

Notice of Meeting:

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

Date: Thursday 23 March 2023
Time: 1:00pm
Venue: Council Chamber, Level 2, Dunedin Public Art Gallery, The Octagon, Dunedin

Sandy Graham
Chief Executive Officer

Finance and Council Controlled Organisations Committee
PUBLIC AGENDA

MEMBERSHIP

Chairperson	Cr Lee Vandervis	
Deputy Chairperson	Cr Cherry Lucas	
Members	Cr Bill Acklin	Cr Sophie Barker
	Cr David Benson-Pope	Cr Christine Garey
	Cr Kevin Gilbert	Cr Carmen Houlahan
	Cr Marie Laufiso	Cr Mandy Mayhem
	Cr Jim O'Malley	Mayor Jules Radich
	Cr Steve Walker	Cr Brent Weatherall
	Cr Andrew Whiley	

Senior Officer Gavin Logie, Chief Financial Officer

Governance Support Officer Lauren Riddle

Lauren Riddle
Governance Support Officer

Telephone: 03 477 4000
governance.support@dcc.govt.nz
www.dunedin.govt.nz

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

ITEM	TABLE OF CONTENTS	PAGE
1	Public Forum	4
2	Apologies	4
3	Declaration of Interest	5
4	Confirmation of Minutes	14
	4.1 Finance and Council Controlled Organisations Committee meeting - 14 February 2023	
	14	
PART A REPORTS (Committee has power to decide these matters)		
5	Finance and Council Controlled Organisations Committee Forward Work Programme	19
6	Audit and Risk Subcommittee Overview	23
7	Financial Result - Period Ended 28 February 2023	24
8	Dunedin City Holdings Limited Group Update - Quarter Ending 31 December 2022	40
9	Dunedin City Holdings Limited Group Companies - Interim Reports for the Six Months Ended 31 December 2022	51
10	Draft 2023/24 Statements of Intent - Dunedin City Holdings Limited Group Companies	212

1 PUBLIC FORUM

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

2 APOLOGIES

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

DECLARATION OF INTEREST

EXECUTIVE SUMMARY

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

RECOMMENDATIONS

That the Committee:

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

Attachments

	Title	Page
↓A	Register of Interest as at 10 March 2023	6

CONFIRMATION OF MINUTES

FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE MEETING - 14 FEBRUARY 2023

RECOMMENDATIONS

That the Committee:

- a) **Confirms** the minutes of the Finance and Council Controlled Organisations Committee meeting held on 14 February 2023 as a correct record.

Attachments

	Title	Page
A	Minutes of Finance and Council Controlled Organisations Committee meeting held on 14 February 2023	15

**Finance and Council Controlled Organisations Committee
MINUTES**

Minutes of an ordinary meeting of the Finance and Council Controlled Organisations Committee held in the Council Chamber, Level 2, Dunedin Public Art Gallery, The Octagon, Dunedin on Tuesday 14 February 2023, commencing at 1:07pm

PRESENT

Chairperson	Cr Lee Vandervis	
Deputy Chairperson	Cr Cherry Lucas	
Members	Cr Bill Acklin	Cr Sophie Barker
	Cr David Benson-Pope	Cr Christine Garey
	Cr Kevin Gilbert	Cr Carmen Houlahan
	Cr Marie Laufiso	Cr Mandy Mayhem
	Cr Jim O'Malley	Mayor Jules Radich
	Cr Steve Walker	Cr Brent Weatherall
	Cr Andrew Whiley	

IN ATTENDANCE Sandy Graham (Chief Executive Officer).

Governance Support Officer Lauren Riddle

Moved (Cr Lee Vandervis/Cr David Benson-Pope):

That the Committee:

Adjourns the meeting.

Motion carried

The meeting adjourned at 1:07pm and reconvened at 1:40pm.

Cr Vandervis welcomed all attendees.

1 PUBLIC FORUM

There was no Public Forum.

2 APOLOGIES

There were no apologies.

3 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 Vandervis advised his roles as Chair of the Finance Council Controlled Organisations and Chair of the Disability Issues Advisory Group to be included in the Elected Members' Interest Register.

Moved (Cr Lee Vandervis/Cr Bill Acklin):

That the Committee:

- a) **Amends** the Elected Members' Interest Register
- b) **Amends** the proposed management plan for Elected Members' Interests.

Motion carried

PART A REPORTS

4 FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE FORWARD WORK PROGRAMME

A report from Civic provided an update on the Committee's forward work programme in regard to areas of activity, progress and expected timeframes for decision making across a range of areas of work.

Sandy Graham, CEO responded to members' questions.

Moved (Cr Lee Vandervis/Mayor Jules Radich):

That the Committee:

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

Motion carried (FCCO/2023/001)

5 FINANCIAL RESULT - PERIOD ENDED 31 DECEMBER 2022

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

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

Moved (Cr Lee Vandervis/Cr Cherry Lucas):

That the Committee:

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

Motion carried (FCCO/2023/002)

6 WAIPORI FUND - QUARTER ENDING DECEMBER 2022

A report from Finance provided information on the results of the Waipori Fund for the quarter ended 31 December 2022.

The Treasurer (Richard Davey) spoke to the report and responded to members' questions.

Moved (Cr Lee Vandervis/Cr Andrew Whiley):

That the Committee:

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

Motion carried (FCCO/2023/003)

7 DUNEDIN CITY HOLDINGS LIMITED PARENT FINANCIALS - YEAR ENDED 30 JUNE 2022

The Executive Leadership Team report provided the financial results for the year ended 30 June 2022 and the financial position as at that date for the Dunedin City Holdings Limited parent company.

The Chief Financial Officer (Gavin Logie) provide a summary of the report detail and responded to members' questions.

Moved (Cr Lee Vandervis/Cr Mandy Mayhem):

That the Committee:

- a) **Notes** the Financial Performance for the year ended 30 June 2022 and the Financial Position as at 30 June 2022 for Dunedin City Holdings Limited Parent Company.

Motion carried (FCCO/2023/004)

The meeting concluded at 2:00pm.

.....
CHAIRPERSON

PART A REPORTS

FINANCE AND COUNCIL CONTROLLED ORGANISATIONS COMMITTEE FORWARD WORK PROGRAMME

Department: Civic

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 will be 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 will be highlighted in yellow. Items that have been completed or updated are shown as bold.

Signatories

Author:	Lauren Riddle - Governance Support Officer
Authoriser:	Sharon Bodeker - Manager Governance

Attachments

	Title	Page
	Finance CCO - Forward Work Programme - March 2023	21

AUDIT AND RISK SUBCOMMITTEE OVERVIEW

Department: Civic

EXECUTIVE SUMMARY

- 1 Warren Allen, Chairperson of the Audit and Risk Subcommittee will be in attendance to provide an overview of the Audit and Risk Subcommittee.
- 2 As this report is an administrative report only, there are no options or Summary of Considerations.

RECOMMENDATIONS

That the Committee:

- a) **Notes** the Audit and Risk Subcommittee update.

Signatories

Author:	Lauren Riddle - Governance Support Officer
Authoriser:	Sharon Bodeker - Manager Governance

Attachments

There are no attachments for this report.

FINANCIAL RESULT - PERIOD ENDED 28 FEBRUARY 2023

Department: Finance

EXECUTIVE SUMMARY

- 1 This report provides the financial results for the period ended 28 February 2023 and the financial position as at that date.
- 2 As this is an administrative report only, there are no options or Summary of Considerations.

\$ Million	Actual	Budget	Variance		Last Year
Revenue	233.939	230.508	3.431	F	220.015
Expenditure	267.683	239.470	(28.213)	U	219.269
Net Surplus/(Deficit) excluding Waipori	<u>(33.744)</u>	<u>(8.962)</u>	<u>(24.782)</u>	U	<u>0.746</u>
Waipori Fund Net	3.421	2.246	1.175	F	(1.466)
Net Surplus/(Deficit) including Waipori	<u>(30.323)</u>	<u>(6.716)</u>	<u>(23.607)</u>	U	<u>(0.720)</u>
Capital Expenditure	134.805	123.165	(11.640)		82.006
Debt					
Short Term Borrowings	86.000	66.000	(20.000)	U	43.300
Term Loans	334.273	334.273	-		271.973
Total Debt	<u>420.273</u>	<u>400.273</u>	<u>(20.000)</u>	U	<u>315.273</u>

RECOMMENDATIONS

That the Committee:

- a) **Notes** the Financial Performance for the period ended 28 February 2023 and the Financial Position as at that date.

BACKGROUND

- 3 This report provides the financial statements for the period ended 28 February 2023. 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 \$233.939 million for the period or \$3.431 million greater than budget. This was primarily due to unbudgeted government grants for Economic Development, as well as increased revenue for Aquatic Services, landfill revenue, and roading maintenance and capital expenditure subsidies.
- 5 These favourable variances were partially offset by lower than expected revenue from parking operations, water sales and water reform project subsidy revenue.
- 6 Expenditure was \$267.683 million for the period or \$28.213 million greater than budget. Operational expenditure was greater than expected due to additional roading maintenance expenditure (see revenue above), landfill contract and Ministry levies costs, along with costs associated with applying to extend the Green Island landfill consents and monies spent for government funded projects in Economic Development.
- 7 Depreciation expenditure was also higher than expected following asset revaluations as at 30 June 2022, impacting asset replacement cost (Three Waters and Transport). The level of uplift for Three Waters reflects a change in valuation methodology away from historical indexed costs to a fairer estimate of current replacement cost.
- 8 These unfavourable variances were partially offset by savings in personnel costs and delays for some project expenditure.
- 9 The Waipori Fund saw positive movement in international equity and domestic property markets for the month, while other NZ equities saw a minor fall. There continues to be negative valuations for fixed term investments on the back of the higher wholesale interest rates.
- 10 Capital expenditure was \$134.805 million for the period or 109.5% of the year-to-date budget (71.1% of the full year budget). Transportation and 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 delays for some projects.

NEXT STEPS

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

Signatories

Authoriser:	Gavin Logie - Chief Financial Officer
-------------	---------------------------------------

Attachments

	Title	Page
↓A	Summary Financial Information	27
↓B	Statement of Financial Performance	28
↓C	Statement of Financial Position	29
↓D	Statement of Cashflows	30
↓E	Capital Expenditure Summary by Activity	31
↓F	Summary of Operating Variances	32
↓G	Financial Review	33

DUNEDIN CITY HOLDINGS LIMITED GROUP UPDATE - QUARTER ENDING 31 DECEMBER 2022

Department: Executive Leadership Team

EXECUTIVE SUMMARY

- 1 This report provides a quarterly update for the period ended 31 December 2022 for the Dunedin City Holdings Limited (DCHL) Group.

RECOMMENDATIONS

That the Committee:

- a) **Notes** the Dunedin City Holdings Limited Group Quarterly Update for the period ended 31 December 2022.

DISCUSSION

- 2 The attached DCHL quarterly report for the period ended 31 December 2022 provides an update for Councillors on the following:
 - Quarter 2 financial results
 - Areas of focus / activity for each company this quarter
 - Progress towards achieving Statement of Intent measures
 - Financial performance of the portfolio
 - Group funding

OPTIONS

- 3 Not applicable.

NEXT STEPS

- 4 A quarterly update for the period ended 31 March 2023 for the Dunedin City Holdings Limited (DCHL) Group will be presented at a future meeting.

Signatories

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

Attachments

	Title	Page
↓A	DCHL Group - Quarterly update for the period ended 31 December 2022	42

DUNEDIN CITY HOLDINGS LIMITED GROUP COMPANIES - INTERIM REPORTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

Department: Executive Leadership Team

EXECUTIVE SUMMARY

- 1 Please find attached the interim reports for the six months ended 31 December 2022 for the Dunedin City Holdings Limited (DCHL) Group Companies.

RECOMMENDATIONS

That the Committee:

- a) **Notes** the Dunedin City Holdings Limited Group Companies Interim Reports for the six months ended 31 December 2022.

BACKGROUND

- 2 Not applicable.

DISCUSSION

- 3 Not applicable.

OPTIONS

- 4 Not applicable.

NEXT STEPS

- 5 Not applicable.

Signatories

Authoriser:	Gavin Logie - Chief Financial Officer
-------------	---------------------------------------

Attachments

	Title	Page
↵A	DCHL Cover Report	53
↵B	DCHL Group - 6 month report to 31 December 2022	56
↵C	Aurora Energy Ltd - 6 month report to 31 December 2022	80
↵D	City Forests Ltd - 6 month report to 31 December 2022	98
↵E	Delta Utility Services Ltd - 6 month report to 31 December 2022	121
↵F	Dunedin International Airport Ltd - 6 month report to 31 December 2022	142
↵G	Dunedin City Treasury Ltd - 6 month report to 31 December 2022	153
↵H	Dunedin Railways Ltd - 6 month report to 31 December 2022	171
↵I	Dunedin Stadium Property Ltd - 6 month report to 31 December 2022	183
↵J	Dunedin Venues Management Ltd - 6 month report to 31 December 2022	196

DRAFT 2023/24 STATEMENTS OF INTENT - DUNEDIN CITY HOLDINGS LIMITED GROUP COMPANIES

Department: Executive Leadership Team

EXECUTIVE SUMMARY

- 1 This report presents the draft 2023/24 Statements of Intent of Dunedin City Holdings Group companies for Council comments and/or noting.

RECOMMENDATIONS

That the Committee:

- a) **Notes** the draft 2023/24 Statements of Intent of Dunedin City Holdings Group companies.

BACKGROUND

- 2 Council Controlled Organisations (CCOs) are required to deliver draft Statements of Intent (SOIs) to Council each year.
- 3 The SOI demonstrates accountability to the shareholder and the public by outlining the company's activities and intentions for the next three financial years. The SOI provides the basis for the accountability of the directors to their shareholder for the performance of their organisation.
- 4 Draft SOIs have been prepared to reflect the Letter of Expectation (LoE) from the Dunedin City Council dated 1 February 2023.

DISCUSSION

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

- 8 Final SOIs must then be delivered to shareholders on or before 30 June 2023. SOIs are made available publicly on the DCC website on or before 1 July 2023.

OPTIONS

- 9 There are no options.

NEXT STEPS

- 10 Elected Members will be able to provide feedback via email or through a workshop. Feedback will be required by the Chief Financial Officer by Tuesday 11 April 2023.
- 11 The feedback will be collated into a report to Council on 27 April 2023 for Council to consider if it wishes to amend the SOIs. Council's decisions at that meeting will then be provided to DCHL by the statutory deadline of 1 May 2023.
- 12 Financial projections will be updated prior to the completion of final SOIs in June 2023.

Signatories

Authoriser:	Gavin Logie - Chief Financial Officer
-------------	---------------------------------------

Attachments

	Title	Page
↴A	DCHL Cover Report	216
↴B	Dunedin City Holdings Ltd - Draft Statement of Intent	222
↴C	Aurora Energy Ltd - Draft Statement of Intent	232
↴D	City Forests Ltd - Draft Statement of Intent	247
↴E	Delta Utility Services Ltd - Draft Statement of Intent	259
↴F	Dunedin City Treasury Ltd - Draft Statement of Intent	273
↴G	Dunedin International Airport Ltd - Draft Statement of Intent	280
↴H	Dunedin Railways Ltd - Draft Statement of Intent	302
↴I	Dunedin Stadium Property Ltd - Draft Statement of Intent	309
↴J	Dunedin Venues Management Ltd - Draft Statement of Intent	316

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

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

Fit with strategic framework

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

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

Māori Impact Statement

There are no known impacts for Māori.

Sustainability

There are no known implications for sustainability.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

The financial forecasts within the DCHL SOI (page 6) shows annual levels of interest (\$5.9m) and dividend (\$11.0m) payable to DCC that are consistent with the DCC Draft Annual Plan.

Financial considerations

Refer “LTP/Annual Plan/Financial Strategy/Infrastructure Strategy” section above. Also note that final projections will be updated prior to finalisation of the SOIs.

Significance

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

Engagement – external

There has been no external engagement outside of DCHL Group.

Engagement - internal

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

Risks: Legal / Health and Safety etc.

There are no known risks.

SUMMARY OF CONSIDERATIONS

Conflict of Interest

There are no known conflicts of interest.

Community Boards

There are no known implications for Community Boards.

