for the 2020 disclosure year. At reporting date, the financial consequences of the above matter (if any) were not known.

In future years there will be a carbon credit liability against a proportion of the carbon credits sequestered from post-1989 forest areas in accordance with New Zealand Emission Trading Scheme Regulations. A proportion of carbon sequestered from Post-1989 areas will have to be surrendered to compensate for the carbon liability generated from harvesting those forest areas. As at 31 December 2021 the value of the potential liability in future years is unknown due to the variations in the harvesting schedule, carbon reporting periods and the value of carbon to surrender. The Directors of City Forests Limited have requested future work be done in this area so potential liabilities can be ascertained.

There is a potential obligation to repay Key Money received by Dunedin Venues Management Limited, related to food and beverage contracts. The Key Money is recognised as a liability in the statement of financial position and is recognised when turnover targets are met, or repaid when they are not. Contingent Liabilities in relation to this total \$500,000 as at 31 December 2021, with \$50k at risk each year over the life of the contract.



Notes to the financial statements (unaudited) For the six months ending **31** December **2021**

9 Prior period errors

Whilst preparing the 30 June 2021 financial statements prior period errors were identified and the 30 June 2020 financial statements were restated to reflect the correct opening position (refer to the annual report for the year ended 30 June 2021). Therefore, the 31 December 2020 financial statements in this interim report also had to be restated to reflect the correct opening position. In addition to this the financial statistics page has been restated for each period reported.

Statement of financial position

	Previously reported 31/12/20	Error 1- Profit elimination	Error 2 - Classification	Restated 31/12/20
	\$'000	\$'000	\$'000	
Current assets				
Trade and other receivables	21,405		8,031	29,436
Taxation refund receivable	6,645		(6,645)	-
Inventories	12,785		(8,031)	4,754
Non-current assets				
Property, plant and equipment	860,310	(68,263)		792,047
Current liabilities				
Provision for tax	8,153		(6,645)	1,508
Non-current liabilities				
Deferred taxation	119,401	(19,114)	(16,084)	84,203
Equity				
Share capital	126,419		(280)	126,139
Accumulated funds	142,491	(49,149)	52,628	145,970
Cash flow hedge reserves	(49,521)		16,084	(33,437)
Forest land revaluation reserve	85,208		(52,348)	32,860

Statement of cash flows

	Previously reported 31/12/20	Error 3 - Classification	Restated 31/12/20
	\$'000	\$'000	
Cash flow from investing activites			
Loans raised (inflow)	14,282	95,000	109,282
Loans repaid (outflow)	-	95,000	95,000



ш

Attachment

Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2021

1. Profit elimination error

Whilst preparing the 30 June 2021 financial statements, an error was identified regarding the elimintation of profit between subsidiary entities of DCHL. Delta Utility Services Limited ("Delta") provides contracting services to Aurora Energy Limited ("Aurora"), some of these services are performed on network assets that are then capitalised by Aurora. The capitalisation of the costs includes a profit component that is earned by Delta. The subsidiary financial statements of Aurora reflect their correct financial position by including the full cost (which includes the profit component) and Delta correctly recognises the profit in its Statement of financial performance.

The error occurs in the DCHL Group when consolidating these result. From a DCHL Group perspective the network asset recognised in previous financial statements includes an inter-company profit component. This inclusion has overstated the value of the network asset as the profit should have been eliminated from the network asset value when reported in the DCHL financial statements.

This error has occurred since 2006. There has been an adjustment made to opening retained earnings to relfect the profit component capitalised on the network asset value since 2006.

There was no adjustment required to the 31 December 2020 interim statement of comprehensive income as there had been no network assets capitalised with a profit component during that interim period.

2. Classification errors for statement of financial position

A work in progress balance of \$8.031 million was incorrectly classified as inventory rather than trade and other receivables.

The taxation refund receivable and provision for tax liability were both overstated by \$6.645 million because the balances should have been netted off in the statement of financial position.

The Group had not recognised the \$16.084 million of tax benefits from Dunedin City Treasury Limited and Dunedin Stadium Property Limited.

Share capital was incorrectly overstated by \$280k which should have been included in accumulated funds.

The forestry revaluation reserve balance of \$52.348 million has now been reclassified to accumulated funds, in order to separately show the forest land revaluation reserve.

3. Classification error for statement of cash flows

The proceeds from borrowings and repayment of borrowings were understated by \$95 million because the borrowings (for medium term notes and floating rate notes) that matured during the year had been incorrectly netted off against the borrowings taken out.

10 Subsequent events

From 23 January 2022 the country moved into the red traffic light, at the date of signing this Interim Report the area in which the DCHL Group operates remains subject to red level of the Covid-19 Protection Framework. At this stage our assessment is that the impact of Covid-19 restrictions will not materially effect the achievement of the DCHL Group's targets for the 2022 financial year. Each entity within the Group have put in place budgets and strategies to mitigate against the risk of Covid-19 and associated supply chain and market price fluctuations.

There were no other significant post balance date events.



ш

Attachment

Dunedin City Holdings Limited

Statement of Service Performance For the six months ending 31 December 2021

Performance targets

Outcome achieved

- **1** Monitor performance of DCHL Group companies to ensure returns (financial and other) are optimised.
- 2 Seek opportunities to create synergies, leverage experience or expertise across DCHL Group, where appropriate.
- **3** Monitor performance of DCHL portfolio as a whole to ensure returns (financial and other) are optimised.
- 4 Consider strategic issues.
- **5** Provide input on DCHL Group companies' medium to long term strategies.
- 6 Review and approve DCHL Group Statements of Intent for consistency with Council's strategic direction.
- 7 Set expectations through annual Letters of Expectation to DCHL Group companies.
- 8 Support progress across the DCHL Group in moving towards measuring, reporting, and reducing carbon emissions and waste.

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

Achieved. Synergy projects are ongoing across the DCHL Group.

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

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

Achieved. Several DCHL company engagements and one full Chairs meeting has taken place. All remaining DCHL company engagements will be completed prior to 30 June 2022.

Achieved. Draft DCHL Group Statements of Intent are currently under review. All DCHL Group Statements of Intent will be reviewed and approved prior to 30 June 2022.

Achieved. Annual Letters of Expectation were sent to DCHL Group companies prior to 31 December 2021.

Achieved. Systems to measure and report carbon emissions are in place. Strategies and targets to reduce carbon emissions and waste are expected to be complete by 30 June 2022.



Dunedin City Holdings Limited

Statement of Service Performance For the six months ending 31 December 2021

- 9 Appoint Directors to DCHL Group companies; appoint Chairs to subsidiary companies.
- **10** Ensure companies are good employers, and operate in an environmentally and socially responsible way. Expect Group companies to maintain ongoing focus on health and safety as a top priority.
- **11** Consult with the shareholder in a timely manner on DCHL Group strategic or operational matters which could compromise the Council's community outcomes.
- 12 Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.

Achieved. All appointments and re-appointments have been completed on time and in compliance with policy.

Achieved. Monthly reporting on key aspects including health and safety have been completed, for the year to date. Systems are now in place to reduce the carbon footprint of the DCHL Group companies.

Achieved. All matters requiring escalation to the shareholder were reported in a timely manner.

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

Financial forecasts

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



Dunedin City Holdings Limited

Directory

Directors

Keith T Cooper (Chair) Christopher C Hopkins Linda M Robertson Richard J Thomson Susie J Johnstone

Registered Office

50 The Octagon Dunedin 9016

Bankers

Westpac Banking Corporation

Solicitors

Anderson Lloyd

Taxation Advisors

Deloitte

Auditor

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

Companies comprising the Dunedin City Holdings group

Subsidiary Companies

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

Associate Company

Dunedin International Airport Limited (50% ownership)

Dunedin City Treasury Ltd

INTERIM REPORT For the six months ended 31 December 2021



Dunedin City Treasury Limited

Contents	Page	
Directors' report	2	
Statement of responsibility	4	
Statement of comprehensive income	5	
Statement of changes in equity	6	
Statement of financial position	7	
Statement of cash flows	8	
Notes to the financial statements	9	
Statement of service performance	15	
Directory	16	

Dunedin City Holdings Limited Group Companies - Interim Reports for the Six Months Ended 31 December 2021



Dunedin City Treasury Limited

Directors' report

The Directors of Dunedin City Treasury Limited are pleased to present their report on the activities of the Company for the six months ended 31 December 2021.

Overview of results	unaudited	unaudited	audited
	6 months to	6 months to	full year to 30
	31 Dec 2021	31 Dec 2020	Jun 2021
	\$'000	\$'000	\$'000
Total income	11,414	12,634	23,784
Profit before tax	45	(75)	34
Income tax	(2)	(32)	27
Net profit after tax	47	(43)	7
Total assets	878,803	814,759	835,224

Review of operations

Dunedin City Treasury Ltd ("the Company") experienced a small increase in the cost of funds for the DCC Group, with average cost of funding increasing from 2.49% to 2.50% over the six month period, as wholesale interest rates increased significantly over the period. The Reserve Bank increased the Official Cash Rate from 0.25% to 0.75% and the 3 month benchmark interest rate moved from 0.35% to closer to 1.00%.

The Company undertook one sucessful refinancing during the period. The \$70.0m 25 November 2021 Medium Term Note (MTN) maturity was refinanced with a new \$100.0m seven year MTN. The new MTN was priced at a coupon rate of 3.22%. The issue margin was 0.44% above the underlying seven year interest rate swap yield.

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

The Company's Promissory Note programme continues to perform strongly, achieving an average rate of +0.02% over the relevant floating benchmark interest rate, and an average bid coverage 2.0 times the Promissory Notes tendered.

The Company has ensured that funding facilities are spread over time to assist with managing funding risk. The Company continues to ensure that there is less than \$350 million of funding due to mature in any forward one year period, as required by DCC's Treasury Risk Management Policy. The Company also maintained compliance with all other aspects of the Treasury Risk Management Policy, an annual review of which was completed in March 2021. The Company continues to manage funds in the best interests of its borrowers.

The Company experienced a significant increase in equity during the period. Higher New Zealand interest rate swap yields reduced the negative mark to market of the Company's cash flow hedging arrangements, significantly reducing the negative value of the Company's Hedge Reserve from -30.9 million as at 30 June 2021 to -8.9 million as at 31 December 2021.

Standard & Poor's reaffirmed the AA/Stable/A-1+ ratings of both Dunedin City Treasury Limited and the Dunedin City Council in December 2021.

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

Seasonality

There is no seasonality of earnings within the Company.



Dunedin City Treasury Limited

Directors' report

Dividends

No dividends were paid by the Company during the period.

Events after balance sheet date

There were no significant events after balance date.

Outlook

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



Dunedin City Treasury Limited

Statement of responsibility

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

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

In the opinion of the Directors, the interim financial statements fairly reflect the financial position as at 31 December 2021 and operations for the six months to 31 December 2021 of Dunedin City Treasury Limited.

The Board of Directors of Dunedin City Treasury Limited have pleasure in presenting the interim financial statements, set out on pages 5 to 16, for the six months ended 31 December 2021 and authorises them for issue on 3 February 2022.

70205/

Chair

5 Hophs

Director



Dunedin City Treasury Limited

Statement of comprehensive income For the six months ending 31 December 2021

	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Audited full year to 30 Jun 2021 \$'000
Interest on advances & fees from related parties	11,342	12,546	23,715
Interest on other investments	21	48	69
Total financial income	11,363	12,594	23,784
Ineffectiveness on fair value hedge (gain)	51	40	-
Total income	11,414	12,634	23,784
Less expenses:			
Interest to related parties	6	12	7
Interest & fees on term loans	11,019	12,384	23,082
Total financial expenses	11,025	12,396	23,089
Audit fees	, -	-	28
Directors remuneration	-	-	-
Management fees to related parties	180	180	360
Amortisation	-	1	2
Other operating expenses	164	132	200
Ineffectiveness on fair value hedge (loss)	-	-	71
Total expenses	11,369	12,709	23,750
Profit before tax	45	(75)	34
Income tax	(2)	(32)	27
Net profit after tax	47	(43)	7
Other comprehensive income:			
Gain (loss) on cash flow hedges taken to equity Gain (loss) on cash flow hedges to related parties	23,114	9,245	29,515
taken to equity	(1,170)	(2,549)	(4,601)
Total other comprehensive income	21,944	6,696	24,914
Total comprehensive income/(loss) for the period	21,991	6,653	24,921



Dunedin City Treasury Limited

Statement of changes in equity For the six months ending 31 December 2021

the second second	Share capital \$'000	Hedge reserve \$'000	Retained earnings \$'000	Total equity \$'000
Unaudited Equity as at 1 July 2021	100	(31,303)	278	(30,925)
Comprehensive income for the period	-	21,944	47	21,991
Envite an et of Desembles 2021		(0.250)	225	(0.02.1)
Equity as at 31 December 2021	100	(9,359)	325	(8,934)
Unaudited Equity as at 1 July 2020 Comprehensive income for the period Equity as at 31 December 2020	100	(56,217) 6,696 (49,521)	271 (43) 228	(55,846) 6,653 (49,193)
Audited Equity as at 1 July 2020 Comprehensive income for the period	100	(56,217) 24,914	271 7	(55,846) 24,921
Equity as at 30 June 2021	100	(31,303)	278	(30,925)



Dunedin City Treasury Limited

Statement of financial position As at 31 December 2021

	Note	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Audited full year to 30 Jun 2021 \$'000
Current assets				
Cash and cash equivalents		22,257	38,500	19,757
Investments	5	-	-	-
Derivative financial instruments	7	13	5,170	1,954
Trade and other receivables		4,259	4,591	3,143
Prepayments		514	524	589
Total current assets		27,043	48,785	25,443
Non-current assets				
Investments	5	842,610	756,050	801,820
Derivative financial instruments	7	9,150	9,923	7,961
Software	4	-	1	-
Total non current assets		851,760	765,974	809,781
Total assets		878,803	814,759	835,224
Current liabilities Short term borrowings	6	4 207	4 412	4 792
Trade and other payables	0	4,397 5,083	4,413 4,868	4,782 4,977
Derivative financial instruments	7	2,095	3,772	1,165
Provision for tax	,	2,095	(32)	29
Total current liabilities		11,602	13,021	10,953
Non-current liabilities Term borrowings	8	852,002	801,186	818,992
Derivative financial instruments	7	24,133	49,745	36,204
Total non-current liabilities	,	876,135	850,931	855,196
				,
Total liabilities		887,737	863,952	866,149
Equity				
Share capital		100	100	100
Hedge reserve		(9,359)	(49,521)	(31,303)
Retained earnings		325	228	278
Total equity		(8,934)	(49,193)	(30,925)
Total liabilities and equity		878,803	814,759	835,224
terat inabilities and equity				



Dunedin City Treasury Limited

Statement of cash flows For the six months ending 31 December 2021

Note	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Audited full year to 30 Jun 2021 \$'000
Cash flow from operating activities	\$ 000	\$ 000	\$ 000
Cash was provided from:			
Receipts from customers	101	142	247
Interest received	10,146	11,647	24,180
	10,247	11,789	24,427
Cash was applied to:			
Payments to suppliers	269	392	728
Interest paid	10,919	12,976	23,565
Subvention paid/(received)	- 11,188	- 13,368	(2) 24,291
Net cash flow from operating activities 3	(941)	(1,579)	136
Net cash now from operating activities 5	(541)	(1,575)	150
Cash flow from investing activities Cash was provided from:			
Net decrease in investments	11,554	99,663	-
	11,554	99,663	-
Cash was applied to:			
Purchase of Software	-	-	-
Net increase in investments	40,738	118,519	68,615
	40,738	118,519	68,615
Net cash flow from investing activities	(29,184)	(18,856)	(68,615)
Cash flow from financing activities Cash was provided from:			
Net loans raised	110,000	60,000	41,570
	110,000	60,000	41,570
Cash was applied to:			
Net loans repaid	77,375	47,731	-
	77,375	47,731	-
Net cash flow from financing activities	32,625	12,269	41,570
Net increase/(decrease) in cash and cash equivalents	2,500	(8,166)	(26,909)
Opening cash and cash equivalents	19,757	46,666	46,666
Closing cash and cash equivalents	22,257	38,500	19,757



Dunedin City Treasury Limited

Notes to the financial statements (unaudited) For the six months ending **31** December **2021**

1 Reporting entity

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

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

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

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

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

2 Basis of preparation

The financial statements for the six month period ended 31 December 2021 are unaudited.

The financial statements have been prepared in accordance with New Zealand Equivalents to International Reporting Standards 34, Interim Financial Reporting, and should be read in conjunction with the audited financial statements for the year ended 30 June 2021.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2021.

The judgement, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2021.



Dunedin City Treasury Limited

Notes to the financial statements (unaudited) For the six months ending **31** December **2021**

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

	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Audited full year to 30 Jun 2021 \$'000
Net profit after tax	47	(43)	7
Items not involving cash flows			
Fair value change in SWAPs	(51)	(40)	71
Amortisation	-	1	2
	(4)	(82)	80
Impact of changes in working capital items			
(Increase)/Decrease in receivables	(1,116)	(800)	648
(Increase)/Decrease in prepayments	75	(80)	(145)
Increase/(Decrease) in trade and other payables	106	(585)	(476)
Increase/(Decrease) in provisions	(2)	(32)	29
Net cash inflows from operating activities	(941)	(1,579)	136

4 Software

	Unaudited as at 31 Dec 2021 \$'000	Unaudited as at 31 Dec 2020 \$'000	Audited as at 30 Jun 2021 \$'000
Balance at beginning of period	-	2	2
Purchases	-	-	-
Amortisation	-	(1)	(2)
Balance at end of period	-	1	-



the second second

. . .

Dunedin City Treasury Limited

Notes to the financial statements (unaudited) For the six months ending **31** December **2021**

5 Investments

	Unaudited as at 31 Dec 2021 \$'000	Unaudited as at 31 Dec 2020	Audited as at 30 Jun 2021
Current	\$ 000	\$'000	\$'000
Advances to Dunedin City Council			_
Advances to Dunedin City Council Advances to Dunedin City Holdings Limited Group	-	-	-
, 5 1	-	-	-
Investment at bank	-	-	-
	-	-	-
Non-current			
Advances to Dunedin City Council	303,300	251,500	271,500
Advances to Dunedin City Holdings Limited Group	539,310	504,550	530,320
	842,610	756,050	801,820
Total investments	842,610	756,050	801,820
A maturity analysis of the company's investments is as follows:			
Maturity within one year	-	-	-
Maturity one to five years	-	-	-
Maturity over five years	842,610	756,050	801,820
	842,610	756,050	801,820

Discourse Reveal

The carrying amount of investments approximate their fair value. There have been no indications of impairment of any investment.

6 Short term borrowings

	Unaudited	Unaudited	Audited
	as at 31 Dec	as at 31 Dec	as at 30 Jun
	2021	2020	2021
	\$'000	\$'000	\$'000
Due to related parties	2,900	2,600	3,300
Other short term deposits	1,497	1,813	1,482
	4,397	4,413	4,782



Dunedin City Treasury Limited

Notes to the financial statements (unaudited) For the six months ending **31** December **2021**

7 Derivative financial instruments

	Unaudited	Unaudited	Audited
	as at 31 Dec	as at 31 Dec	as at 30 Jun
	2021	2020	2021
	\$'000	\$'000	\$'000
Assets			
Interest rate swaps - cash flow hedges - DCHL Group	13	2,275	823
Interest rate swaps - cash flow hedges - DCC	296	1,256	656
Interest rate swaps - cash flow hedges - Bank	6,777	-	2,261
Interest rate swaps - fair value hedges - Bank	2,077	11,562	6,175
	9,163	15,093	9,915
Current			
Interest rate swaps - cash flow hedges - DCC Group	13	2,387	823
Interest rate swaps - fair value hedges - Bank	-	2,783	1,131
	13	5,170	1,954
Non-current			
Interest rate swaps - cash flow hedges - DCC Group	296	1,144	656
Interest rate swaps - cash flow hedges - Bank	6,777	-	2,261
Interest rate swaps - fair value hedges - Bank	2,077	8,779	5,044
	9,150	9,923	7,961
Total Assets	9,163	15,093	9,915
Liabilities			
Interest rate swaps - cash flow hedges - Bank	16,443	53,050	35,040
Interest rate swaps - fair value hedges - Bank	9,785	467	2,329
	26,228	53,517	37,369
Current			
Interest rate swaps - cash flow hedges - Bank	1,884	3,772	1,165
Interest rate swaps - fair value hedges - Bank	211	-	-
	2,095	3,772	1,165
Non-current			
Interest rate swaps - cash flow hedges - Bank	14,559	49,278	35,040
Interest rate swaps - fair value hedges - Bank	9,574	467	2,329
	24,133	49,745	37,369
Total Liabilities	26,228	53,517	38,534

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



Dunedin City Treasury Limited

Notes to the financial statements (unaudited) For the six months ending **31** December **2021**

8 Term borrowings (secured)

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

	Unaudited as at 31 Dec	Unaudited as at 31 Dec	Audited as at 30 Jun
	2021 \$'000	2020 \$'000	2021 \$'000
Term borrowings	\$ 000	\$ 000	\$ 000
Promissory notes	164,474	129,915	149,858
Bonds 15/4/21*	-	30,000	-
Bonds 15/4/21	_	75,000	_
Bonds 25/11/21*	-	70,000	70,000
Floating rate notes 15/10/22	50,000	50,000	50,000
Bonds 15/11/22*	45,000	45,000	45,000
Bonds 16/10/23*	50,000	50,000	50,000
Floating rate notes 15/02/24	25,000	25,000	25,000
Bonds 16/10/24	35,000	35,000	35,000
Bonds 17/7/25	50,000	50,000	50,000
Bonds 15/4/26*	65,000	65,000	65,000
Bonds 15/3/26	50,000	50,000	50,000
Bonds 15/11/26*	55,000	55,000	55,000
Bonds 16/11/26	60,000	60,000	60,000
Bonds 18/04/28*	110,000	-	110,000
Bonds 27/11/28*	100,000	-	-
Fair value impact on bonds (*)	(7,472)	11,271	4,134
	852,002	801,186	818,992
The repayment period on the term borrowings is as follows:			
Repayable less than one year	259,272	307,712	220,994
Repayable between one to five years	381,581	263,474	374,216
Repayable later than five years	211,149	230,000	223,782
	852,002	801,186	818,992

Fair value of borrowings

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

Directors estimate the fair value of the Company's borrowings as at 31 December 2021 as being \$849,735,616 (December 2020 \$895,621,657).



Dunedin City Treasury Limited

Notes to the financial statements (unaudited) For the six months ending **31** December **2021**

9 Contingent liabilities

Unaudited	Unaudited	Audited
as at 31 Dec	as at 31 Dec	as at 30 Jun
2021	2020	2021
\$'000	\$'000	\$'000
585	1,142	

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



Dunedin City Treasury Limited

Statement of Service Performance For the six months ending 31 December 2021

Performance targets

- Zero breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.
- Zero breaches of DCC Treasury Risk Management Policy's interest rate risk policy.
- 3 Zero breaches of DCC Treasury Risk Management Policy's investment management policy.
- 4 Successfully fill any issues brought to the market during the year.
- 5 Maintain funding lines with preferred financial providers.
- 6 Regular reporting of the Company's achievement against defined benchmarks.
- 7 Manage the 'Waipori Fund' and meet investment objectives set by Council.
- 8 Review the Risk Register Dashboard quarterly and report DCTL's top 5 current risks regularly to the Shareholder.
- **9** Advise shareholder within 1 business day of any breaches of policy.
- **10** Matters have been escalated to the Shareholder in a timely manner.
- **11** To report matters of substance to the Shareholder within 24 hours of the board becoming aware.
- 12 Develop an emissions reduction strategy and associated targets for inclusion in the 2023 Statement of Intent.
- **13** Develop a waste reduction strategy and associated targets for inclusion in the 2023 Statement of Intent.
- 14 Maintain a credit rating equal to that of Dunedin City Council.

Financial forecasts

Performance targets achieved

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

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

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

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

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

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

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

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

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

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

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

In progress. An emissions reduction strategy and associated targets are being developed for inclusion in the 2023 Statement of Intent.

In progress. A waste reduction strategy and associated targets are being developed for inclusion in the 2023 Statement of Intent.

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

Financial forecasts are set in the Statement of Intent for the year ending 30 June 2022. The Company is on track to meet the financial forecasts set.



Dunedin City Treasury Limited

Directory

Directors

Keith T Cooper (Chair) Linda M Robertson Christopher C Hopkins Richard J Thomson Susie J Johnstone

Registered Office

50 The Octagon Dunedin 9016

Bankers

Westpac Banking Corporation

Solicitors

Anderson Lloyd

Taxation Advisors Deloitte

Auditor

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





STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months to 31 December 2021	Budget 6 months to 31 December 2021	Unaudited 6 months to 31 December 2020	Audited 12 months to 30 June 2021	Budget 12 months to 30 June 202:
Operating Revenue	5,930,142	7,670,453	6,437,009	14,684,000	15,224,023
Interest Received	2,053	3,000	293	1,000	6,000
Bad Debts Recovered	-	840	-	-	1,680
Gain/(Loss) On Investment	(183,518)	-	153,082	3,000	-
Depreciation Recovered	-	-	-	-	-
Dividend Received	35,528	12,500	12,820	25,000	25,000
Total Revenue	5,784,205	7,686,793	6,603,204	14,713,000	15,256,703
Audit Fee	29,868	30,498	49,832	67,000	60,996
Directors Fee	58,614	58,416	38,502	90,000	116,833
Interest Paid	235,513	349,686	258,775	496,000	709,82
Ineffective hedges	200,010	349,080	200,770	450,000	705,62
Wages and Salaries	1,341,051	1,244,256	- 1,364,993	2,667,000	2,488,51
Depreciation	1,823,781	1,813,509	2,059,123	3,907,000	3,690,46
Operating Exp	2,059,901	2,691,786	1,814,998	4,498,000	5,300,61
Loss On Disposal	4,987	-	-	-	-
Total Expenses	5,553,715	6,188,151	5,586,224	11,725,000	12,367,238
o					
Operating Surplus /(Deficit) Before Income Tax	000 400	4 400 0 40	4 040 000		0.000 400
Before Income Tax	230,489	1,498,642	1,016,980	2,988,000	2,889,46
income l'ax	120,962	524,530	426,199	889,000	1,011,31
Tax Prior Year Adjustment	-	-	-	15,000	-
Operating Suplus/Deficit	109,527	974,112	590,781	2,084,000	1,878,140
Other Comprehensive Income					
Ineffective Hedges Amortised to Expense	-	-	-	-	-
Cash Flow Hedges Gain/(Loss)	119,573	-	250,665	251,000	-
Revaluation of Property, Plant & Equipment	-	-	-	-	
income Tax on Items of Other Comprehensive Income	(33,425)	-	(70,186)	(70,000)	-
Total Comprehensive Income/(Deficit)	195,675	974,112	771,260	2,265,000	1,878,14
Statement of Movements in Equity	· · · · · · · · · · · · · · · · · · ·				
Equity at Beginning of Year	71,470,173	71,013,404	69,206,682	69,193,000	71,013,40
Comprehensive Income/(Deficit)	195,675	974,112	771,260	2,265,000	1,878,14
Less Dividends Paid	624,000	-	-	-	
Closing Equity	71,041,848	71,987,516	69,977,942	71,458,000	72,891,550

ltem 11



STATEMENT OF FINANCIAL POSITION

Total Assets	100,779,424	103,166,576	102,617,000	107,217,3
	97,710,377	101,047,782	99,404,000	104,994,82
nterest Rate Hedge Derivative	-	-	-	-
Deferred Tax Asset	157,886	269,000	168,000	193,00
nvestments	728,916	1,000,000	912,000	1,000,00
Fixed Assets	96,823,575	99,778,782	98,324,000	103,801,8
Non Current Assets				
	3,069,047	2,118,795	3,213,000	2,222,4
Stock on Hand Momona	30,855	32,000	49,000	32,0
Provision for Doubtful Debts	(209,532)	(50,000)	(170,000)	(50,0
Receivables and Prepayments	1,341,043	1,590,110	1,553,000	1,370,0
Cash and Cash Equivilants	1,900,481	540,285	1,775,000	864,0
Cash On Hand	6,200	6,400	6,000	6,4
Represented by Surrent Assets				
Total Equity & Liabilities	100,779,424	103,166,565	102,617,000	107,217,3
	27,774,476	29,824,202	28,158,000	31,939,5
Deferred Taxations	12,943,762	13,244,202	13,208,000	12,959,5
interest rate term derivatives	80,714	330,000	200,000	330,00
Term Loans	14,750,000	16,250,000	14,750,000	18,650,00
Non Current Liabilities				
	1,963,100	1,354,848	3,001,000	2,386,1
Provision for Taxations	(40,942)	203,787	504,000	353,6
Short Term Advance	1,000,000	-	1,000,000	-
Current Liabilities Payables and Accruals	1,004,042	1,151,061	1,497,000	2,032,5
	71,041,849	71,987,516	71,458,000	72,891,55
Final Dividend	(624,000)	-	-	-
Current Surplus/Profit	109,527	974,112	2,084,000	1,878,1
Reserves	24,501,448	24,044,479	22,400,000	24,044,4
Property Reserves	38,312,987	38,312,987	38,319,000	38,312,9
Hedge Reserves	(58,114)	(144,062)	(145,000)	(144,0
Share Capital	8,800,000	8,800,000	8,800,000	8,800,00
Shareholders Equity				
	2021	2021	2021	20
	31 December	31 December	30 June	30 Ju
	6 months to	6 months to	12 months to	12 months t



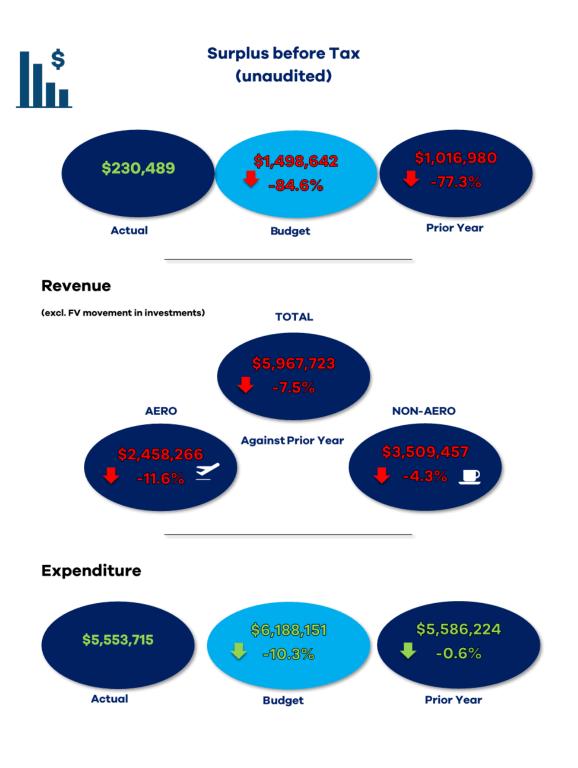
STATEMENT OF CASHFLOWS

	Unaudited	Unaudited
	6 months to	6 months to
	31 December	31 December
	2021	2020
Cash Flows from Operating Activities		
Cash was provided from:		
Receipts from Customers	(6,142)	(6,173)
Interest Received	(2)	-
Dividends Received	(36)	(13)
Cash was applied to:		
Payments to Suppliers	2,459	2,332
Payments to Employees	1,426	1,440
Interest Paid	236	259
Taxation Paid/(Refund)	952	446
Net Cash Flows from Operating Activities	1,107	1,709
Cash Flows from Investing Activities		
Cash was provided from:		
Sale of Assets	-	-
Cash was applied to:		
Purchase of Shares	-	-
Purchase of Fixed Assets	358	1,101
Net Cash Flows from Investing Activities	(358)	(1,101)
-		
Cash Flows from Financing Activities		
Dividend Paid	624	-
Net Loan Facilities (Drawdown)/Repaid	-	-
Net Cash Flows from Financing Activities	(624)	-
Net Increase/(Decrease) in Cash Held	125	608
Plus Opening Cash Brought Forward	1,781	975
ndo oponing odon brodgint rorward		

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

	Unaudited	Unaudited
	6 months to	6 months to
	31 December	30 December
	2021	2020
Operating Surplus after Taxation	108	894
Items not involving Cashflows		
(Increase)/Decrease in value of investments	184	(153)
Depreciation	1,824	1,755
Increase/(Decrease) in Deferred Tax	(287)	(202)
Loss/(Gain) on disposal of fixed asset	5	-
WIP written off	-	-
Impact of changes in working capital items		
Increase/(Decrease) in payables and accruals	(481)	(1,019)
(Increase)/Decrease in receivables and provision for doubtful debts	167	(207)
(Increase)/Decrease in prepayments	85	(73)
Increase/(Decrease) in tax payable	(545)	182
(Increase)/Decrease in stock	18	(10)
Movements in working capital items classified as investing	28	541
Net Cash Flows from Operating Activities	1,106	1,708

Dunedin City Holdings Limited Group Companies - Interim Reports for the Six Months Ended 31 December 2021



DUNEDIN | kaunihera a-rohe o CITY COUNCIL | ōtepoti



Aeronautical Revenue

Total passengers for the six months to 31 December 2021 were down 15.6% (51,919 passengers) against the prior year comparative. This however is comparing two Covid-19 impacted periods to one another. Against the 2020 financial year, which was not impacted by Covid-19 in the six months to December 2019, passengers are down 47.8% (125,014 passengers).

The decrease in passengers had a direct correlation to our aeronautical revenue which, for the six months to 31 December 2021, was 11.6% (\$323,552) down against the prior year.

The decrease in passenger numbers is offset by a higher per passenger charge than that generated in the prior year. This was primarily due to increased landing charges associated with the Terminal Expansion Project (TXP).

Non-Aeronautical Revenue

At 3,509,457 non-aeronautical revenue is 4.3% (158,846) down against the prior year.

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

- A \$60,131 (5.8%) decrease in carpark revenue. This decrease is a function of:
 - 1) the decrease in passenger numbers, offset by,
 - 2) an increase in the average length of stay of customers utilising the carpark.
- A \$32,337 (7.3%) decrease in garage revenue. This decrease is a function of:
 - 1) the decrease in fuel volume sold of 25.8%, offset by,
 - 2) increasing fuel prices. Our blended (average across all fuel grades) fuel price per litre continues to increase, from \$1.56 per litre for YTD December 2020, to \$1.94 per litre for YTD December 2021.
- A \$116,297 decrease in Administration Revenue due to the Covid-19 wage subsidies received in the prior year.
- Rental revenue from our airport and terminal tenancies is \$69,734 (4.8%) down over the prior year following rental relief granted to tenants and decreasing percentage of revenue based rental mirroring the decrease in passenger numbers.

These decreases are offset by a \$88,828 (27.5%) increase in our airport owned dairy farm milk sales revenue. While a wet start to the season sees milk production volume marginally (0.5%) below the prior year, an increase in the Fonterra Farm Gate Milk Price of \$1.16 per KgMs has resulted in increased revenue.



Total expenditure is 0.6% (\$32,508) down against the prior year.

Depreciation is \$235,342 down against the prior year. In December 2020 a manual adjustment was made to depreciation to recognise the previously un-booked depreciation on the TXP following its commissioning in March 2020. As such, depreciation in the month of December 2020 includes an adjustment relation to the previous 9 months. This variance will be eroded in subsequent months.

Rental house repairs are \$56,600 below the prior year. This is a result of the timing on tenant vacancies as significant repair and maintenance work is completed in vacant properties.

Offsetting these decreases are:

Consultants' fees are \$58,800 up against the prior year. This is a result of increased engagement with sustainability consultants as part of our carbon emission and waste reduction strategy, the completion of a hedging and treasury policy review, and the use of third-party consultants to manage key infrastructure projects.

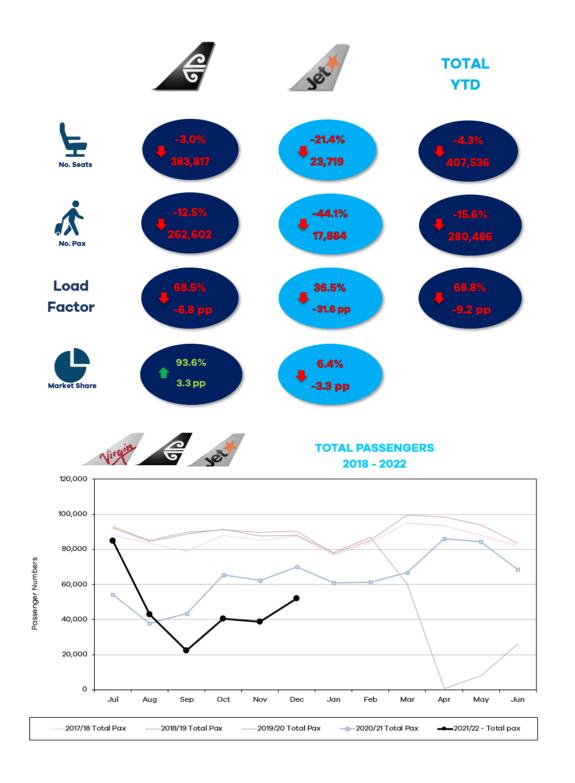
Legal fees are \$21,950 above the prior year. This is due to increased representation associated with the proposed Smooth Hill landfill, and employment advice associated with potential vaccination mandate risk analysis.

Our provision for Doubtful Expense is \$66,520 up against the prior period to date as we (conservatively) provide for aged receivables.

Airport Emergency Services general expenses are up \$36,400 over the prior year due to the timing of invoicing associated with the fire appliance PFOS cleaning.

Director fees are \$20,100 up against the prior year following fees increase resolutions passed by shareholders.

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



GOVERNMENT & REGULATORY

The DCC have applied for a resource consent to the ORC for a landfill site in the vicinity of the airport. We are actively involved in the process. The consent has been publicly notified.

The company will continue to be actively involved in the implementation of all new Levies imposed relating to tourism through our involvement with the NZAA.

We were involved with all other airports in submissions to the recent consultation by Airways NZ on a new pricing framework. Most submissions raised concerns around the proposals and were generally requesting that the MoT review the service provisions of Airways across the network in NZ. The framework has now been withdrawn and a review will be carried out by the MoT.

The Company continues to monitor Clutha District Council's activity on its District Plan including protection of take-off and landing fans.

We still await the outcomes of the DCC review of the District Plan (2GDP).

We have submitted on a few issues.

CIVIL AVIATION AMENDMENT BILL



The Civil Aviation Bill was released on 8th September 2021. The Bill will replace the Civil Aviation Act 1990 and the Airport Authorities Act 1966 with a single new statute that includes several proposals to improve the safety, security and efficiency of New Zealand's civil aviation system.

The work on the Bill by NZAA is now complete and the general outcome is that there are no real game changers for airports but just a few things that need some tweaking and clarification.



WORLD CLASS TRAIN TRIPS

Interim Report For the six months ended 31 December 2021



DUNEDIN RAILWAYS

Contents	Page
Directors' report	2
Statement of comprehensive income	4
Statement of changes in equity	5
Statement of financial position	6
Statement of cash flows	7
Notes to the financial statements	8
Directory	10
Statement of service performance	11



DUNEDIN RAILWAYS

Directors' report

The Directors of Dunedin Railways Limited are pleased to present their report for the six months ended 31 December 2021.

Result

The company returned a loss after tax of \$719,000 in the half year to 31 December 2021 compared with a loss after tax of \$83,000 in the half year to 31 December 2020.

Review of operations

Until March 2020 Dunedin Railways Ltd (DRL) operated a tourist and excursion train on the Taieri Gorge railway line and on the Seasider line north of Dunedin. Covid-19 had a severe impact on the company and it transitioned to hibernation from 1 July 2020. The company's current focus is on maintaining key assets pending further decisions from Dunedin City Council.

Over the six months to 31 December 2021, a hibernation team of seven has focussed on keeping key rolling stock and the Taieri Gorge line maintained. Dunedin Venues Management Ltd have supported the hibernation team and have performed the company's administrative functions.

DRL operates a limited schedule of passenger services over the summer season, when Covid-19 restrictions permit (that is, at Orange and Green traffic light settings). During the period under review, DRL operated 13 services.

Dividends

No dividends were paid by the Company.

Events after balance sheet date

From 23 January 2022 the country moved into the red traffic light setting under the Covid-19 Protection Framework which meant the Company was unable to provide train services. At the date of signing this Interim Report the area in which the Company operates remains subject to red level of the Covid-19 Protection Framework.

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



Statement of responsibility

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

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

In the opinion of the Directors, the interim financial statements to 31 December 2021 fairly reflect the financial position and operations of Dunedin Railways Limited.

On behalf of the Directors:

Director

Date: 3 February 2022

5 Hopks

Director



DUNEDIN RAILWAYS

Statement of comprehensive income For the six months ending 31 December 2021

	unaudited	unaudited	unaudited
	6 months to	6 months to	full year to
	31 Dec 2021	31 Dec 2020	30 Jun 2021
	\$'000	\$'000	\$'000
Operating Revenue	149	47	301
Government Grants	12	578	1,046
Interest	1	-	-
Total income	162	625	1,347
Less expenses:			
Audit fees	12	12	24
Directors remuneration	-	-	-
Depreciation	7	7	14
Interest to Dunedin City Treasury Limited	-	-	-
Impairment	-	-	-
Other operating expenses	862	721	1,545
Total expenses	881	740	1,583
Net loss before tax	(719)	(115)	(236)
Income tax (expense)/credit	-	(32)	-
Net loss after tax	(719)	(83)	(236)
Other comprehensive income:			
Interest rate swap hedges gains			
(losses) during the year	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive income	(719)	(83)	(236)



DUNEDIN RAILWAYS

Statement of changes in equity For the six months ending 31 December 2021

unaudited	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
Equity as at 1 July 2021	6,822	(6,601)	221
Shareholder contributions Loss after income tax Other comprehensive income for the period	1,150 - -	- (719) -	1,150 (719) -
Equity as at 31 December 2021	7,972	(7,320)	652
Equity as at 1 July 2020	6,822	(6,365)	457
Shareholder contributions Loss after income tax Other comprehensive income for the period	- -	- (83) -	(83)
Equity as at 31 December 2020	6,822	(6,448)	374
unaudited Equity as at 1 July 2020	6,822	(6,365)	457
Shareholder contributions Loss after income tax	-	- (236)	- (236)
Other comprehensive income for the period	-	-	(250)
Equity as at 30 June 2021	6,822	(6,601)	221



DUNEDIN RAILWAYS

WORLD CLASS TRAIN TRIPS

Statement of financial position As at 31 December 2021

	unaudited	unaudited	unaudited
	6 months to	6 months to	full year to
	31 Dec 2021	31 Dec 2020	30 Jun 2021
Note	\$'000	\$'000	\$'000
Current assets			
Cash and cash equivalents	509	75	131
Trade and other receivables	17	109	9
Inventories	51	56	55
Prepayments	27	23	-
Current taxation asset	12	44	(4)
Total current assets	616	307	191
Non-current assets			
Property, plant and equipment 3	243	228	221
Intangible assets	-	-	-
Total non - current assets	243	228	221
Total assets	859	535	412
Current liabilities			
Trade and other payables	163	44	47
Contract liabilities	13	14	12
Provision for employee entitlements	31	36	-
Other current liabilities (provisions)	-	67	132
Total current liabilities	207	161	191
Non-current liabilities			
Provisions	-	-	-
Term borrowings 4	-	-	-
Deferred tax liability	-	-	-
OETT shareholder's advance	-	-	-
Total non-current liabilities	-	-	-
Total liabilities	207	161	191
Equity			
Share capital	7,972	6,822	6,822
Retained earnings (deficits)	(7,320)	(6,448)	(6,601)
Total equity	652	374	221
Total liabilities and equity	859	535	412



DUNEDIN RAILWAYS

Statement of cash flows For the six months ending 31 December 2021

6 months to 6 months to full year 31 Dec 2021 31 Dec 2020 30 Jun 20 Note \$'000 \$'000	21
Note \$'000 \$'000 \$'0	00
Cash flow from operating activities	
Cash was provided from	
Receipts from customers 162 651 1,4	01
Net GST received 56 13 (2)	26)
Interest received 1 -	-
219 664 1,3	75
Cash was disbursed to	
Interest paid	-
Payments to suppliers & employees 957 818 1,4	73
Income tax paid	-
957 818 1,4	73
Net cash flow from operating activities (738) (154) (9	98)
Cash flow from investing activities	
Cash was disbursed to	
Purchase of property, plant and equipment 34 -	-
Net cash flow from investing activities (34) -	-
Cash flow from financing activities	
Cash was provided from	
Funds from shareholders 1,150 -	-
Borrowings from DCTL	-
1,150 -	-
Cash was disbursed to	
Repayment of borrowings to DCTL	-
	-
Net cash flow from financing activities 1,150 -	-
Net increase/(decrease) in cash and cash equivalents378(154)	98)
-	29
	29
Closing cash and cash equivalents 509 75 1	31





WORLD CLASS TRAIN TRIPS

Notes to the financial statements (unaudited) For the six months ending 31 December 2021

1 Reporting entity

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

Company Details:

- Incorporated in NZ under the Companies Act 1993.
- A Council Controlled Trading Organisation as defined in the Local Government Act 2002. Registered address of the company is 50 The Octagon, Dunedin.
- Classed as a public benefit entity for financial reporting.
- Dunedin Railways Limited. Shareholding interests: 100% owned by Dunedin City Holdings who are wholly owned by Dunedin City Council.

The financial statements of Dunedin Railways Limited are for the six months ended 31 December 2021 and comply with the Financial Reporting Act 1993.

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

2 Basis of preparation

The financial statements for the period ended 31 December 2021 are unaudited.

The financial statements have been prepared in accordance with and comply with NZ IAS 34, Interim Financial Reporting as it applies to Tier 2 entities, and should be read in conjunction with the unaudited financial statements for the year ended 30 June 2021 and audited financial statements for the year ended 30 June 2021.

The financial statements are prepared on a non-going concern basis of accounting. The Company was put into hibernation from 1 July 2020. The Company is operating limited services from 5 December 2021 to 27 March 2022 relating to the Trains Not Planes promotion (as the Covid-19 Protection Framework allows). There is a high degree of uncertainty associated with the future of the Company and a decision on the future of the Company will not be known until next year.

The accounting policies applied are consistent with those in the annual report for the year ended 30 June 2021 and 30 June 2020.

The judgements, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2021 and 30 June 2020.

The annual report for the year ended 30 June 2021 has not been audited and is therefore not yet publically available. The legislative requirement is for the audit to be completed by 30 November 2021. The delay is due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns. It is expected that the audit will be commenced in March 2022 and finished in April 2022.



DUNEDIN RAILWAYS

WORLD CLASS TRAIN TRIPS

Notes to the financial statements (unaudited) For the six months ending **31** December **2021**

3 Property, plant and equipment

	6 months to 31 Dec 2021 \$'000		12 months to 30 Jun 2021 \$'000
Additions (cost)	34	-	-
Disposals (cost)	-	-	-
Impairment (cost)	-	-	-

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

4 Term borrowings

	6 months to	6 months to	12 months to
	31 Dec 2021	31 Dec 2020	30 Jun 2021
	\$'000	\$'000	\$'000
Dunedin City Treasury Limited			
Loan balance	-	-	-

5 Financial instruments

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

6 Contingent liabilities

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

7 Industry segment reporting

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



DUNEDIN RAILWAYS

Directory

Directors

Keith Cooper (Chair) Christopher Hopkins Susan Johnstone Linda Robertson Richard Thomson

Registered Office

50 The Octagon Dunedin 9016

Bankers

Westpac Dunedin

Solicitors

Anderson Lloyd Dunedin

Tax Advisors

Deloitte Dunedin

Auditor

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



DUNEDIN RAILWAYS

WORLD CLASS TRAIN TRIPS

Statement of service performance For the six months ending 31 December 2021

Performance targets	Results as at 31 December 2021
Hibernation Plan is prepared and reported on to the Board on a quarterly basis.	Reporting against the hibernation plan is presented at each Board meeting.
Target zero lost time injuries.	There was one lost time injury during the reporting period.
A draft 2022/2023 Statement of Intent will be submitted to the shareholder by 1 March 2022.	A draft 2022/2023 Statement of Intent has been developed and will be submitted to the shareholder by 1 March 2022.
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.	In progress. To be complete by 30 June 2022.
DRL will develop a waste reduction strategy and associated targets for inclusion in its 2022/2023 Statement of Intent.	In progress. To be complete by 30 June 2022.
Consult with the shareholder in a timely manner on DRL strategic or operational matters which could compromise Council's community outcomes.	Monthly reporting has kept the shareholder informed of strategic and operational developments.
Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	There were no matters, which may have the potential to negatively impact on the shareholder and the company, that required to be reported to Dunedin City Holdings Limited.



Dunedin Stadium Property Limited

INTERIM REPORT

For the six months ended 31 December 2021



31 December 2021

Attachment I

Dunedin Stadium Property Limited

Contents	Page
Directors' report	2
Statement of responsibility	3
Statement of comprehensive income	4
Statement of changes in equity	5
Statement of financial position	6
Statement of cash flows	7
Notes to the financial statements	8
Statement of Service Performance	11
Directory	12

Dunedin City Holdings Limited Group Companies - Interim Reports for the Six Months Ended



Dunedin Stadium Property Limited

Directors' report

The Directors of Dunedin Stadium Property Limited are pleased to present their report for the six months ending 31 December 2021.

Overview of Results	unaudited 6 months to 31 Dec 2021 \$'000	unaudited 6 months to 31 Dec 2020 \$'000	audited full year to 30 Jun 2021 \$'000
Total income	1,367	1,336	2,413
Loss before taxation and subvention	(3,268)	(3,816)	(7,472)
Net cash flow from operating activities	(47)	(1,670)	(2,604)
Total assets	148,980	155,038	151,824

Review of operations

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

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

The Company recorded a loss before taxation and subvention payments for the six months ended 31 December 2021 of \$3,268k which is \$548k better than the same period last year.

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

Outlook

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

Seasonality

There is no seasonality of earnings within the Company.

Dividends

No dividends were paid by the Company during the period.

Events after balance sheet date

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



Dunedin Stadium Property Limited

Statement of responsibility

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

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

In the opinion of the Directors, the interim financial statements fairly reflect the financial position as at 31 December 2021 and operations for the six months to 31 December 2021 of Dunedin Stadium Property Limited.

The Directors of Dunedin Stadium Property Limited have pleasure in presenting the interim financial statements, set out on pages 4 to 10, for the six months ended 31 December 2021 and authorises them for issue on 3 February 2022.

Chair

700001

Director



Dunedin Stadium Property Limited

Statement of comprehensive income For the six months ending 31 December 2021

	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Audited full year to 30 Jun 2021 \$'000
Rentals & costs from Dunedin Venues Management Limited Interest received Total income	1,367 - 1,367	1,336 - 1,336	2,413 - 2,413
Less expenses: Audit fees Directors remuneration Depreciation Interest to Dunedin City Treasury Limited Other operating expenses Total expenses	- 11 3,037 1,094 493 4,635	- 10 3,096 1,638 408 5,152	17 21 6,146 2,974 727 9,885
Loss before tax and subvention Subvention receipt	(3,268)	(3,816)	(7,472) 3
Net loss before tax Income tax expense / (benefit)	(3,268)	(3,816)	(7,469) (1)
Net loss after tax	(3,268)	(3,816)	(7,468)
Other comprehensive income: Interest rate swap hedges gains (losses) during the year Total other comprehensive income	-	643 643	1,010
Total comprehensive loss for the period	(3,268)	(3,173)	(6,458)

The accompanying notes form part of these financial statements



Dunedin Stadium Property Limited

Statement of changes in equity For the six months ending 31 December 2021

	Share capital \$'000	Hedge reserve \$'000	Retained deficits \$'000	Total equity \$'000
Unaudited				
Equity as at 1 July 2021	124,929	-	(59,840)	65,089
Comprehensive income for the period	-	-	(3,268)	(3,268)
Equity as at 31 December 2021	124,929	-	(63,108)	61,821
			(,,	/
Unaudited		((50.070)	
Equity as at 1 July 2020	122,679	(1,010)	(52,372)	69,297
Comprehensive income for the period	-	643	(3,816)	(3,173)
Equity as at 31 December 2020	122,679	(367)	(56,188)	66,124
A sector of				
Audited Equity as at 1 July 2020	122 670	(1,010)	(52 272)	60 207
Comprehensive income for the period	122,679	1,010	(52,372) (7,468)	69,297 (6,458)
Share capital contribution	2,250	1,010	(7,400)	2,250
	2,230			2,250
Equity as at 30 June 2021	124,929	-	(59,840)	65,089

The accompanying notes form part of these financial statements



Dunedin Stadium Property Limited

Statement of financial position As at 31 December 2021

	Note	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Audited full year to 30 Jun 2021 \$'000
Current assets Cash and cash equivalents		212	238	19
Trade and other receivables Subvention payment receivable		-	-	-
Total current assets		212	238	19
Non-current assets		110 700	151.000	454.005
Property, plant and equipment Total non-current assets	4	148,768 148,768	154,800 154,800	151,805 151,805
Total holi-current assets		140,700	154,800	151,605
Total assets		148,980	155,038	151,824
Comment lie bilities				
Current liabilities Trade and other payables		579	727	395
Total current liabilities		579	727	395
Non-current liabilities Term borrowings	5	86,580	87,820	86,340
Derivative financial instruments	6		367	
Total non-current liabilities	Ū	86,580	88,187	86,340
Total liabilities		87,159	88,914	86,735
Equity				
Share capital		124,929	122,679	124,929
Cash flow hedge reserve		-	(367)	-
Retained deficits		(63,108)	(56,188)	(59,840)
Total equity		61,821	66,124	65,089
·,			,	
Total liabilities and equity		148,980	155,038	151,824

The accompanying notes form part of these financial statements



Dunedin Stadium Property Limited

Statement of cash flows For the six months ending 31 December 2021

Note	Unaudited 6 months to 31 Dec 2021 \$'000	Unaudited 6 months to 31 Dec 2020 \$'000	Audited full year to 30 Jun 2021 \$'000
Cash flow from operating activities			
Cash was provided from			
Receipts from customers	1,367	1,336	2,413
Subvention receipts	-	-	3
Interest received	-	-	-
Net GST received	-	-	-
	1,367	1,336	2,416
Cash was disbursed to			
Interest paid	946	1,585	3,235
Payments to suppliers	558	1,453	761
Subvention receipts repaid	-	-	1,021
Net GST paid	(90)	(32)	3
	1,414	3,006	5,020
Net cash flow from operating activities 3	(47)	(1,670)	(2,604)
Cash flow from investing activities <i>Cash was disbursed to</i> Purchase of property, plant and equipment Net cash flow from investing activities	-	-	55 (55)
Cash flow from financing activities Cash was provided from			
Shareholder capital	-	-	2,250
Borrowings	1,050	2,135	-
	1,050	2,135	2,250
Cash was disbursed to			
Net repayment of borrowings	810	250	(405)
	810	250	(405)
	240	1,885	2,655
Net increase/(decrease) in cash	193	215	(4)
Opening cash and cash equivalents	19	23	23
Closing cash and cash equivalents	212	238	19

The accompanying notes form part of these financial statements



Dunedin Stadium Property Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2021

1 Reporting entity

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

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

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

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

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

Dunedin Stadium Property Limited is a public benefit entity.

2 Basis of preparation

The financial statements for the six month period ended 31 December 2021 are unaudited.

The financial statements have been prepared in accordance with and comply with PBE IAS 34, Interim Financial Reporting as it applies to Tier 2 entities, and should be read in conjunction with the audited financial statements for the year ended 30 June 2021.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2021.

The judgements, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2021.



Dunedin Stadium Property Limited

Notes to the financial statements (unaudited) For the six months ending **31** December **2021**

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

	6 months to 31 Dec 2021 \$'000	6 months to 31 Dec 2020 \$'000	12 months to 30 Jun 2021 \$'000
Net loss after tax	(3,268)	(3,816)	(7,468)
Items not involving cash flows			
Depreciation	3,037	3,096	6,146
Other	-	-	-
Impact of changes in working capital items			
(Increase)/decrease in rent receivable	-	-	-
(Increase)/decrease in subvention payment receivable	-	-	-
Increase/(decrease) in trade and other payables	36	(868)	(1,021)
Increase/(decrease) in interest accrued	148	(82)	(261)
Net cash inflows from operating activities	(47)	(1,670)	(2,604)

4 Property, plant and equipment

riopercy, plane and equipment			
	6 months to	6 months to	12 months to
	31 Dec 2021	31 Dec 2020	30 Jun 2021
	\$'000	\$'000	\$'000
Additions	-	-	55
Disposals	-	-	-
Capital commitments	-	-	-

There have been no material changes in fair value for all property, plant and equipment asset classes between 30 June 2021 and 31 December 2021.



6 months to 12 months to

Attachment I

Dunedin Stadium Property Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2021

5 Term borrowings

There has been no material change in the term loan from Dunedin City Treasury Limited between 30 June 2021 and 31 December 2021.

6 Derivative financial instruments

	31 Dec 2021 \$'000	31 Dec 2020 \$'000	30 Jun 2021 \$'000
Fair Value			
Interest rate swaps	-	367	-
Analysed as:			
Current	-	-	-
Non-current	-	367	-
	-	367	-

6 months to

7 Financial Instruments

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

8 Contingent liabilities

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



Dunedin Stadium Property Limited

Statement of Service Performance For the six months ending 31 December 2021

Performance targets

- **1** An Asset Management Plan is in place.
- 2 The Asset Management Plan is internally reviewed annually, and externally reviewed every three years (next due FY2024).
- 3 Asset maintenance is compliant with the asset management schedules and principles, including condition based assessments.
- 4 Incorporate potential impacts of climate change on Forsyth Barr Stadium into Asset Management Plan and/or risk management.
- **5** A debt repayment program is in place and reviewed annually.
- 6 A draft 2023 Statement of Intent will be submitted to the shareholder by 1 March 2022.
- 7 Develop an emissions reduction strategy and associated targets for inclusion in the 2023 Statement of Intent.
- 8 Develop a waste reduction strategy and associated targets for inclusion in the 2023 Statement of Intent.
- **9** Matters have been escalated to the shareholder.
- **10** To report matters of substance to the Shareholder within 24 hours of the board becoming aware.

Financial forecasts

Performance targets achieved

Achieved. An Asset Management Plan is in place.

In progress. An internal review of the Asset Management Plan is underway and will be approved by the Board in June 2022.

In progress. Timing differences have occurred and no capital expenditure has been incurred for the year to date. It is uncertain whether the budgeted capital expenditure will still occur prior to 30 June 2022.

In progress. Potential impacts of climate change on Forsyth Barr Stadium are being incorporated in the Asset Management Plan, to be approved by the Board in June 2022.

Achieved. A debt repayment program is in place and annually reviewed.

In progress. A draft 2023 Statement of Intent is under development.

In progress. An emissions reduction strategy and associated targets are being developed for inclusion in the 2023 Statement of Intent.

In progress. A waste reduction strategy and associated targets are being developed for inclusion in the 2023 Statement of Intent.

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

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

Financial forecasts are set in the Statement of Intent for the year ending 30 June 2022. The Company is on track to meet the financial forecasts set.



Dunedin Stadium Property Limited

Directory

Directors

William H Cockerill (Chair) Keith T Cooper Linda M Robertson Christopher C Hopkins Richard J Thomson Susie J Johnstone

Registered Office

50 The Octagon Dunedin 9016

Bankers

Westpac Banking Corporation

Solicitors

Anderson Lloyd

Tax Advisors Deloitte

Auditor

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



Dunedin Venues Management Limited

Report for the Six Months Ended

31 December 2021



Dunedin Venues Management Limited Contents For the Six Months Ended 31 December 2021

Directors Report	1
Statement of Profit and Loss	3
Statement of Changes in Equity	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Directory	11
Statement of Service Performance	12



The Directors of Dunedin Venues Management Limited are pleased to present their report on the activities of the Company for the six months ended 31 December 2021.

Principal Activities of the Company

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

Results for the Six Months Ended 31 December 2021

The report covers the financial period 1 July 2021 to 31 December 2021.

	unaudited 6 months to 31 Dec 2021 \$'000	unaudited 6 months to 31 Dec 2020 \$'000	unaudited full year to 30 Jun 2021 \$'000
Total Revenue	4,522	4,283	11,259
Profit/(Loss) before tax	(614)	(273)	(438)
Net cash flow from operating activities	810	1,602	2,550
Total Assets	21,791	23,051	22,462

Review of Operations

The net deficit before taxation was \$614,000 for the six months to 31 December 2021 compared to a deficit of \$273,000 for the same period in the previous year.

COVID-19

The effects of the COVID-19 pandemic are still being felt by Dunedin Venues Management Limited. Uncertainty of border control has affected DVML's ability to host major events and the confidence of content providers to book additional events.

Dividends

No dividends were paid by the Company.

Changes in Directors

Andrew Douglas commenced an Intern Directorship on 1 January 2020 and resigned from this position on 21 July 2020, was reappointed on 12 May 2021 and completed the Internship term on 30 November 2021.

Events after Balance Date

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



Dunedin Venues Management Limited Directors Report For the Six Months Ended 31 December 2021

Statement of Responsibility

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

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

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

The Board of Dunedin Venues Management Limited present the interim financial statements, set out on pages 3 to 10, for the six months ended 31 December 2021 and authorises them for issue on 11 February 2022.

Raewyn Lovett, Chair

attood

Adam La Hood, Director



ltem 11

Attachment J

Dunedin Venues Management Limited Statement of Profit and Loss For the Six Months Ended 31 December 2021

Note	unaudited 6 months to 31 Dec 2021 e \$'000	6 months to 31 Dec 2020	unaudited full year to 30 Jun 2021 \$'000
Revenue Operating revenue Government Grants Interest received from funds on deposit	3,662 854 6	3,801 478 4	10,272 978 9
Total revenue	4,522	4,283	11,259
Less expenses Audit Fees Bad Debts Depreciation and impairment - PP&E 5 Depreciation - Right of Use lease asset Directors fees Employee Expenses Finance Costs - Lease Liability Operating expenses	18 (7) 119 809 50 1,322 244 2,581	16 6 173 810 41 958 265 2,287	33 (11) 358 1,619 98 2,032 519 7,049
Total expenditure	5,136	4,556	11,697
Profit/(Loss) before taxation	(614)	(273)	(438)
Income tax expense/(credit)	(172)	(76)	(122)
Total comprehensive profit after taxation	(442)	(197)	(316)

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



Dunedin Venues Management Limited Statement of Changes in Equity For the Six Months Ended 31 December 2021

	Share capital	Retained earnings	Total equity
	\$'000	\$'000	\$'000
unaudited Equity as at 1 July 2021	10,077	(8,175)	1,902
Profit/(Loss) after taxation	-	(442)	(442)
Equity as at 31 December 2021	10,077	(8,617)	1,460
unaudited Equity as at 30 June 2020	9,777	(7,859)	1,918
Profit/(Loss) after taxation	-	(197)	(197)
Equity as at 31 December 2020	9,777	(8,056)	1,721
audited			
Equity as at 30 June 2020	9,777	(7,859)	1,918
Capital Contribution	300	-	300
Profit/(Loss) after taxation	-	(316)	(316)
Equity as at 30 June 2021	10,077	(8,175)	1,902

Share Equity as at 31 December 2021 is made up of 10,077,065 fully paid ordinary shares

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



Dunedin Venues Management Limited Statement of Financial Position As at 31 December 2021

	Note	unaudited 31 Dec 2021 \$'000	unaudited 31 Dec 2020 \$'000	unaudited 30 Jun 2021 \$'000
Current Assets				
Cash and cash equivalents		3,136	3,457	3,675
Trade and other receivables	3	1,130	758	848
Total Current Assets		4,266	4,215	4,523
Non-Current Assets				
Property, plant and equipment	5	1,181	1,118	958
Right of Use Assets	5	15,420	17,013	16,229
Deferred Tax		924	705	752
Total Non-Current Assets		17,525	18,836	17,939
		17,020	10,000	1,,555
Total Assets		21,791	23,051	22,462
Current Liabilities				
Trade and other payables	4	438	575	771
Contract liabilities / Income in advance		2,903	2,025	2,052
Employee entitlements		147	112	103
Current portion of Lease Liabilities		1,556	1,509	1,536
Total Current Liabilities		5,044	4,221	4,462
Non-Current Liabilities				
Contract liabilities / Income in advance		25	311	53
Lease Liabilities		15,262	16,798	16,045
Total Non-Current Liabilities		15,287	17,109	16,098
Equity				
Share capital		10,077	9,777	10,077
Retained deficits		(8,617)	(8,056)	(8,175)
Total Equity		1,460	1,721	1,902
TOTAL EQUITY AND LIABILITIES		21,791	23,051	22,462
TOTAL LQUITT AND LIADILITIES		21,/91	25,051	22,402

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



unaudited

unaudited

unaudited

Item 11

Attachment J

Dunedin Venues Management Limited Statement of Cashflows For the Six Months Ended 31 December 2021

Note	unaudited 6 months to 31 Dec 2021 \$'000	unaudited 6 months to 31 Dec 2020 \$'000	unaudited full year to 30 Jun 2021 \$'000
Cashflows from Operating Activities	• • • • •	•	•
Cash was provided from Receipts from customers	5,246	4,980	11,272
Interest received Net GST received	6 5	4 32	9 69
Subvention payments	-	5	-
	5,257	5,021	11,350
Cash was disbursed to Payments to suppliers and employees Income tax paid	4,447	3,419	8,800
	4,447	3,419	8,800
Net Cashflow from Operating Activities ²	810	1,602	2,550
Cashflows from Investing Activities Cash was provided from Sale of property, plant and equipment	-	11	11
Cash was disbursed to Purchase of property, plant and equipment	342	6	31
Net Cashflow from Investing Activities	(342)	5	(20)
Cashflows from Financing Activities Cash was provided from			200
Shareholder capital	-	-	300
Cash was disbursed to	-	-	300
Interest paid	244	265	519
Repayment of lease liability	763	743	1,493
	1,007	1,008	2,012
Net Cashflow from Financing Activities	(1,007)	(1,008)	(1,712)
Net Increase/(Decrease) in Cash and Cash Equivalents	(539)	599	818
Opening Cash and Cash Equivalents	3,675	2,858	2,858
Closing Cash and Cash Equivalents	3,136	3,457	3,675
Composition of Cash and Cash Equivalents			
Cash on Hand Bank Current Account	4 232	4 853	4 371
Deposit/(Overdraft) accounts	2,900	2,600	3,300
Cash and Cash Equivalents at the end of the year	3,136	3,457	3,675

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



1 REPORTING ENTITY

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

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

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

The financial statements of Dunedin Venues Management Limited are for the six months ended 31 December 2021 and comply with the Financial Reporting Act 1993.

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

Dunedin Venues Management Limited is a for profit company.

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

Basis of Preparation

The financial statements are unaudited.

The financial statements have been prepared in accordance with New Zealand Equivalents to International Reporting Standards 34, Interim Financial Reporting, and should be read in conjunction with the unaudited financial statements for the year ended 30 June 2021 and audited financial statements for the year ended 30 June 2020.

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

The judgement, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2021 and 30 June 2020.

The annual report for the year ended 30 June 2021 has not been audited and is therefore not yet publically available. The legislative requirement is for the audit to be completed by 30 November 2021. The delay is due to an auditor shortage in New Zealand and the consequential effects of COVID-19, including lockdowns. It is expected the audit will commence in April 2022 and finish in May 2022.



Dunedin Venues Management Limited Notes to the Financial Statements (unaudited) For the Six Months Ended 31 December 2021

	unaudited 6 months to 31 Dec 2021 \$'000	unaudited 6 months to 31 Dec 2020 \$'000	unaudited full year to 30 Jun 2021 \$'000
2 RECONCILIATION OF NET PROFIT FOR THE YEAR TO CASHFLOWS FROM OPERATING ACTIVITIES			·
Profit/(Loss) for the year after taxation	(442)	(197)	(316)
Plus Items Not Involving Operating Cashflows			
Depreciation and impairment	119	173	358
Depreciation of Right of Use Asset	809	810	1,619
Loss on fixed asset disposal	-	-	(13)
Interest paid	244	265	519
Impact of Changes in Working Capital Items			
(Increase) / Decrease in trade and other receivables	(93)	350	70
(Increase) / Decrease in assets held for sale	-	140	173
(Increase) / Decrease in inventory held for sale	-	33	-
(Increase) / Decrease in accrued income and prepayments	(189)	(219)	(36)
(Increase) / Decrease in GST receivable	-	32	39
(Increase) / Decrease in subvention receivable	-	(1)	(1)
(Increase) / Decrease in deferred tax	(172)	(76)	(123)
Increase / (Decrease) in GST payable	5	-	30
Increase / (Decrease) in trade payables	(338)	76	255
Increase / (Decrease) in employee entitlements	44	33	24
Increase / (Decrease) in income received in advance	823	183	(48)
Net cashflows from operating activities	810	1,602	2,550

		unaudited 31 Dec 2021 \$'000	unaudited 31 Dec 2020 \$'000	unaudited 30 Jun 2021 \$'000
3	TRADE AND OTHER RECEIVABLES			
	Trade and other receivables	811	459	722
	Provision for Doubtful Debts	(6)	(27)	(10)
	Accrued income and prepayments	325	319	136
	GST receivable	-	7	-
		1,130	758	848
		unaudited	unaudited	unaudited
		31 Dec 2021	31 Dec 2020	30 Jun 2021
		\$'000	\$'000	\$'000
4	TRADE AND OTHER PAYABLES			
	Trade payables	412	584	750
	GST payable	35	-	30
	Subvention payable	(9)	(9)	(9)
		438	575	771

Item 11



Dunedin Venues Management Limited Notes to the Financial Statements (unaudited) For the Six Months Ended 31 December 2021

5 PROPERTY, PLANT AND EQUIPMENT

	31 Decemb unaudited	er 2021				
	Buildings	Furniture & Fittings	Office Equipment	Stadium Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or Valuation						
Balance at beginning of period	439	449	180	3,131	-	4,199
Additions	10	-	28	305	-	343
Disposals	-	-	-	-	-	-
Balance at end of period	449	449	208	3,436	-	4,542
Accumulated depreciation						
Balance at beginning of period	129	271	145	2,697	-	3,242
Depreciation	19	16	15	69	-	119
Disposals	-	-	-	-	-	-
	148	287	160	2,766	-	3,361
Balance at end of period	301	162	48	670	-	1,181

31 December 2020

unaudited Buildings \$'000	Furniture & Fittings \$'000	Office Equipment \$'000	Stadium Equipment \$'000	Motor Vehicles \$'000	Total \$'000
573	462	364	3,541	23	4,963
-	-	-	6	-	6
-	-	-	(21)	(23)	(44)
573	462	364	3,526	-	4,925
227	240	341	2,846	14	3,668
17	22	7	126	-	172
-	-	-	(19)	(14)	(33)
244	262	348	2,953	-	3,807
329	200	16	573	-	1,118
	Buildings \$'000 573 - - 573 227 17 - 224	Buildings Furniture & Fittings \$'000 \$'000 573 462 - - - - 573 462 227 240 17 22 - - 224 262	Buildings Furniture & Fittings Office Equipment \$'000 \$'000 573 462 364 - - - - - - 573 462 364 - - - 573 462 364 227 240 364 17 22 7 - - - 244 262 348	Buildings Furniture & Fittings Office Equipment Stadium Equipment \$'000 \$'000 \$'000 \$'000 573 462 364 3,541 - - - 6 - - - (21) 573 462 364 3,526 227 240 341 2,846 17 22 7 126 - - - (19) 244 262 348 2,953	Buildings Furniture & Fittings Office Equipment Stadium Equipment Motor Vehicles 573 462 364 3,541 23 - - - 6 - - - - (21) (23) 573 462 364 3,526 - 227 240 341 2,846 14 17 22 7 126 - - - - (19) (14) 244 262 348 2,953 -

9

Dunedin City Holdings Limited Group Companies - Interim Reports for the Six Months Ended 31 December 2021



ltem 11

Dunedin Venues Management Limited Notes to the Financial Statements (unaudited) For the Six Months Ended 31 December 2021

	30 June 203 unaudited Buildings \$'000	21 Furniture & Fittings \$'000	Office Equipment \$'000	Stadium Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Cost or Valuation						
Balance at beginning of period	573	462	364	3,541	23	4,963
Additions	-	-	31	-	-	31
Transfer to Assets held for sale	-	-	-	-	-	-
Disposals	-	-	-	(30)	(23)	(53)
Impairment	(134)	(13)	(215)	(380)	-	(742)
Balance at end of period	439	449	180	3,131	-	4,199
Accumulated depreciation						
Balance at beginning of period	227	240	341	2,846	14	3,668
Depreciation	36	44	19	259	-	358
Transfer to Assets held for sale	-	-	-	-	-	-
Impairment	(134)	(13)	(215)	(380)	-	(742)
Disposals	-	-	-	(28)	(14)	(42)
	129	271	145	2,697	-	3,242
Balance at end of period	310	178	35	434	-	957

6 CAPITAL EXPENDITURE COMMITMENTS

The Company had no capital expenditure commitments at the end of the period (2020: \$nil).

7 CONTINGENT LIABILITIES

Contingent liabilities comprise the potential obligation to repay Key Money received related to Food & Beverage contracts. The Key Money is held in the Balance Sheet as Income in Advance and is recognised when turnover targets are met, or repaid when they are not. Contingent Liabilities total \$500,000 at the end of the period with \$50k at risk each year over the life of the contract. (2020: \$nil).

10

8 EVENTS AFTER BALANCE DATE

There have been no significant events subsequent to balance date.



Dunedin Venues Management Limited Directory For the Six Months Ended 31 December 2021

DIRECTORS

Raewyn Lovett Adam La Hood Joanne Conroy Dylan Rushbrook

CHIEF EXECUTIVE OFFICER

Terry Davies

REGISTERED OFFICE

130 Anzac Avenue 50 The Octagon Dunedin 9016

BANKERS

Westpac Dunedin

SOLICITORS

Anderson Lloyd Dunedin

AUDITOR

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



Dunedin Venues Management Limited Statement of Service Performance For the Six Months Ending 31 December 2021

Performance Targets	Results as at 31 December 2021
Safety and Compliance	
Meet Ministry of Health and Government requirements as set out in New Zealand's Alert Level system which specifies measures to be implemented against COVID-19 at each level.	DVML has met requirements set out by the Ministry of Health through all levels of the COVID pandemic.
Ensure all staff have access to required systems in the event they are not able to work in the office.	Completed.
Health and Safety Plan has been reviewed. Corrective actions are prioritised and actioned.	Completed.
Site, Contractor and Event Audits show no breaches of agreed procedures.	No breaches identified.
Only inducted Contractors gain entry into venues.	No breaches identified.
An Incident Frequency Rate Events (IFRE) of less than 0.05% of the total number of people attending events at the venues.	The IFRE of total attendance is 0.007% for the 6 month reporting period. (2020: 0.020%)
Total Incident Rate (TIR) rate of less than 6 incidents per 200,000 hours worked.	The TIR is zero for the 6 month reporting period (2020 HY: 0).
Total Recordable Incidents (TRI) rate of less than 3 Lost Time Incident rate of less than 2	The TRI rate was zero for the 6 month reporting period (2020 HY: 0). Lost Time Incident rate was zero for the six month
Lost Time Incident Frequency Rate (LTIFR) less than 17 per 1,000,000 hours worked.	reporting period (2020 HY: 0). The LTIFR is zero for the 6 month reporting period (2020 HY: 0).
Staff training is current and meets current legislative requirements.	All training is current and meets legeslative requirements.
Achieve Performing score or better across all elements of the SafePlus criteria within three years.	The SafePlus audit is scheduled for April 2022.
Facilities and infrastructure are maintained as fit for purpose and in accordance with the Asset Management Plan (AMP) entered into with Dunedin Stadium Property Limited (DSPL).	All facilities and infrastructure have been maintained in accordance with the asset management plan.
Reports on facility indicators and statistical data provided to the Board at each meeting.	Completed.
No material breaches of legislation	There were no breaches of compliance or warranties during the reporting period.

Attachment J

\mathbf{H}	
ltem	

Financial					
Achieve or exceed budget results.	Achievement against forecasted SOI results are as follows:				
	Target Actual 30 June 2022 \$,000 \$,000				
	EBITDA2,843Net Profit after Tax239Cash Flow from0OperationsThese will beOperationsreported at yearCapital Expenditurereported at yearCapital Assets0.13 : 100Dividend/Subvention-				
Achieve a 15:1 return on investment of the Event Attraction Fund.	A breakdown of the return on investment for the six months to 31 December 2021 were as follows:				
	Event Return All Blacks vs Fiji 15 : 1 Total 15 : 1				
	The Event Attraction Fund had not been utilised in the six months to 31 December 2020.				
Marketing and Business Objectives					
Achieve 80% retention rate of Commercial Partner renewals.	80% retention rate of Commercial Partner renewals to 31 December has been achieved.				
Produce a Venue Hirer document that encompasses all venues and shows the diversity of space.	Showcasing the diversity of space is included in the event proposals.				
Members receive quality engaging communication and content through a regular newsletter.	Newsletters sent to Members regularly during the reporting period.				
Achieve 75% retention rate of Member renewals.	Of the membership contracts up for renewal, 78% re- signed during the reporting period (2020: 60%). This equated to 75% retention when calculated on a Membership seats basis.				
Survey Members for satisfaction level – minimum 80% satisfaction to be achieved.	Membership survey scheduled to be sent out in Q4.				



FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE 8 March 2022

Attachment J

Human Resources	
Staff numbers are at a level and skillbase whereby all business activity can be undertaken safely and effectively.	Staff numbers and skillbase are constantly reviewed against the event calendar to ensure business activity can be undertaken safely and successfully.
Performance reviews are conducted with all staff at least every six months.	Six monthly staff performance reviews were completed during December 2021.
DVML employees are paid at least the living wage.	All staff are paid the living wage, or more.
Shareholder	
Matters which may or could cause conflict have been escalated to the shareholder.	There were no matters, where there may be conflict between the Dunedin City Holdings Limited outcomes, that required escalation to the shareholder.
Report to Dunedin City Holdings Limited within 24 hours of the board becoming aware of substantive matters which have the potential to negatively impact on the shareholder and the company with a particular focus on matters of interest to the media.	There were no matters, which may have the potential to negatively impact on the shareholder and the company, that were required to be reported to Dunedin City Holdings Limited.
Social and Wellbeing	
Positive community feedback and increased satisfaction levels through the residents opinion survey.	DVML reaches out to its community through various social media channels. The DCC Residents Opinion Survey 2021 resulted in 80% satisfaction with the Forsyth Barr Stadium. Satisfaction with the Dunedin Centre is at 72%.
Report to the Dunedin City Council 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.	Completed and submitted to the Dunedin City Council.
Senior management conduct a minimum of 5 speaking engagements.	Senior Management have participated in 3 speaking engagements to 31 December 2021.



FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE 8 March 2022

-	I
-	
Ε	
Ð	
-)

Economic Development Strategy Achieve a minimum of \$5m visitor spend per each major event (>10,000 pax) for DVML and Dunedin City.	The Economic Impact for major events for the six months to 31 December 2021 were as follows:		
	Event Direct expenditure (\$,000)		
	All Blacks vs Fiji 4,700 Total 4,700		
	There were no major events to 31 December 2020.		
Achieve minimum 80% satisfaction rating through surveys of all major events (>10,000 pax). 60% of attendees of all major events	The following satisfaction and attendance numbers were achieved for the six months to 31 December 2021:		
(>10,000 pax) to come from outside of Dunedin City.			
	Event	Satisfaction % Attend outside of Dunedin	
	All Blacks vs Fiji	88% 58%	
	There were no major	events to 31 December 2020.	
In conjunction with the DCC, submit bids of a high quality that will drive economic benefit and civic pride for the city.		n and presentations for major events to promoters and sporting bodies.	
Environment Strategy			
Act as a socially and environmentally responsible citizen by developing sustainable practices.	Sustainable practices are promoted where possible, including an offer to clients to measure the carbon footprint of business events.		
Develop an emmissions reduction strategy and associated targets.	Scheduled for completion by 30 June 2022.		
Develop a waste reduction strategy and associated targets.	Scheduled for completion by 30 June 2022.		
Investigate solutions to reduce cups to landfill.	Work continues with third parties on using cups as source materials for new products, reducing waste to landfill.		
Building Management System has been reviewed annually.	Scheduled for completion by 30 June 2022.		