

**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 10 May 2022

**Time:** 1.00 pm

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

The meeting will be live streamed on the Council's YouTube channel: <https://youtu.be/eBfj2ej-pJE>

Sandy Graham  
Chief Executive Officer

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**Finance and Council Controlled Organisations Committee**  
**PUBLIC AGENDA**

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**MEMBERSHIP**

**Chairperson**  
**Deputy Chairperson**

Cr Mike Lord  
Cr Doug Hall

**Members**

Cr Sophie Barker	Cr David Benson-Pope
Cr Rachel Elder	Cr Christine Garey
Mayor Aaron Hawkins	Cr Carmen Houlahan
Cr Marie Laufiso	Cr Jim O'Malley
Cr Jules Radich	Cr Chris Staynes
Cr Lee Vandervis	Cr Steve Walker
Cr Andrew Whiley	

**Senior Officer**

Gavin Logie, Chief Financial Officer

**Governance Support Officer**

Lynne Adamson

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Lynne Adamson  
Governance Support Officer

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



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**1 PUBLIC FORUM**

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

**2 APOLOGIES**

An apology has been received from Cr Doug Hall.

That the Committee:

**Accepts** the apology from Cr Doug Hall.

**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.

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## DECLARATION OF INTEREST

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### 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

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Finance and Council Controlled Organisations Committee Councillor Register of Interest - Current as at 2 May 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.	
<b>Member</b>	<b>Resource Management Steering Group (Ministry for the Environment Appointment)</b>	<b>No conflict identified</b>	<b>Seek advice prior to the meeting if actual or perceived conflict of interest arises.</b>	
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.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Mentor	Business Mentors NZ	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Southern Heritage Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Friends Otago Museum	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Peninsula Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Orokonui Ecosanctuary	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.
	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.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	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	Kaffelagic	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	Disability 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	Women of Ōtepoti	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Symphony Orchestra Foundation Board of Trustees (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Theomin Gallery Management Committee (Olveston) (Council appointment)	No conflict identified	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Chair	Grants Subcommittee (Council Appointment)	No conflict identified	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Local Government New Zealand Zone 6 Committee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Doug Hall	Director/Owner	Hall Brothers Transport Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/Owner	Dunedin Crane Hire	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/Owner	Wood Recyclers Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/Owner	Dunedin Concrete Crushing Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/Owner	Anzide Properties Ltd - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	The Woodshed 2014 Limited	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Owner	Property Ownership - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Farmlands	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Ravensdown Fertiliser	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	PGG Wrightson	Currently no likely conflict	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Silver Fern Farms	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Valley View Development Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Geekfix Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Milburn Processing Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	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.
	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.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	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	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chair	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.
	Member	Women of Ōtepoti Recognition Initiative	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Family Member	Staff member a relative	Potential conflict depending on level of staff member involvement	Managed by staff at officer level if a perceived conflict of interest arises.
	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 Ōtepoti Dunedin Trust	Potential grants recipient	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Member	Dunedin Manufacturing Holdings Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	National 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.
	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.
	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.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	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 leave the room. Seek advice prior to the meeting.
	Member	Connecting Dunedin (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Okia Reserve Management Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Precinct Planning Group (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Waikouaiti Coast Community Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
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.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	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.
	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 Apprenticeship 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.

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

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	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.
	<b>Member</b>	<b>Dunedin Masters Games (Council appointment)</b>	<b>Potential grants recipient</b>	<b>Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.</b>
	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.
	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.

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## CONFIRMATION OF MINUTES

### FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE MEETING - 8 MARCH 2022

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#### RECOMMENDATIONS

That the Committee:

**Confirms** the public part of the minutes of the Finance and Council Controlled Organisations Committee meeting held on 08 March 2022 as a correct record.

#### Attachments

	<b>Title</b>	<b>Page</b>
<a href="#">A</a>	Minutes of Finance and Council Controlled Organisations Committee meeting held on 8 March 2022	17

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**Finance and Council Controlled Organisations Committee  
MINUTES**

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**Minutes of an ordinary meeting of the Finance and Council Controlled Organisations Committee held in the Via Audio Visual Link on Tuesday 08 March 2022, commencing at 1.04 pm**

**PRESENT**

**Chairperson** Cr Mike Lord  
**Deputy Chairperson** Cr Doug Hall

**Members**

Cr Sophie Barker	Cr David Benson-Pope
Cr Rachel Elder	Cr Christine Garey
Mayor Aaron Hawkins	Cr Carmen Houlahan
Cr Marie Laufiso	Cr Jim O'Malley
Cr Jules Radich	Cr Chris Staynes
Cr Lee Vandervis	Cr Steve Walker
Cr Andrew Whiley	

**IN ATTENDANCE** Sandy Graham (Chief Executive Officer), Gavin Logie (Chief Financial Officer), Clare Sullivan (Manager, Governance), Keith Cooper (Chairperson, Dunedin City Holdings Limited) and Jemma Adams (General Manager, Dunedin City Holdings Limited Group)

**Governance Support Officer** Wendy Collard

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Moved Cr Mike Lord/Cr David Benson-Pope:

That the Committee:

Adjourned the meeting

**Motion carried**

The meeting adjourned at 1.04 pm and reconvened at 1.13 pm

**1 PUBLIC FORUM**

There was no Public Forum.

**2 APOLOGIES**

There were no apologies.

**3 CONFIRMATION OF AGENDA**

Moved (Cr Mike Lord/Cr David Benson-Pope):

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.

Cr Marie Laufiso provided an update to her register of interest.

Moved (Cr Mike Lord/Cr David Benson-Pope):

That the Committee:

- a) **Amends** the Elected Members' Interest Register; 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 - 9  
FEBRUARY 2022**

Moved (Cr Mike Lord/Cr Lee Vandervis):

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.

**Motion carried (FCCO/2022/002)**

## **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 Andrew Whiley):

That the Committee:

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

**Motion carried (FCCO/2022/003)**

### **7 FINANCIAL RESULT - PERIOD ENDED 31 JANUARY 2022**

A report from Finance provided the financial results for the period ended 31 January 2022 and the financial position as at that date.

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

Moved (Cr Doug Hall/Cr Rachel Elder):

That the Committee:

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

**Motion carried (FCCO/2022/004)**

1.36 pm

### **8 2021 ANNUAL REPORTS FOR THE DUNEDIN CITY HOLDINGS LTD GROUP**

A report from Dunedin City Holdings Limited provided the 2021 Annual Reports of Dunedin City Holdings Ltd (DCHL) Group companies.

The Chairperson, Dunedin City Holdings Limited (Keith Cooper) and the General Manager, Dunedin City Holdings Limited Group (Jemma Adams) spoke to the report and responded to questions.

Moved (Cr Doug Hall/Cr Chris Staynes):

That the Committee:

- a) **Notes** the 2021 Annual Reports of:
  - Dunedin City Holdings Limited
  - Aurora Energy Ltd
  - City Forests Ltd
  - Delta Utility Services Ltd
  - Dunedin City Treasury Ltd
  - Dunedin Stadium Property Ltd
  - Dunedin International Airport Ltd

**Motion carried**

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

A report from Dunedin City Holdings Limited presented the draft 2022/23 Statements of Intent of Dunedin City Holdings Group companies for Council comments and/or noting.

The Chairperson, Dunedin City Holdings Limited (Keith Cooper) and the General Manager, Dunedin City Holdings Limited Group (Jemma Adams) spoke to the report and responded to questions.

Moved (Cr Sophie Barker/Cr Doug Hall):

That the Committee:

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

**Motion carried**

Moved Cr Mike Lord/Cr Doug Hall:

That the Committee

Adjourns the meeting.

**Motion carried**

The meeting adjourned at 3.19 pm and reconvened at 3.30 pm.

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

A report from Finance provided 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.

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

Moved (Cr Mike Lord/Cr Andrew Whiley):

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.

**Motion carried**

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

A report from Dunedin City Holdings Limited provided the interim reports for the six months ended 31 December 2021 for the Dunedin City Holdings Limited (DCHL) Group Companies.

The Chairperson, Dunedin City Holdings Limited (Keith Cooper) and the General Manager, Dunedin City Holdings Limited Group (Jemma Adams) spoke to the report and responded to questions.

Moved (Cr Doug Hall/Cr Andrew Whiley):

That the Committee:

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

**Motion carried**

**12 DUNEDIN CITY HOLDINGS LIMITED GROUP COMPANIES - QUARTERLY UPDATE**

A report from Dunedin City Holdings Limited provided a quarterly update for the period ended 31 December 2021 for the Dunedin City Holdings Limited (DCHL) Group.

The Chief Executive Officer (Sandy Graham), the Chairperson, Dunedin City Holdings Limited (Keith Cooper) and the General Manager, Dunedin City Holdings Limited Group (Jemma Adams) spoke to the report and responded to questions.

Moved (Cr Jules Radich/Cr Doug Hall):

That the Committee:

- a) **Notes** the Dunedin City Holdings Limited Group Quarterly Update for the period ended 31 December 2021.

**Motion carried**

**13 ITEM FOR CONSIDERATION BY THE CHAIR**

Mayor Hawkins requested that Council and the Council Controlled Organisations give consideration to signing up to the “Mind the Gap Register” and report back to either Council or the relevant Committee.

The meeting concluded at 3.52 pm.

.....  
CHAIRPERSON

## REPORTS

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

Department: Civic

#### EXECUTIVE SUMMARY

- 1 The purpose of this report is to show progress on implementing resolutions made at Finance and Council Controlled Organisations Committee meetings.
- 2 As this report is an administrative report only, there are no options or Summary of Considerations.

#### RECOMMENDATIONS

That the Committee:

**Notes** the Actions from resolutions of Finance and Council Controlled Organisations Committee meetings as attached.

#### NEXT STEPS

- 3 Updates will be provided at future Finance and Council Controlled Organisations Committee meetings.

#### Signatories

Author:	Lynne Adamson - Governance Support Officer
Authoriser:	Clare Sullivan - Manager Governance

#### Attachments

	<b>Title</b>	<b>Page</b>
<a href="#">↓A</a>	Action List Update	25



PUBLIC OPEN ACTIONS - FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE RESOLUTIONS 2019-2022						
Meeting Date	Resolution	Report	Resolution or Action to be Taken	Group	Due Date	Status
31 August 2020	FCCO/2020/015	Financial Result - year ended 30 June 2020	A report be provided to Council on the comprehensive analysis of the total direct and indirect costs of the COVID-19 lockdown to the Council in support of the community	Finance	To be confirmed	May 2022: Report will be prepared and presented to a Council meeting. As the impact of the pandemic is ongoing staff will prepare a report following the end of this financial year.
8 March 2022		Items for consideration by the Chair	A report back be provided to Council or a Committee on Council and Council Controlled Organisations signing up to the "Mind the Gap Register".			May 2022 - A report will be prepared for Council in due course.
		Items for consideration by the Chair	The Rates and Funding Advisory Panel be asked to give consideration on ways, via the rating method, to encourage landowners to repair dilapidated buildings.			May 2022 - A report will be prepared for Council in due course.



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## **PART A REPORTS**

### **FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE - FORWARD WORK PROGRAMME**

Department: Corporate Policy

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#### **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.

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### Signatories

Author:	Sharon Bodeker - Corporate Planner
Authoriser:	Gavin Logie - Chief Financial Officer

### Attachments

	<b>Title</b>	<b>Page</b>
<a href="#">↓A</a>	Finance and Council Controlled Organisations Committee - Forward Work Programme May 2022	29

Key	
New item	
Changes to timeframes	
Completed; progress to date update	<b>Bold</b>
No meeting month	

Finance and Council Controlled Organisations Committee Forward Work Programme - May 2022									
Area of Work	Reason for Work	Council role (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.  <b>Progress to date:</b> Financial result reports will continue to be presented to future meetings.	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  <b>Progress to date:</b> These reports will be presented to future meetings.			Notes			Notes	
Draft Statements of Intent for the CCOs and CCTOs	To provide the Committee a copy of the draft activities and intentions for the next three financial years on the CCOs and CCTOs activities.  This is to allow the Committee to provide comments. I.e.: outlining the Council's key priorities and deliverables within each of the statements of intent.	Provides feedback on draft statements of intent. Agree to the final statements of intent adopted by the Boards of each CCO.  <b>Progress to date:</b> <b>The 2022/23 draft statements were presented to the March Committee meeting, with feedback to be received by May 2022. Feedback has been received from one Councillor, which will be considered for inclusion in the next Letter of Expectation. A report on the final statements will be presented to the June 2022 Council meeting.</b>	Considers			Report to Council			

Area of Work	Reason for Work	Council role (decision and/or direction)							
			March	April	May	June	July	Aug	Sept
Dunedin City Holdings Limited	To provide the Committee with a copy of the parent financial statements for the financial year.	<b>Progress to date:</b> The parent financial reports for the year ended 30 June 21 were presented to the March 2022 committee meeting.	Notes						

**FINANCIAL RESULT - PERIOD ENDED 31 MARCH 2022**

Department: Finance

**EXECUTIVE SUMMARY**

- 1 This report provides the financial results for the period ended 31 March 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.

<b>\$ Million</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>		<b>Last Year</b>
Revenue	245.922	243.109	2.813	F	232.501
Expenditure	246.150	244.842	(1.308)	U	239.630
Net Surplus/(Deficit) excluding Waipori	<u>(0.228)</u>	<u>(1.733)</u>	<u>1.505</u>	F	<u>(7.129)</u>
Waipori Fund Net	(1.250)	2.453	(3.703)	U	6.709
Net Surplus/(Deficit) including Waipori	<u>(1.478)</u>	<u>0.720</u>	<u>(2.198)</u>	U	<u>(0.420)</u>
<b>Capital Expenditure</b>	96.869	98.594	1.725		72.115
<b>Debt</b>					
Short Term Borrowings	43.300	57.300	14.000	F	13.000
Term Loans	271.973	271.973	-		243.973
<b>Total Debt</b>	<u>315.273</u>	<u>329.273</u>	<u>14.000</u>	F	<u>256.973</u>

**RECOMMENDATIONS**

That Council:

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

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**BACKGROUND**

- 3 This report provides the financial statements for the period ended 31 March 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 \$245.922 million for the period or \$2.813 million greater than budget. Year to date revenue included unbudgeted government grants for Economic Development activity and 3 Waters stimulus projects, as well as increased revenue from resource consents and building services applications and inspections.
- 5 These favourable variances were partially offset by the impact of the nationwide lockdown earlier in the financial year including Aquatic Services, Property, Parking, Landfill, and commercial water revenue. Other grant revenue was lower than expected due to the lower level of subsidised capital expenditure in Transport and timing of the outstanding funding for the new Mosgiel Aquatic facility. While a significant portion of the budgeted fundraising for this project was received in February, the balance will be paid as agreed project milestones are achieved.
- 6 Expenditure was \$246.150 million for the period or \$1.308 million greater than budget. Operational expenditure was greater than expected due to additional roading maintenance expenditure along with monies spent for government funded projects in 3 Waters and Economic Development. Depreciation expenditure was also higher than expected following asset revaluations as at 30 June 2021, impacting both asset replacement cost and asset useful lives.
- 7 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 Covid19 disruptions including the lockdown period earlier in the year.
- 8 Equity markets continued to be impacted as current world events create uncertainty. This resulted in negative revaluations across most equity portfolios held by the Waipori Fund. It is worth noting there was a degree of market recovery in the reporting month. There has also been a year-to-date negative revaluation of fixed term investments as wholesale interest rates continue to rise.
- 9 Capital expenditure was \$96.869 million for the period or 98.3% of the year-to-date budget (66.6% of the full year budget). The 3 Waters renewals expenditure continues to track ahead of budget with a number of large water and sewer renewal projects underway. The level of spend in other areas of the organisation reflected project delays including the impact of the Covid19 (in particular the nationwide lockdown in August).

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## NEXT STEPS

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

## Signatories

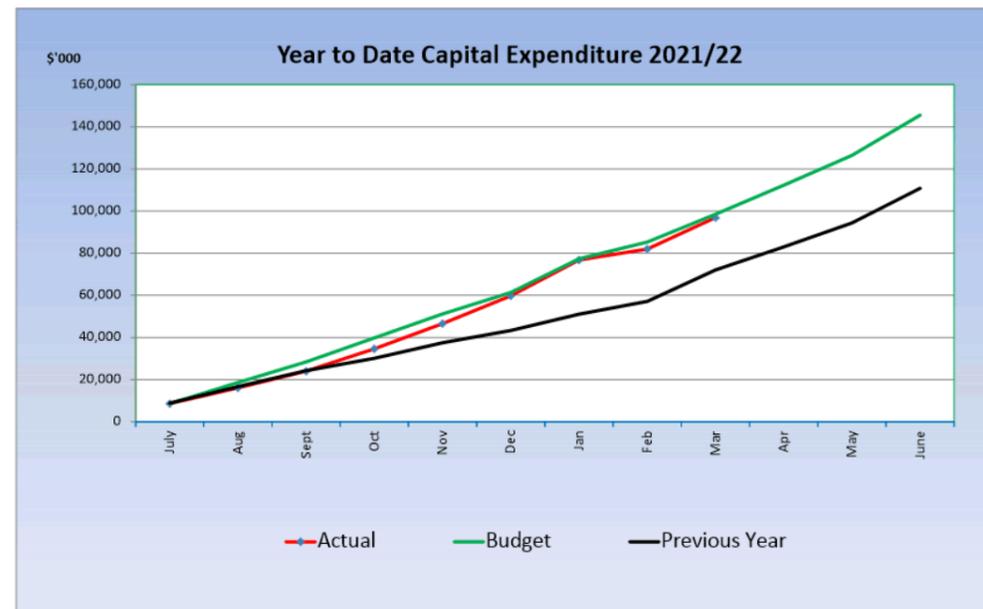
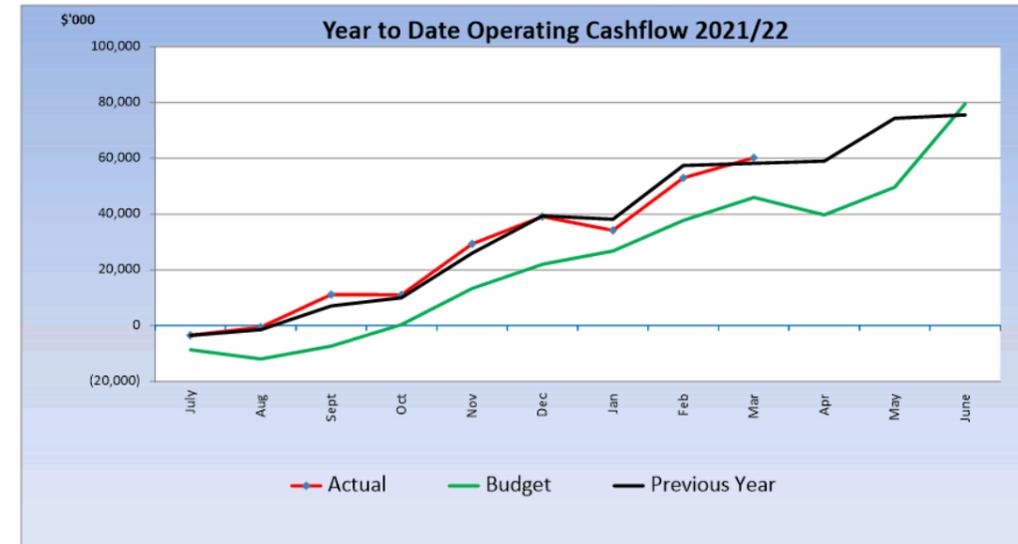
Authoriser:	Gavin Logie - Chief Financial Officer
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## Attachments

	<b>Title</b>	<b>Page</b>
<a href="#">↓A</a>	Summary Financial Information	35
<a href="#">↓B</a>	Statement of Financial Performance	36
<a href="#">↓C</a>	Statement of Financial Position	37
<a href="#">↓D</a>	Statement of Cashflows	38
<a href="#">↓E</a>	Capital Expenditure Summary	39
<a href="#">↓F</a>	Summary of Operating Variances	40
<a href="#">↓G</a>	Financial Review	41



**DUNEDIN CITY COUNCIL**  
**SUMMARY FINANCIAL INFORMATION AS AT 31 MARCH 2022**



Borrowing Metrics	LGFA target	Actual	Budget
Interest as a % rates revenue	< 30% *	4.8%	5.6%
Interest as a % total revenue	< 20% *	2.9%	3.4%
Debt % annualised revenue	250.0% Max.	105.3%	111.9%

\* represents the ability to fund interest costs from revenue

<p style="text-align: center;"><b>DUNEDIN CITY COUNCIL</b> <b>Statement of Financial Performance</b> <b>For the Period Ending 31 March 2022</b> Amount : \$'000</p>									
Mth Actual	Mth Budget	Mth Variance		Year to Date Actual	Year to Date Budget	Year to Date Variance	LY YTD Actual	LY Full Year Actual	Full Year Budget
			<b>REVENUE</b>						
14,927	14,927	-	Rates Revenue	134,343	134,343	-	122,334	163,492	179,124
184	(9)	193 F	Rates Penalties	762	646	116 F	790	1,055	850
5,161	5,629	468 U	Other Operating Revenue	50,066	52,973	2,907 U	53,386	81,232	71,146
2,590	2,360	230 F	Grants	32,801	26,072	6,729 F	27,502	41,227	33,292
124	289	165 U	Contributions	1,531	2,601	1,070 U	1,747	10,110	6,468
2,921	2,942	21 U	Internal Revenue	26,419	26,474	55 U	26,742	35,795	35,296
<b>25,907</b>	<b>26,138</b>	<b>231 U</b>	<b>TOTAL REVENUE</b>	<b>245,922</b>	<b>243,109</b>	<b>2,813 F</b>	<b>232,501</b>	<b>332,911</b>	<b>326,176</b>
			<b>EXPENDITURE</b>						
6,100	6,128	28 F	Personnel Costs	50,790	52,678	1,888 F	49,289	65,970	69,965
6,249	5,711	538 U	Operations & Maintenance	52,703	51,678	1,025 U	54,334	77,835	67,667
881	982	101 F	Occupancy Costs	21,815	21,974	159 F	20,006	25,584	27,877
2,226	1,993	233 U	Consumables & General	16,151	17,887	1,736 F	18,182	26,912	23,818
372	58	314 U	Grants & Subsidies	10,318	9,300	1,018 U	9,264	10,587	10,243
2,921	2,941	20 F	Internal Charges	26,419	26,474	55 F	26,742	35,795	35,296
7,076	6,377	699 U	Depreciation	61,514	57,389	4,125 U	55,377	74,283	76,519
1,056	829	227 U	Interest	6,440	7,462	1,022 F	6,436	8,103	9,943
<b>26,881</b>	<b>25,019</b>	<b>1,862 U</b>	<b>TOTAL EXPENDITURE</b>	<b>246,150</b>	<b>244,842</b>	<b>1,308 U</b>	<b>239,630</b>	<b>325,069</b>	<b>321,328</b>
(974)	1,119	2,093 U	<b>NET SURPLUS (DEFICIT) EXCLUDING WAIPORI</b>	(228)	(1,733)	1,505 F	(7,129)	7,842	4,848
			<b>Add</b>						
216	273	57 U	<b>Waipori Fund Net Operating Result</b>	(1,250)	2,453	3,703 U	6,709	9,328	3,270
<b>(758)</b>	<b>1,392</b>	<b>2,150 U</b>	<b>NET SURPLUS (DEFICIT) INCLUDING WAIPORI</b>	<b>(1,478)</b>	<b>720</b>	<b>2,198 U</b>	<b>(420)</b>	<b>17,170</b>	<b>8,118</b>

		 <b>DUNEDIN CITY COUNCIL</b> Statement of Financial Position As at 31 March 2022 Amount : \$'000			
As at 30-Jun-21		As at 31-Mar-22	Budget 31-Mar-22	Budget 30-Jun-22	As at 31-Mar-21
	<b>Current Assets</b>				
7,939	Cash and Deposits	12,130	10,540	6,071	10,793
23,645	Sundry Debtors	21,138	20,486	13,239	21,834
6,975	Short Term Investments	11,552	1,428	5,928	6,445
3,694	Assets held for Resale	-	-	-	-
294	Inventories	448	392	392	390
42,547	<b>Total Current Assets</b>	45,268	32,846	25,630	39,462
	<b>Non Current Assets</b>				
329,833	Investments	323,891	338,436	336,742	328,863
3,487,282	Fixed Assets	3,522,602	3,227,027	3,312,715	3,081,840
3,817,115	<b>Total Non Current Assets</b>	3,846,493	3,565,463	3,649,457	3,410,703
3,859,662	<b>TOTAL ASSETS</b>	3,891,761	3,598,309	3,675,087	3,450,165
	<b>Current Liabilities</b>				
17,697	Sundry Creditors	12,982	12,000	12,000	19,132
42,514	Accrued Expenditure	37,555	31,936	31,642	38,721
-	Short Term Borrowings	43,300	57,300	-	13,000
656	Derivative Financial Instruments	296	98	-	1,257
60,867	<b>Total Current Liabilities</b>	94,133	101,334	43,642	72,110
	<b>Non Current Liabilities</b>				
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	<b>Total Non Current Liabilities</b>	286,205	284,756	348,731	256,106
347,123	<b>TOTAL LIABILITIES</b>	380,338	386,090	392,373	328,216
3,512,539	<b>COUNCIL EQUITY</b>	3,511,423	3,212,219	3,282,714	3,121,949
3,859,662		3,891,761	3,598,309	3,675,087	3,450,165
	<b>Statement of Change in Equity</b>				
3,121,579	Opening Balance	3,512,539	3,211,117	3,211,117	3,121,579
17,170	Operating Surplus (Deficit)	(1,478)	720	8,118	(420)
372,394	Movements in Reserves	2	-	63,000	(5)
1,396	Adjustment Derivatives	360	382	479	795
3,512,539		3,511,423	3,212,219	3,282,714	3,121,949

DUNEDIN CITY COUNCIL Statement of Cashflows For the Period Ending 31 March 2022 Amount : \$'000		 <b>DUNEDIN</b>   kaunihera CITY COUNCIL   a-rohe o Ōtepoti		
	Year to Date Actual	Year to Date Budget	Full Year Budget	LY YTD Actual
<b>Cash Flow from Operating Activities</b>				
<i>Cash was provided from operating activities</i>				
Rates Received	135,013	135,104	178,929	123,461
Other Revenue	83,373	78,169	105,295	89,336
Interest Received	3,981	3,931	7,389	3,984
Dividend Received	962	919	1,229	899
Income Tax Refund	-	-	864	-
<i>Cash was applied to</i>				
Suppliers and Employees	(157,711)	(164,791)	(204,190)	(152,195)
Interest Paid	(5,426)	(7,406)	(9,943)	(7,243)
<b>Net Cash Inflow (Outflow) from Operations</b>	<b>60,192</b>	<b>45,926</b>	<b>79,573</b>	<b>58,242</b>
<b>Cash Flow from Investing Activities</b>				
<i>Cash was provided from investing activities:</i>				
Sale of Assets	3,659	3,000	3,120	69
Reduction in Investments	-	-	-	-
<i>Cash was applied to:</i>				
Increase in Investments	(1,518)	-	(2,550)	(6,087)
Capital Expenditure	(101,442)	(103,167)	(145,528)	(69,793)
<b>Net Cash Inflow (Outflow) from Investing Activity</b>	<b>(99,301)</b>	<b>(100,167)</b>	<b>(144,958)</b>	<b>(75,811)</b>
<b>Cash Flow from Financing Activities</b>				
<i>Cash was provided from financing activities:</i>				
Loans Raised	-	-	63,975	-
Increase in Short Term Borrowings	53,300	57,300	-	27,000
<i>Cash was applied to:</i>				
Loans Repaid	(10,000)	-	-	(14,000)
Decrease in Short Term Borrowings	-	-	-	-
<b>Net Cash Inflow (Outflow) from Financing Activity</b>	<b>43,300</b>	<b>57,300</b>	<b>63,975</b>	<b>13,000</b>
<b>Total Increase/(Decrease) in Cash</b>	<b>4,191</b>	<b>3,059</b>	<b>(1,410)</b>	<b>(4,569)</b>
<b>Opening Cash and Deposits</b>	<b>7,939</b>	<b>7,481</b>	<b>7,481</b>	<b>15,362</b>
<b>Closing Cash and Deposits</b>	<b>12,130</b>	<b>10,540</b>	<b>6,071</b>	<b>10,793</b>

<b>DUNEDIN CITY COUNCIL</b>		<b>Capital Expenditure Summary by Activity</b>		<b>For the Period Ending 31 March 2022</b>		<b>Amount : \$'000</b>	
		<b>DUNEDIN</b>   kaunihera CITY COUNCIL   a-rohe o Ōtepoti					
<b>Description</b>	<b>Year to Date Actual</b>	<b>Year to Date Budget</b>	<b>Year to Date Variance</b>	<b>Over Under Spend</b>	<b>LY YTD Actual</b>	<b>Full Year Budget</b>	<b>YTD Actual vs FY Budget</b>
Galleries, Libraries & Museums	1,177	1,457	280	U	888	2,363	49.8%
City Development	26	210	184	U	-	350	7.4%
Corporate Services	2,444	3,465	1,021	U	1,214	4,652	52.5%
Property	11,847	14,839	2,992	U	7,365	21,800	54.3%
Other	107	220	113	U	129	570	18.8%
Parks and Recreation	6,995	13,143	6,148	U	2,951	25,729	27.2%
Transport	27,454	32,870	5,416	U	36,341	40,000	68.6%
Waste & Environmental	2,602	1,986	616	O	830	8,273	31.5%
Three Waters	44,217	30,404	13,813	O	22,397	41,791	105.8%
	<u>96,869</u>	<u>98,594</u>	<u>1,725</u>	<u>U</u>	<u>72,115</u>	<u>145,528</u>	<u>66.6%</u>

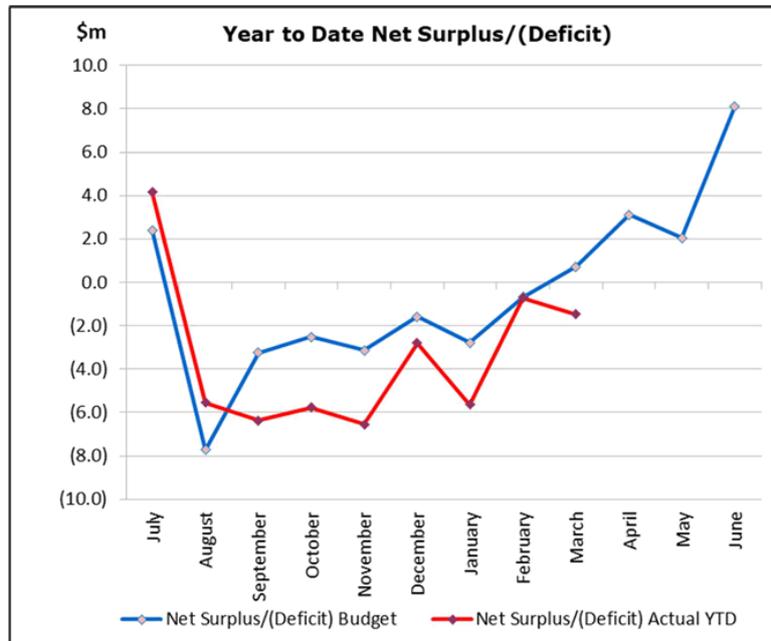
<p style="text-align: center;"><b>DUNEDIN CITY COUNCIL</b> Summary of Operating Variances For the Period Ending 31 March 2022</p> <p style="text-align: center;">Amount : \$'000</p>											
Group	Year to Date Surplus(Deficit)			Year to Date Variance Favourable (Unfavourable)							
	Actual	Budget	Variance	Rates Revenue	Other Ext Revenue	Int Revenue	Staff	Ops & Other Exps	Internal Costs	Interest	Depr'n
Waipori Fund	(1,250)	2,453	(3,703)	-	(3,704)	-	-	1	-	-	-
Galleries, Libraries & Museums	(997)	(1,195)	198	-	70	7	25	223	(2)	5	(130)
Community Development	184	(1,028)	1,212	-	128	34	(46)	1,096	1	-	(1)
Corporate Services	3,048	259	2,789	-	8	(94)	935	2,247	38	-	(345)
Enterprise Dunedin	377	(5)	382	-	1,874	48	209	(1,666)	(82)	-	(1)
Property	(2,425)	82	(2,507)	-	(440)	3	97	651	2	-	(2,820)
Investment	(1,362)	(2,388)	1,026	-	149	-	(357)	217	-	1,017	-
Parking Services/Operations	(77)	836	(913)	-	(1,218)	2	115	192	23	-	(27)
Parks and Recreation	3,269	4,133	(864)	-	(2,086)	-	312	1,046	20	-	(156)
Regulatory & Planning	1,022	81	941	-	1,059	-	237	(347)	10	-	(18)
Transport	(8,179)	(4,329)	(3,850)	-	(2,868)	-	140	(1,399)	1	-	276
Waste & Environmental	172	956	(784)	-	(649)	(55)	2	8	32	-	(122)
Three Waters	4,740	865	3,875	-	6,841	-	219	(2,416)	12	-	(781)
<b>Total Council</b>	<b>(1,478)</b>	<b>720</b>	<b>(2,198)</b>	<b>-</b>	<b>(836)</b>	<b>(55)</b>	<b>1,888</b>	<b>(147)</b>	<b>55</b>	<b>1,022</b>	<b>(4,125)</b>

**FINANCIAL REVIEW**

**For the period ended 31 March 2022**

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

**NET SURPLUS/(DEFICIT) (INCLUDING WAIPORI)**



The net deficit (including Waipori) for the period ended 31 March 2022 was \$1.478 million or \$2.198 million greater than budget.

## REVENUE

The total revenue for the period was \$245.922 million or \$2.813 million greater than budget.

The major variances were as follows:

### Other Operating Revenue

*Actual \$50.066 million, Budget \$52.973 million, Unfavourable variance \$2.907 million*

Aquatic Services revenue was unfavourable \$843k due to the impact of Covid-19 on the operation of the pool/gym facilities.

Parking related revenue was unfavourable \$1.217 million due primarily to the ongoing impact of Covid-19, and in particular the lockdown in August/September 2021.

Waste and Environmental revenue was unfavourable \$649k 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 \$666k due mainly to lower water sales.

Transportation revenue was unfavourable \$300k due to less income from corridor access requests than expected.

Property revenue was unfavourable \$275k due to rent relief provided to tenants during the Covid-19 lockdown.

These unfavourable variances were partially offset by:

Building Services revenue was favourable \$676k primarily due to increased activity including building applications, inspections and code compliance certification.

Resource Consents revenue was favourable \$280k due to the number of consents processed year-to-date.

### Grants and Subsidies Revenue

*Actual \$32.801 million, Budget \$26.072 million, Favourable variance \$6.729 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 \$1.289 million due to the delayed timing of the balance of external funding for the new Mosgiel aquatics facility, and timing of MBIE funding for the Tunnel Beach carpark/toilet project. It should be noted that the first tranche of pool funding was received in February (\$3.200 million).

Transportation revenue was also unfavourable (\$2.320 million) due to the lower level of subsidised capital expenditure – see capital expenditure comments below.

## **EXPENDITURE**

The total expenditure for the period was \$246.150 million or \$1.308 million greater than budget.

The major variances were as follows:

### **Personnel Costs**

*Actual \$50.790 million, Budget \$52.678 million, Favourable variance \$1.888 million*

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

### **Operations and Maintenance Costs**

*Actual \$52.703 million, Budget \$51.678 million, Unfavourable variance \$1.025 million*

Transportation expenditure was unfavourable \$2.405 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, as well as sealed pavement and drainage maintenance.

Economic Development costs were \$442k higher than budget due to 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.

Waste and Environmental costs were \$416k unfavourable due to landfill contract and ETS costs.

Property costs were \$870k less than budget due to some reactive maintenance unable to be carried out over the Covid-19 lockdown period, and expenditure on the Railway station to date being mainly capital in nature.

The year to date spend in Community Development was \$545k under budget reflecting the impact of cancelled events (including city activation) and delayed charges for costs associated with the ICC Womens Cricket World Cup.

### **Consumable and General Costs**

*Actual \$16.151 million, Budget \$17.887 million, Favourable variance \$1.736 million*

BIS costs were favourable \$983k due to timing of software licence fees and IT consultant's expenditure.

Corporate Policy expenditure was \$693k favourable, largely reflecting delayed timing of project expenditure while scoping work is completed.

Waste and Environmental expenditure was \$542k favourable as most consultants costs to date for the Smooth Hill landfill are capital in nature.

Transportation expenditure was \$792k favourable due to the timing of consultant costs related to capital project development (Central City and Cycleways). Some of these costs have been reclassified as capital expenditure in nature with project delivery now underway.

Parks and Recreation expenditure was \$240k favourable due to timing of work developing reserves and other asset management plans, including coastal management planning.

The year to date spend in Community Development was \$417k under budget reflecting the impact of cancelled events (including city activation) and delayed charges for costs associated with the ICC Womens Cricket World Cup.

These favourable variances were partially offset by unbudgeted expenditure in Three Waters (\$2.270 million) for costs associated with water reform and design work for stimulus projects – see favourable income noted above.

#### **Depreciation**

*Actual \$61.514 million, Budget \$57.389 million, Unfavourable variance \$4.125 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 \$6.440 million, Budget \$7.462 million, Favourable variance \$1.022 million*

Interest expenditure was less than budget year to date due to a favourable floating interest rate applied to the non-fixed interest borrowing.

There will be upward pressure of interest rates in the coming months as the Reserve Bank increases the official cash rate to manage inflationary pressures and the elevated level of economic activity.

Note that as at 31 March, \$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 \$1.250 million deficit, Budget \$2.453 million surplus, Unfavourable variance \$3.703 million*

There was some recovery for equity markets in March following a period of market decline. World events continue to influence financial markets.

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**

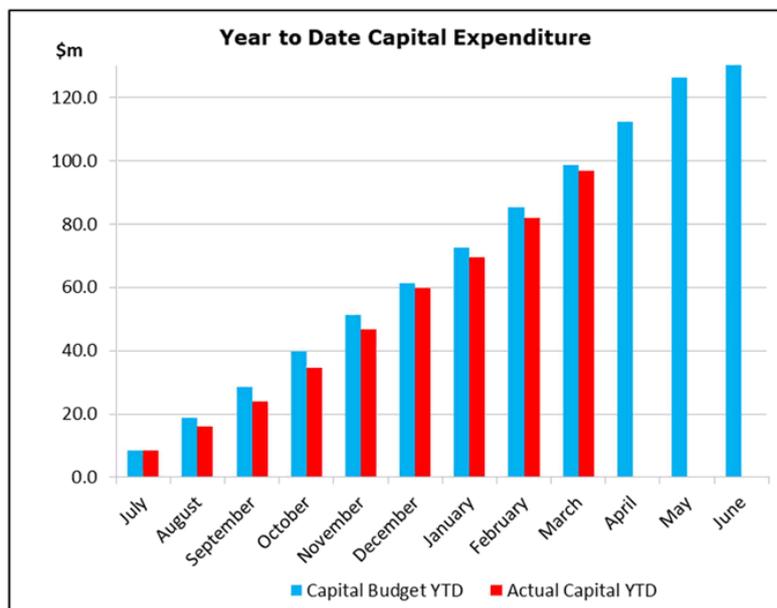
A Statement of Financial Position is provided as Attachment C.

Short term investments of \$11.552 million relate to the Waipori Fund.

#### **CAPITAL EXPENDITURE**

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

Total capital expenditure for the period was \$96.869 million or 98.3% 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 66.6% after 9 months.



**Corporate Services** capital expenditure was \$1.021 million underspent

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

**Property** capital expenditure was \$2.992 million underspent

The Civic Centre roof renewal/window replacement project was behind budget due to programme adjustments required to manage the risk associated with asbestos. Work has now progressed to the sixth floor.

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 by June 2022.

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

**Parks and Recreation** capital expenditure was \$6.148 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 and upgrades.

**Transport** capital expenditure was \$5.416 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. The tender for separable portions of the Peninsula widening project have now been awarded.

**Waste and Environmental** capital expenditure was \$616k overspent

Expenditure was ahead of budget due to costs associated with the development of the proposed landfill at Smooth Hill.

**Three Waters** capital expenditure was \$13.813 million overspent

Renewal's expenditure was ahead of budget \$16.021 million, including water and sewer renewals in North East Valley, Stuart St, Malvern 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.

#### **Community Development - \$1.212 million Favourable**

This favourable variance reflected reduced costs resulting from the impact on Covid19 on city events. This included cancellations and well as limited or no City Activations for premier events (World Cup Cricket, Rugby fixtures). The underspend also included delayed timing of costs associated with the hosting of the ICC WWC 2022.

#### **Corporate Services \$2.789 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.

#### **Property - \$2.507 million Unfavourable**

Depreciation was unfavourable \$2.820 million due to the revaluation of Property assets as at 30 June 2021 impacting both the depreciable replacement cost and asset useful lives.

Revenue was unfavourable \$440k due partly to rent relief provided to some commercial tenants during the covid-19 lockdown, as well as the timing of development contributions revenue.

Operating costs were favourable \$651k 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 - \$913k Unfavourable**

Revenue was unfavourable year to date primarily due to the ongoing impact of the Covid-19 pandemic, and in particular the lockdown earlier in the financial year.

**Parks and Recreation - \$864k Unfavourable**

Overall revenue was unfavourable partly due the delayed timing of external funding for the Mosgiel aquatic facility. A significant portion of the expected community funding for the new facility has now been received with the balance due as project milestones are achieved. Revenue was also below budget due to the impact of Covid-19 closures on pool/gym revenue.

Operating costs were \$1.046 million favourable due partly to savings in energy, maintenance 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.

**Transport - \$3.850 million Unfavourable**

Revenue was unfavourable \$2.868 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, Factory Road and Melrose Street.

**Three Waters - \$3.875 million Favourable**

Three Waters revenue was favourable \$6.841 million including \$8.180 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 \$2.416 million primarily due to unbudgeted expenditure on stimulus funded project work. Depreciation was also unfavourable \$781k due to the revaluation of Three Waters assets as at 30 June 2021 impacting both the depreciable replacement cost and asset useful lives.

## WAIPORI FUND - QUARTER ENDING 31 MARCH 2022

Department: Finance

### EXECUTIVE SUMMARY

- 1 The attached report from Dunedin City Treasury Limited provides information on the results of the Waipori Fund for the quarter ended 31 March 2022.
- 2 As this is an administrative report only, there are no options or Summary of Considerations.

### RECOMMENDATIONS

That the Committee:

- a) **Notes** the report from Dunedin City Treasury Limited on the Waipori Fund for the quarter ended 31 March 2022.

### BACKGROUND

- 3 Not applicable.

### DISCUSSION

- 4 Not applicable.

### OPTIONS

- 5 Not applicable.

### NEXT STEPS

- 6 Not applicable.

### Signatories

Author:	Richard Davey - Treasury Manager
Authoriser:	Gavin Logie - Chief Financial Officer

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**Attachments**

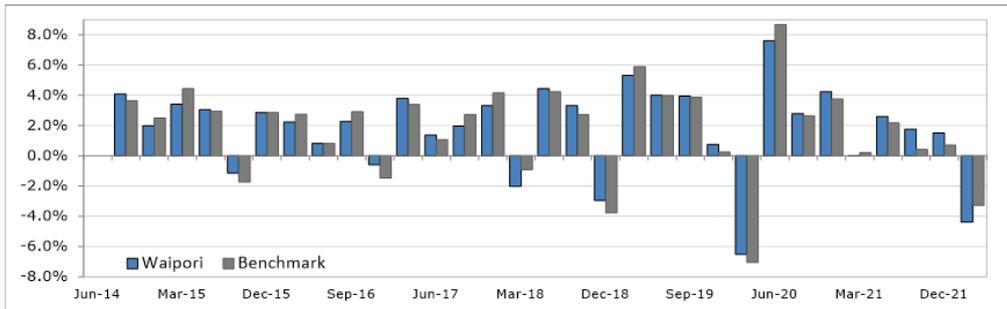
	<b>Title</b>	<b>Page</b>
<a href="#">↓A</a>	Waipori Fund March 2022 Quarter	50

**Dunedin City Treasury Ltd**

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**TO:** Chief Executive, Dunedin City Council  
**FROM:** Dunedin City Treasury Limited  
**DATE:** 03 May 2022  
**SUBJECT:** **WAIPORI FUND - MARCH 2022 QUARTER**

**Quarterly Returns vs Benchmark**



**March 2022 Quarter**

The Fund made a negative return of -4.4% over the quarter, relative to the Benchmark return of -3.3%. The main contributor was International Equities which had a return of -10.3%, relative to the Benchmark return of -7.0%. The retracement in International Equity prices essentially reversed the strong gains in the asset class during the preceding quarter. The S&P 500 Index ended the quarter down -4.6% in USD terms with a stronger NZD compounding losses for the Fund. Despite the weakness over the quarter, the S&P 500 rallied approximately 5% during March as investors took advantage of recent weakness in equity prices. Fixed Interest experienced negative returns over the quarter due to recent sharp rises in the New Zealand yield curve which reduces valuations of Fixed Interest investments.

**Fund Returns**

Period ended	Waipori		Benchmark	
	Quarter %	FY %	Quarter %	FY %
<b>31 March 2022</b>				
NZ Equities (NZ50 Gross)	-7.0	-3.1	-7.1	-4.3
Australian Equities (Australian All Acc)	-0.9	8.4	2.9	6.4
Int'l Equities (MSCI World Gross)	-10.3	-0.4	-7.0	0.9
Property Equities (NZ Real Estate)	-3.7	-1.5	-6.2	-1.4
Short Term Interest (NZ 90 day bb)	0.2	0.8	0.2	0.4
Fixed Interest (NZ Corp Bond index)	-2.4	-4.8	-2.9	-5.4
<b>TOTAL</b>	<b>-4.4</b>	<b>-1.2</b>	<b>-3.3</b>	<b>-2.2</b>

Note: The Benchmarks used are the best available based on broad market indices and therefore their returns are not directly comparable with Waipori's returns. DCTL continues to review the appropriateness of the benchmark indices used and are comfortable that they are the best available at this time.

**Investment Profile**

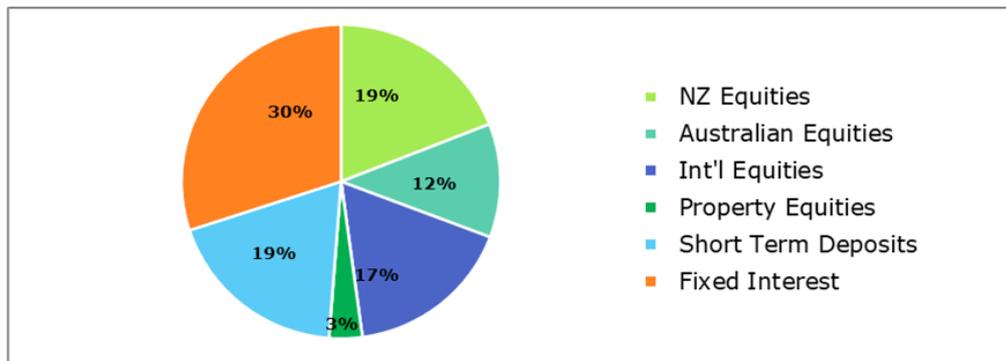
Waipori is diversified across asset classes with 51.2% invested in growth assets (equities and property) and 48.8% invested in income assets (fixed interest investments and short term deposits/cash).

The market value of the investment portfolio as at 31 March 2022 was \$101.8 million.

**Summary of Investments**

As at 31 March 2022	Market Value	Percentage of Portfolio	Benchmark/ Exposure Range*
NZ Equities	19,382,184	19.0	16.0
Australian Equities	11,944,753	11.7	11.0
Int'l Equities	17,410,126	17.1	15.0
<b>Equities</b>	<b>48,737,063</b>	<b>47.9</b>	<b>20.0 - 60.0</b>
Property Equities	3,415,683	3.4	3.0
<b>Property</b>	<b>3,415,683</b>	<b>3.4</b>	<b>0.0 - 10.0</b>
Short Term Deposits	19,104,855	18.8	10.0
Fixed Interest	30,574,230	30.0	45.0
<b>Fixed Interest</b>	<b>49,679,085</b>	<b>48.8</b>	<b>40.0 - 70.0</b>
<b>TOTAL</b>	<b>101,831,831</b>	<b>100.0</b>	<b>100.0</b>

**Asset Allocation**



**Outlook**

The RBNZ announced an increase in the Official Cash Rate (OCR) of 0.50% on 13 April 2022, taking the OCR to 1.50%. The increase in the OCR is the fourth increase since the OCR was reduced to just 0.25% by the RBNZ in March 2020. Current market pricing indicates the RBNZ is likely continue to increase the OCR in an attempt to bring continued intensifying inflation pressure back under control.

Annual CPI data for the March quarter printed at 6.9%, which equates to a 1.8% increase over the quarter. The result was largely in line with expectations and is consistent with the RBNZ's view that inflation is likely to "peak around 7 percent" in the first half of 2022. Current market pricing indicates that there is more than a 90% probability the RBNZ will increase the OCR by another 0.50% at the May Monetary Policy Meeting (25 May 2022) and is expected to continue increasing the OCR in smaller increments thereafter.

Interest rate markets will likely continue to focus on the actions of global Central Banks tightening monetary policy and unwinding stimulus (QE) put in place following the onset of the COVID-19 pandemic.

The fund is positioned as a long-term investor and is diversified with 51.2% growth assets and 48.8% income generating assets to withstand market volatility, which we believe positions the Fund well in the current environment.

Keith Cooper  
**CHAIR**

Olivia White  
**ASSISTANT TREASURER**

Richard Davey  
**TREASURER**

**WAIPORI FUND  
PERFORMANCE VERSUS INVESTMENT OBJECTIVES**

31 March 2022

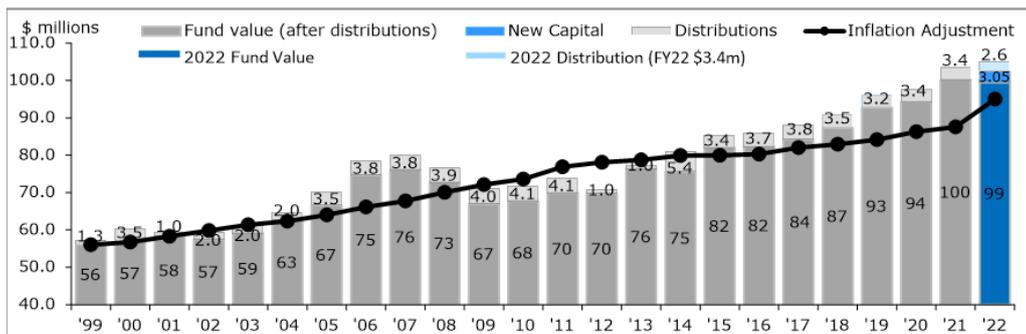
**1. INCOME**

Objective	2022 Est. Income	2022 Est. Yield	Average Yield	Period Years
The primary objective of the Fund will be to maximise its income, subject always to a proper consideration of investment risk.	\$2,710,090	2.7%	4.4%	22 3/4

**2. CAPITAL GROWTH**

Objective	Fund Value 31 Mar 2022	Revised Capital Base	Achieved
<b>FUND VALUE LESS ACCUMULATED DISTRIBUTION:</b> Subject to the income distribution needs of the Council and the provisions for capital protection, a key objective will be to grow the Fund's capital. Each calendar quarter, the Fund's capital base is to be adjusted by the movement in the CPI as follows: Revised capital base = previous capital base x (1 + quarterly CPI movement)	\$101,978,442	\$94,974,180	✓

# Fund value less distribution (\$3,050,000)

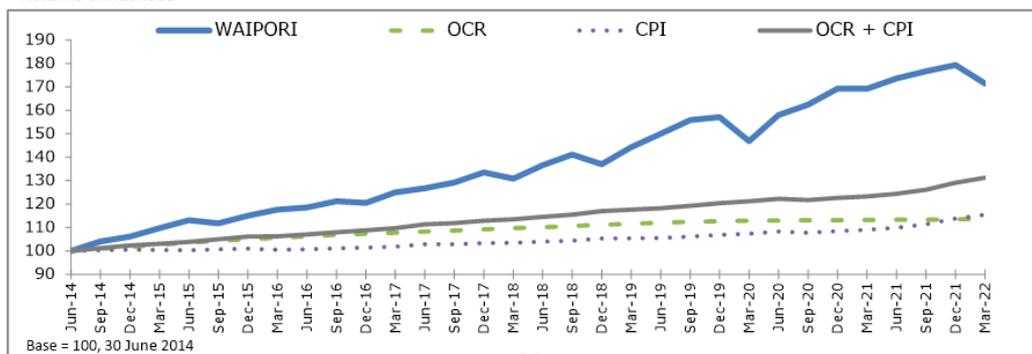


Note: This graph provides very slight corrections to previous calculations of the Fund's inflation-adjusted capital base, after management identified an error in previous calculation methodology. The total impact of the error was less than \$0.6 million spread over approximately seven years.

**3. TOTAL RETURN (Period June 2014 - June 2022)**

Objective	Waipori Return*	OCR*	CPI*	OCR + CPI	Achieved	Period Years
The Council envisages a minimum return over the medium to long-term, net of all fees and charges attributable to the Fund, equivalent to the weighted average Official Cash Rate (OCR) plus the movement in the "all groups" Consumer Price Index (CPI).	7.2%	1.7%	1.9%	3.6%	✓	7.75

\*Returns annualised



**WAIPORI FUND**

Statement of Financial Performance for quarter ended 31 March 2022

Quarter 31-Mar-21	Actual YTD 31-Mar-21		Quarter			Year to Date			Target Full Year
			Actual	Target	Variance	Actual	Target	Variance	
		<b>Income</b>							
215,576	796,622	Dividends	199,447	241,912	(42,465)	895,940	904,097	(8,157)	1,254,678
320,933	1,023,027	Interest	318,069	404,026	(85,957)	966,340	1,145,082	(178,742)	1,455,412
-	54,136	Surplus on sale of Equities	398,204	-	398,204	514,478	-	514,478	-
(661,219)	6,312,681	<b>Unrealised Gains/(Losses)</b>	(3,943,034)	n.a.	n.a.	(783,765)	n.a.	n.a.	n.a.
673,785	(490,629)	Equities	(354,446)	n.a.	n.a.	(205,143)	n.a.	n.a.	n.a.
12,566	5,822,052	Exchange Movements	(4,297,480)	248,973	(4,546,453)	(988,908)	746,918	(1,735,826)	995,890
(516,080)	(812,609)	Revaluation of Equities	(1,113,784)	-	(1,113,784)	(2,459,340)	-	(2,459,340)	-
3,225	1,706	Revaluation of Bonds	16,465	-	16,465	17,317	-	17,317	-
36,220	6,884,934	Revaluation of \$AUD Bank A/C							
		<b>Total Income</b>	(4,479,079)	894,911	(5,373,990)	(1,054,173)	2,796,097	(3,850,270)	3,705,980
		<b>less Expenses</b>							
-	-	Management Fees	-	50,006	(50,006)	-	150,018	(150,018)	200,024
55,094	175,361	Equity Management Advice	61,342	13,548	47,794	196,119	40,644	155,475	54,192
40	142	Bank Fees	32	32	-	104	95	9	126
55,134	175,503	<b>Total Expenses</b>	61,374	63,586	(2,212)	196,223	190,757	5,466	254,342
<b>(18,914)</b>	<b>6,709,431</b>	<b>Net Surplus/(Deficit)</b>	<b>(4,540,453)</b>	<b>831,325</b>	<b>(5,371,778)</b>	<b>(1,250,396)</b>	<b>2,605,340</b>	<b>(3,855,736)</b>	<b>3,451,638</b>

Targets are calculated based on assumptions of returns for each asset class at the beginning of the financial year by Craigs' Investment Partners and current yields.

The Fund made a

**WAIPORI FUND**

 Statement of Movement in Principal of Fund  
For Period to 31 March 2022

30-Jun-21		31-Mar-22
56,000,000	<b>Principal</b>	56,000,000
	<b>Inflation Adjustment Reserve</b>	
30,725,430	Opening Balance	32,151,614
1,416,184	Transfer from Retained Earnings	4,377,342
	Additional Capital	3,050,000
32,151,614	Closing Balance	40,188,514
	<b>Retained Earnings</b>	
7,484,491	Opening Balance	12,027,155
9,327,748	Net Surplus/(Deficit)	(1,250,396)
(1,416,184)	Transfer to Inflation Adjustment Reserve	(4,377,342)
(3,368,900)	Distribution to Council	
12,027,155	Closing Balance	5,789,859
<b>100,178,769</b>	<b>Total Fund at End of the Period</b>	<b>101,978,373</b>

**Statement of Financial Position  
As at 31 March 2022**

30-Jun-21		31-Mar-22
674,281	<b>Current Assets</b>	6,754,146
321,879	Bank Account	265,773
10,675,130	Debtors/Prepayments	12,350,709
11,671,290	Short Term Investments	19,370,628
	<b>Total Current Assets</b>	
53,608,166	<b>Investments</b>	52,152,746
35,054,569	Equities	30,574,230
88,662,735	Term Financial Instruments	82,726,976
<b>100,334,025</b>	<b>Total Assets</b>	<b>102,097,604</b>
	less	
155,256	<b>Current Liabilities</b>	119,231
155,256	Accruals	119,231
<b>100,178,769</b>	<b>Total Value of Fund</b>	<b>101,978,373</b>

\* Note \$8.35m of Bonds in the Fund are classed as Green Bonds - Includes Contact Energy, Meridian Energy and Mercury Energy.

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## DUNEDIN RAILWAYS LIMITED - UPDATE ON FUNDING AND OPERATIONS

Department: Executive Leadership Team

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### EXECUTIVE SUMMARY

- 1 Dunedin City Holdings Limited (DCHL) and Dunedin Railways Limited (DRL) have provided an update on funding and operations for the financial years 2023 and 2024.
- 2 The report from DCHL/DRL presents two options for Council to consider – the status quo of continuing a limited service or an option to gear up DRL for the possible return of international visitors.
- 3 Staff have considered the options and recommend that Council confirm its previous position for a range of reasons outlined in the report.

### RECOMMENDATIONS

That the Committee recommends that Council:

- a) **Confirms** its previous decision of November 2021 for DCHL to operate and fund a limited service for Dunedin Railways Limited until June 2024.
- b) **Notes** staff will report back to Council as part of next Annual Plan process on the options for long term operations and governance of Dunedin Railways Limited.

### BACKGROUND

- 4 At its meeting held 23 November 2021, Council resolved the following:

*Moved (Cr Sophie Barker/Cr Steve Walker):*

*That the Council:*

- a) **Directs** Dunedin City Holdings Limited to continue to fund up to \$2.4M per annum for maintaining and operating Dunedin Railways Limited using the KiwiRail line and Taieri Gorge line to Hindon until 30 June 2024.
- b) **Approves** Dunedin City Holdings Limited incurring a one-off cost of \$400k in 2021/22 for developing an alternative storage and workshop facility for Dunedin Railways Limited.

- c) **Notes** that staff would continue supporting the Otago Central Rail Trail Trust to develop a feasibility study on the possible options for the Otago Central Rail Trail between Middlemarch and Wingatui.
- d) **Notes** that staff would report back to Council on options for the long-term operations and governance of Dunedin Railways Limited as part of the 10 year plan 2024-34.

*Division*

*The Council voted by division:*

*For: Crs Sophie Barker, David Benson-Pope, Rachel Elder, Doug Hall, Carmen Houlahan, Marie Laufiso, Mike Lord, Jim O'Malley, Jules Radich, Chris Staynes, Steve Walker, Andrew Whiley and Mayor Aaron Hawkins (13).*

*Against: Cr Lee Vandervis (1).*

*Abstained: Nil*

*The division was declared CARRIED by 13 votes to 1*

**Motion carried (CNL/2021/195)**

- 5 The November 2021 resolution enabled DRL to continue to operate a limited service as per the previous two years. DRL have now provided an options paper for Council to consider. The two options presented are to continue to operate DRL on a limited basis or gear up DRL in anticipation of the possible return of international visitors. Both options discussed below.

**DISCUSSION**

- 6 DRL are anticipating that cruise ships will return to New Zealand shores for the 2022/2023 summer season. The Board's view is detailed in Attachment A.
- 7 There is still a level of uncertainty about what level of cruise ship activity Dunedin will see in 2022/23 but in order to gear up, DRL require significant lead in time.
- 8 DCHL has provided details around what "gearing up" would mean if DRL is to respond to the return of international visitors.
- 9 DCHL state that they do not have a mandate or funding for anything other than a limited service in 2022/2023. The report asks for Council to clarify its expectations about what DRL's role in the tourist market will be and how Council expect that would be funded.
- 10 DCC staff have reviewed the funding information and associated commentary provided by DCHL. At this stage it is felt the information provided lacks the necessary detail to provide clear staff advice to Council around any decisions to gear up for the 2022/2023 financial year.

- 11 Detail needing clarification includes the following:
- Level of spend in the current financial year;
  - Clear understanding of the indicated one-off re-establishment costs \$1.180 million;
  - Clear understanding of the additional annual expenses of \$748k;
  - What services this additional spend would buy (# of services, routes);
  - What the level of associated revenue would be and sensitivity of the same;
  - Quantify the risks around expanding the operation beyond hibernation;
  - The likely impact on local tourism if DRL doesn't gear up for the return of tourists at least for the upcoming season.
- 12 There are also other matters that need consideration before staff are able to provide any recommendation to Council including:
- The most appropriate mechanism to fund any additional expenditure over that already committed for 2022/2023,
  - The concerns raised by DCHL around their duties under the Companies Act in providing funding to DRL.
- 13 The DRL report also proposes re-establishing the board of DRL if the company is to move from its limited services. Currently, the board of DCHL acts as the board of DRL.
- 14 Council staff are working on the report requested in November 2021 on the long-term operations and governance of DRL to inform the next ten year plan. This work is progressing well but is not yet complete.
- 15 In addition, the Product Development work has progressed as has work on the Destination Management Plan. All three pieces of work will provide information to help Council determine what level of investment is appropriate in DRL.

## **OPTIONS**

### **Option One – Status Quo – Continue to operate and fund DRL to operate a limited service until 2024**

- 16 The current Council position as stated by the November 2021 resolution is that DCHL continue to fund up to \$2.4M per annum for maintaining and operating Dunedin Railways Limited using the KiwiRail line and Taieri Gorge line to Hindon until 30 June 2024

#### *Advantages*

- Enables the staff review of the future operations and governance of DRL to be completed
- Provides a limited rail service on both the Hindon and KiwiRail Line that can be targeted towards international tourists

- The costs of this operation have been allowed for by DCHL

*Disadvantages*

- A limited service may not address all the needs of the international visitor market

**Option Two – Gears DRL up for international tourism**

- 17 This option sees DRL brought out of “hibernation mode” and would require additional expenditure, new staff and the appointment of a new DRL board. It is difficult for staff to assess the advantages and disadvantages of this option given the further information that would be required as outlined above.
- 18 If the committee wished to progress this option, staff could be directed to seek further information from DRL and report back to Council. Given the urgency that DRL have indicated, staff would attempt to do this in time for the Annual Plan deliberations but that timing would be very challenging and a report in June is more likely.

**NEXT STEPS**

- 19 If the Committee approves option 1, staff will advise DCHL/DRL. Staff will also continue the work on the report into the future operations and governance options for DRL.
- 20 If the Committee approves option 2, then staff will meet with DCHL/DRL to gather the additional information required and provide a report to Council as soon as possible.

**Signatories**

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

**Attachments**

	<b>Title</b>	<b>Page</b>
<a href="#">A</a>	DRL Update Report from Dunedin City Holdings Limited	60

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

This decision promotes the economic and social well-being of communities in the present and for the future.

***Fit with strategic framework***

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

The operation of Dunedin Railways Limited and its assets contributes to the Dunedin 2013-23 Economic Development Strategy theme of a “Compelling Destination” through the tourism service it provides. Dunedin Railways Limited operations also contribute to the Social Wellbeing Strategy by supporting stronger communities.

***Māori Impact Statement***

There is a future commitment to engage with mana whenua around the feasibility study into the future options for the rail trial.

***Sustainability***

There is no immediate impact on sustainability from the direction sought in this report.

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

There are no implications for either the LTP or Annual Plan for the status quo as presented in this report.

***Financial considerations***

DCHL have estimated the financial support for Dunedin Railways Limited will be up to \$2.4M per annum until 30 June 2024. However the funding required to bring DRL out of hibernation will be a consideration for Council and would potentially impact on Annual Plan budgets.

***Significance***

The decision sought in this report is considered low in terms of Council’s Significance and Engagement Policy. Any decision on the future of DRL may require formal consultation but that will be assessed and reported to Council in the future.

***Engagement – external***

This report has been prepared on the basis of information received from Dunedin City Holdings Ltd.

**SUMMARY OF CONSIDERATIONS**

***Engagement - internal***

There has been internal engagement with Legal and Finance.

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

The attached DCHL report refers at paragraph 41 to DCHL entering into an agreement with DRL. That agreement is to record DCHL's commitment to fund DRL's operating costs of up to \$2.4 million per annum over FY2023 and FY 2024. This is to protect the Directors of DRL from any liability that might otherwise arise under sections 135 and 136 of the Companies Act.

Council's solicitors have advised that they see the agreement as being a prudent step, and do not see any liability issues for DCC as a shareholder of DCHL and indirectly of DRL.

***Conflict of Interest***

There are no known conflicts of interest.

***Community Boards***

Any decision on the future of Dunedin Railways Limited will be of interest to Mosgiel-Taieri, Strath Taieri, West Harbour and Waikouaiti Coast Community Boards.



DUNEDIN CITY HOLDINGS LIMITED

## Report

**TO:** Dunedin City Council

**FROM:** Keith Cooper, Chair, Dunedin City Holdings Ltd and Dunedin Railways Ltd  
Jemma Adams, General Manager DCHL

**DATE:** 22 April 2022

**SUBJECT:** Dunedin Railways Ltd – FY2023 and FY2024 Funding and Operations

### SUMMARY

DRL transitioned to hibernation in July 2020. Since then, the company has operated a limited schedule of passenger services but continues to operate with a 'hibernated' governance and management structure.

Council has instructed DCHL to fund DRL's operations over FY2023 and FY2024 at a cost of up to \$2.4 million per annum. These costs were based on continuing to operate the same 'hibernation' scope of services as in FY2021 and FY2022.

However, DCHL is aware of growing discourse about the potential return of international tourism to the region in coming months. This paper seeks Council decisions as to whether additional funding should be provided to DRL in order to 'gear up' to respond to international tourism; and if so, where that funding would come from, noting the business will likely be unprofitable based on historical outcomes.

The paper also formally records DCHL's plans for implementing Council's previous instructions to fund DRL over FY2023 and FY2024.

### BACKGROUND

1. In April 2020 the impacts of Covid-19 on the tourism sector compounded existing financial challenges at Dunedin Railways Ltd (DRL) and threatened the company's viability. Council agreed to transition DRL into hibernation as an alternative to complete closure of the business<sup>1</sup>.
2. Council funded the company's first twelve months of hibernation (FY2021), including the under-write of the first season of *Trains Not Planes*, while DCHL prepared a report outlining potential options for the company's future.
3. In April 2021, Council noted this options report and requested DCC management undertake further work on the financial and strategic implications for Council, and the implications of maintaining the existing arrangements for the coming financial year (FY2022)<sup>2</sup>, and later resolved to instruct DCHL to fund the company's FY2022 operations of a limited schedule of services, at a cost of up to \$2.119 million<sup>3</sup>.
4. In November 2021, Council resolved to instruct DCHL to fund DRL up to \$2.4 million per annum over FY2023 and FY2024, to continue with the company's current scope of

<sup>1</sup> CNL 2020/060

<sup>2</sup> CNL2021/062

<sup>3</sup> CNL 2021/101

services, while DCC continued with analysis to inform future Council decisions about the company's long-term future.<sup>4</sup>

## **DISCUSSION**

### **Scope of FY2023 and FY2024 operations**

5. The estimated \$2.4 million per year of DRL costs for FY2023 and FY2024 was based on DRL continuing the same scope of operations as it has in FY2021 and FY2022. These operations include:
  - A limited timetable of regular excursions (when Covid restrictions allow), similar to the services run under *Trains Not Planes* in 2020 and 2021; that is:
    - services on the coastal line (subject to KiwiRail approvals) and as far as Hindon on the Taieri Gorge line
    - approximately 2-3 services per week in summer and 1-2 services per month in winter.
  - Active maintenance of sufficient rolling stock to operate the limited timetable of excursion trains;
  - Storage of DRL's remaining rolling stock;
  - Maintenance of the Taieri Gorge Line to a standard able to support passenger services as far inland as Hindon;
  - No maintenance of the Taieri Gorge Line between Hindon and Middlemarch<sup>5</sup> (other than required weed control and to be able to run work trains, etc);
  - Basic administrative functions of the company.

### **DRL's operating model**

6. Although the company has operated a limited schedule of passenger services, the company's management and governance structures are still essentially a hibernation model comprising:
  - A board made up of DCHL directors;
  - A team of 9x Dunedin Railways employees (plus casual employees over summer);
  - DVML providing management oversight and basic company administrative functions through a management agreement; and
  - Some additional management and administrative support from DCHL staff.
7. This model was designed to be temporary and is no longer fit for purpose, particularly in context of:
  - DVML's staff requirements as their business prepares for the return of mass gatherings;
  - the need for more tourism-, railway- and health and safety-specific experience at governance and management levels given the extended time horizon through to FY2024.

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<sup>4</sup> CNL 2021/195

<sup>5</sup> Please note, this section of the line has now been hibernated for nearly two years and will need significant investment in order to resume passenger rail operations. It will not be in a position to support rail services this summer.

8. The DCHL/DRL board are currently giving consideration to the optimal structure to support DRL's operations over FY2023 and FY2024 (which will need to be achieved within the \$2.4 million p.a. funding envelope set out above).

**Potential return of international tourism to Dunedin**

9. In the midst of this consideration, DCHL/DRL are aware of increasing anticipation of the return of international tourists to the region, including the possible return of cruise ships to Dunedin as early as this summer.
10. DCHL wishes to engage with Council regarding its expectations for DRL to be able to respond to a return of international tourism.
11. The "hibernated" model described above is not scalable. In its current format, DRL would be unable to provide additional services in response to the return of international tourism. Passenger services would be limited to the 2-3 services per week over summer as described above (and as per previous *Trains Not Planes* promotions).
12. To operate any wider scope of services than that, the company would need to be brought out of the hibernation model we describe above. The company would require a new governance and management structure, and investment will be required in assets that have been hibernated since 2020.

**Additional costs of bringing DRL out of "hibernation" operating model**

13. DCHL/DVML have given some consideration to what would be required for DRL to respond to international tourism.
14. Some upfront investment would be required (in addition to the \$2.4 million p.a. to be funded by DCHL). The following table sets out indicative and high-level analysis of likely additional costs to bring DRL out of hibernation and gear the company up for a medium level of international tourist visitor numbers:

*Table 1: Indicative estimated re-establishment expenses*

<b>One-off re-establishment expenses</b>	
Recruiting and establishing board and staff	\$ 165,000
Returning rolling stock to service	\$ 135,000
Establishing new facilities	\$ 800,000
Marketing	\$ 80,000
<b>TOTAL</b>	<b>\$ 1,180,000</b>

*Table 2: Indicative estimated additional ongoing annual expenses*

<b>Additional annual expenses</b>	
Governance and staff costs	830,000
IT and administrative costs	18,000
Additional asset expenses	100,000
Offset of nil management fee to DRL	- 200,000
<b>TOTAL</b>	<b>748,000</b>

15. These estimates are based on the best information available but are still only indicative. The options for and costs of establishing new facilities are particularly uncertain.
16. We have based these estimates on re-establishing DRL as an operational tourist railway company, but on a significantly smaller scale than it was pre-Covid-19. The company would have approximately one third of its pre-Covid-19 employee head count and would aim to operate approximately 6 services per week over summer (compared with *Trains Not Planes*' 2-3 services per week, and pre-Covid-19 DRL's 10-12 services per week).

17. Further work would need to be done to determine aspects like schedule, destinations and ticket pricing.
18. It is possible that some of these additional costs may be recouped from sales, but it is impossible to know or quantify at this stage. There is still significant uncertainty around the likelihood, timing, scale and nature of the returning tourist market. It appears at this stage that any return of cruise ships in the 2022/2023 summer season would be for a part season only.
19. Given the re-establishment costs are relatively fixed (that is, they would be incurred regardless of how much international tourism activity actually eventuates this summer) DCHL believes the more likely scenario would be that scaling the company up would increase its deficit beyond the previously agreed \$2.4 million, at least in FY2023.

***Funding***

20. DCHL does not have a mandate to fund DRL more than the \$2.4 million per annum of Council's instructions in November 2021.
21. We are therefore seeking input from Council as to its expectations for DRL's role in the tourist market over FY2023 and FY2024, and – if it wishes DRL to be brought out of its hibernation model – Council's expectation of how this would be funded.
22. If the upfront costs of gearing up are not later met by sales revenue, DRL's further deficit would need to be funded either:
  - by Council directly; or
  - by DCHL, with a corresponding decrease in DCHL's forecast dividend to Council; or
  - by borrowing.

***Other risks and dependencies***

23. Aside from the financial costs, there are other risks and dependencies that may impact on DRL's ability to respond to the return of international tourism. These include:
  - Lack of premises following Kiwirail's termination of the company's lease of workshop space;
  - Obtaining regulatory approvals to operate;
  - KiwiRail granting access to the National Rail Network; and
  - Trying to recruit skilled railway staff in an already tight labour market.
24. DRL has little control over many of these risks and dependencies. We wish to flag that even with additional funding, one or more of these points may impact the company's ability to gear up in time for the 2022-2023 summer tourist season.

**URGENCY**

25. The required changes to DRL's operating model and the other tasks associated with bringing the company out of hibernation (e.g. recruiting and training staff, bringing additional rolling stock back into service) will take some months to implement.
26. Some of the risks and dependencies listed above (e.g. regulatory approvals and track access) also require significant lead time to mitigate.
27. Furthermore, we understand the cruise industry operates with a relatively long lead-in time, requiring tourism operators to register their products and services a number of

months in advance. One approach we have already had indicates cruise ship ground handlers would need to know DRL's schedule and pricing by late May in order to have the product included in cruise ship programmes to DRL's best advantage.

28. Urgent decisions from Council are therefore required if DRL is to respond to international tourism this summer.

**OPTIONS**

29. DCHL presents two options for Council consideration. DCHL does not have a preferred or recommended option, as both options have their basis in Council's April 2020 decision to support the company due to its broader value to the community and/or the city's tourism sector.

**Option A: Status Quo**

30. Under this option, DRL would continue to operate the scope of services set out in paragraph 5. The company's 2-3 services per week over summer can likely be targeted towards international tourists, but additional services will not be possible.

31. The company's operating and governance model will still need to be updated in order to make it fit-for-purpose, but this will be decided by the DCHL/DRL board and be met within the funding envelope of \$2.4 million p.a.

**Option B: Gear DRL up for international tourism**

32. Under this option, DRL will be brought out of its "hibernation" operating model. A new stand-alone board and management team would be established, and the company would focus efforts on preparing to operate expanded services in the coming summer.

33. Subject to external risks and dependencies, the company would aim to operate a schedule of approximately 6 services per week over summer, on the National Rail Network (to destinations such as Waitati) and on the Taieri Gorge Line as far as Hindon.

34. Scaling up to this would involve additional one-off re-establishment costs (with an indicative estimate of \$1,180,000), and additional ongoing annual costs (with an indicative estimate of \$748,000 per annum).

35. If these costs were not later met by sales revenue, DRL's further deficit would need to be funded either:

- by Council directly; or
- by DCHL, with a corresponding decrease in DCHL's forecast dividend to Council; or
- by borrowing.

36. Neither option would preclude decisions that Council have yet to make about DRL's long-term future<sup>6</sup>.

**FUNDING MECHANISM**

37. Separate to the question of the return of international tourists to Dunedin, DCHL wishes to record its plans for funding DRL up to \$2.4 million per annum over FY2023 and FY2024, as previously instructed by Council.<sup>7</sup>

38. DCHL proposes to provide this funding to DRL by way of quarterly equity injections. DCHL will fund these equity injections from dividend income from DCHL's other subsidiary and associate companies. In the event that DCHL's dividend income was lower than forecast,

<sup>6</sup> Other than potential redundancy costs, if a future Council decision involved restructuring staff.

<sup>7</sup> CNL/2021/195

DCHL would either need to borrow, or to reduce its forecast dividend to Council in order to ensure \$2.4 million was available for DRL.

39. DCHL understands that Council's motivation for DRL's continued operations is not financial, but rather to preserve an asset of broader value to the city's tourism offering and to the community. In funding DRL's FY2023 and FY2024 operations DCHL's directors will therefore be acting in Council's best interests rather than in DCHL's best interests. This will be recorded in DCHL's Resolutions for equity injections in DRL over the course of the two-year period.
40. The funding will be consistent with DCHL's draft 2022/2023 Statement of Intent which notes that "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."
41. Directors in their capacity as directors of DRL are also concerned about their duties under section 135 and 136 of the Companies Act to ensure DRL does not trade recklessly and does not incur obligations unless the director believes the company will be able to perform those obligations. For that reason, DCHL will record its commitment to fund DRL's operating costs of up to \$2.4 million per annum over FY2023 and FY2024 in writing and in a legally enforceable manner.

**NEXT STEPS**

42. Council decisions are required by mid-May as to the Options set out above, in order to allow time to re-gear DRL, in the event that Council select Option B.
43. We are available to answer questions and provide further information as required.

Keith Cooper  
Chair

Jemma Adams  
General Manager

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**ITEMS FOR CONSIDERATION BY THE CHAIR**

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Any items for consideration by the Chair