

Date: Tuesday 25 June 2024
Time: 10.00 am
Venue: Council Chamber, Dunedin Public Art Gallery, The Octagon,
Dunedin

Council
OPEN ATTACHMENTS
DUNEDIN CITY HOLDINGS GROUP COMPANIES
STATEMENTS OF INTENT 2024/25

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DUNEDIN CITY HOLDINGS LIMITED

Report

TO: Dunedin City Council

FROM: Tim Loan, Chair
Peter Hocking, General Manager

DATE: 20 June 2024

SUBJECT: DCHL Group Statements of Intent for the Year Ending 30 June 2025

SUMMARY

This report accompanies the Statements of Intent (SoIs) for the Year Ending 30 June 2025 of Dunedin City Holdings Ltd (DCHL) and its subsidiary and associate companies.

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

BACKGROUND

1. Council Controlled Organisations (CCOs) are required to prepare SoIs in accordance with the Local Government Act 2002.
2. Draft 2024/2025 SoIs of DCHL and subsidiary and associate companies were submitted to Dunedin City Council on 1 March 2024 and received at the 27 March 2024 meeting.
3. DCHL received feedback from Councillors by way of a letter from the Mayor dated 30 April 2024 (attached). DCHL has worked with companies to address this feedback and responses are outlined in this report.
4. Since submission of draft documents, DCHL and group companies have completed their annual budgeting and forecasting processes. The final SoIs reflect updated financial forecasts and updated dividend forecasts (in line with agreed dividend policies).
5. Final SoIs have now been adopted by the boards of DCHL and its subsidiary and associate companies and are presented to Council for agreement in accordance with s65(2) of the Local Government Act.

DISCUSSION

Responses to Council feedback

City Forests Limited

Council requested:

The City Forests Limited Statement of Intent to include providing for a consistent and sustainable commercial dividend over time, including its relationship to carbon credits.

6. In response, the board of City Forests Limited has updated its stated purpose to "operate sustainable forests for our future including providing a consistent and commercial return over time".

7. DCHL and City Forests note Council's comments around carbon credits, and engage regularly to ensure that its policy settings, risk management and strategy around realising value from carbon credits remain appropriate.
8. The City Forests Limited Statement of Intent for 2024/25 includes the following:
 - The Company will participate in the New Zealand ETS and may realise returns from the sales of carbon stored in the Company forests in compliance with its Carbon Policy.
 - The Company may make special distributions arising from accretion of value from liquid Company assets such as Carbon Credits. It is recognised that the sharing of such gains over time between meeting Company strategic objectives, Shareholder return requirements, and funding future operations/returns, needs to be carefully considered to maintain inter-generational equity.
 - The Company intends to make special distributions, funded from value arising from carbon credits of \$10m in FY2025, \$4m in FY2026 and \$3m in FY2027.
9. Noting market price volatility and risks to the quantity of safe carbon credits available to sell, including those arising from Otago Regional Council's Land & Water Plan, we believe it is appropriate for the board of City Forests Limited to continue to apply its judgement, within policy parameters agreed with DCHL.

Dunedin International Airport Limited

Council requested:

The Dunedin International Airport Ltd Statement of Intent to include work on future options for domestic route development and short haul trips, including the possible use of smaller aircraft.

10. Dunedin International Airport Limited has incorporated Council's request in its route development performance measures to include the objective "Develop future network options for regional routes in the lower south utilising smaller aircraft", and targeting a new regional route.

Dunedin Railways Limited

Council requested:

Considering the timeframe that Dunedin Railways Ltd is working to, DCHL is asked to provide clear Key Performance Indicators (KPI's) for Dunedin Railways Ltd for the 12-month period to 30 June 2025. KPI's could include marketing, health and safety, track repairs and asset maintenance, types of services provided, and pricing.

11. The first draft Statement of Intent for Dunedin Railways Limited, submitted to Council on 1 March 2024, was prepared on the basis that funding support was in place only until 30 June 2024. Since then, DCHL has been asked to provide further funding to DRL of \$2m, through to 30 June 2025. Council also resolved to defer its proposed decision on the future of Dunedin Railways to the 9-year plan 2025-34.
12. The DRL Statement of Intent for 2024/25 has now been redrafted to incorporate Council's feedback and to signal a move out of 'hibernation', into a 'transition' phase, working towards sustainable operations. We note, however, that significant uncertainty remains following Council's resolution of 12 March, since staff will present options to Council, aligned with the long-term plan, and no funding has been committed beyond 30 June 2025. The company is therefore constrained in its ability to enter into longer term contracts, to hire staff and to execute a long term strategy.
13. Notwithstanding these constraints, the SoI has been revised, with changes to the narrative in the following sections: Introduction, Objectives and Nature and Scope of

Activities. Performance measures have been added, which are indicative of the company's focus on increasing services and the level of operational activity, including:

- Opening the track to Pukerangi;
- Health and safety;
- Infrastructure maintenance;
- Number of trips;
- Engagement with tour operators (including target %); and
- Community engagement.

Dunedin Venues Management Limited

Council requested:

The Statement of Intent for DVML to include:

- *DVML and the venues it controls or manages are Single Use Cup free by the end of 2025.*
- *KPI's on the number of events to be held at the Forsyth Barr Stadium.*

14. DVML has added the following performance measures:

"We will work with the DCC to eliminate the serving of drinks in single use cups at DVML venues by the end of 2025." and

"Hold a minimum of 50 commercial and community events at Forsyth Barr Stadium."

Financial forecasts

15. All SoIs have updated financial forecasts as companies have now completed budget setting and approval processes.

16. We draw your attention to the 'Financial forecasts' section of the SoI of Dunedin Stadium Property Limited (DSPL), which notes the importance of the upcoming review of DVML and the stadium operating/funding model:

The budget and forecasts assume adjustments to rent and other outgoings charged to DSPL's tenant, Dunedin Venues Management Limited (DVML) in order to make this tenancy more commercially viable for DVML. These adjustments, together with continued higher interest rates, are expected to require an increase in term borrowings across the forecast period. The board of DSPL notes and supports the upcoming review of DVML and the stadium operating/funding model. The adjustments that have been made to the budget and forecasts are an interim step to support DSPL's tenant, but have been made on the basis that the upcoming review will give rise to future changes to the company's financial forecasts to provide a more sustainable long term model for both DVML and DSPL.

17. Each draft SoI includes a statement of dividend policy, as well as forecast dividends for the next three financial years.

18. DCHL's Draft SoI forecasts dividend payments to Council of \$11.0 million in FY2025, and the same in FY2026 and FY2027. It also includes \$5.9m of interest payable to DCC on its shareholder advance.

19. In its report to Council of 18 March 2024, presenting the draft SoIs for the year ending 30 June 2025, DCHL indicated that forecast dividends from group companies were sufficient to fully fund the requested dividend of \$11m to DCC, in addition to interest on

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the shareholder's advance of \$5.9m. Updated forecasts, however, now indicate a net cash shortfall of \$5.2m, which will be funded, in the short term, by borrowings. The cash shortfall arises from Council's directive to fund Dunedin Railways Limited in the amount of \$2m for the year ending 30 June 2025 and a lower ordinary dividend from City Forests Limited, due to a softer outlook for log prices, driven by the China market, and rising costs. However, City Forests' SoI also includes a special dividend of \$10m, funded by value accumulated on balance sheet from carbon units.

20. The table below summarises the forecast inward and outward cash flows of DCHL. This indicates that DCHL, in order to meet DCC's required dividends, will need to increase borrowings in both FY2025 and FY2026, until dividends from Aurora Energy resume, which is forecast from FY2027. Aurora Energy is the largest investment in the DCHL group, and critical to achieving the level of dividends that DCC seeks.

	Company	Source	2025 Forecast \$000	2026 Forecast \$000	2027 Forecast \$000
Ordinary dividends	CFL	Final FY25 SOI	2,700	4,400	5,700
	Delta	Final FY25 SOI	2,000	2,250	2,750
	Aurora	Final FY25 SOI	-	-	15,000
	DIAL	Final FY25 SOI	920	906	890
Special dividends	CFL	Final FY25 SOI	10,000	4,000	3,000
Total dividend income			15,620	11,556	27,340
Cost recovery from DCTL			360	360	360
Income			15,980	11,916	27,700
Expenditure			1,795	1,702	931
DCTL interest			1,048	1,492	1,894
DCC interest			5,902	5,902	5,902
DRL equity injection			2,000	-	-
NPBT			5,235	2,820	18,973
Tax refund received			(578)	(695)	(793)
Net inflow/(outflow)			5,813	3,515	19,766
DCC req dividend	DCC	DCC LoE	11,000	11,000	11,000
Over/(under)			(5,187)	(7,485)	8,766

21. DCHL continues to work with group companies to maximise cash returns to DCC, within the scope of agreed dividend policies, legal requirements and good governance.

NEXT STEPS

22. The Statements of Intent for the Year Ending 30 June 2025 are now presented to Council for agreement. Once agreed to, Statements of Intent will be made available on the DCC website, in accordance with s64(9) of the Local Government Act.

Tim Loan
CHAIR

Peter Hocking
GENERAL MANAGER



Attached:

Appendix A: Letter from Mayor Radich dated 30 April 2024 communicating DCC feedback on draft Statements of Intent

Statements of Intent for the Year Ending 30 June 2025 of:

- Dunedin City Holdings Ltd
- Aurora Energy Ltd
- City Forests Ltd
- Delta Utility Services Ltd
- Dunedin City Treasury Ltd
- Dunedin International Airport Ltd
- Dunedin Railways Ltd
- Dunedin Stadium Property Ltd
- Dunedin Venues Management Ltd



DUNEDIN CITY HOLDINGS LIMITED

STATEMENT OF INTENT
For the Year Ending 30 June 2025

Statement of Intent 2024/25

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Statement of Intent 2024/25

1. INTRODUCTION

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

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



This Statement of Intent (SoI) sets out DCHL's planned activities, objectives and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in DCHL's 2025 Annual Report.

2. OBJECTIVES

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

To achieve the best for Dunedin from its investments.

STRATEGIC OBJECTIVES

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

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

LEADERSHIP	INTEGRITY	STEWARDSHIP	TRANSPARENCY	PRO-ACTIVE
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In 2024/2025, DCHL intends to continue to focus on active management of its portfolio, and further development of its long-term strategy to build shareholder value. In this connection, DCHL will:

- Continue to work with the DCC on the possible transition of some Council Controlled Organisations from DCHL to direct DCC investments;
- Continue to work with the DCC in providing forecasts of financial returns and dividends to DCC and ensuring DCHL's dividend policy is appropriate; and
- Continue to provide strategic options, with reference to return on investment and dividends.

DCHL's objectives and targets for the year, as set out in section 4, support this focus.

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

DCHL has adopted a target to be net zero carbon by 2030, as a contribution to the Council's goal of achieving net carbon neutrality city-wide by 2030. Over the 2025 financial year we will be implementing and building on the roadmap to 2030, developed in 2023. We will engage with our shareholders Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with the Dunedin City Council to identify alternative or complementary opportunities to contribute to the Dunedin City Council's goal city-wide net zero carbon goal.

DCHL will continue to promote and administer the Graham Crombie Intern Director Programme. The programme aims to develop governance capability in Dunedin and broaden the city's pool of emerging directors, offering emerging directors the opportunity to gain experience and insight into governance by working alongside an experienced commercial board.

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

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

DCHL conducts its affairs in accordance with sound business practice.

3. APPROACH TO GOVERNANCE

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

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

The DCHL board operates in accordance with accepted best practice.

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

DCHL makes all appointments in accordance with its procedures. This includes giving consideration to a range of factors, including demographic diversity, location, succession planning, stakeholder and

¹ As at 1 July 2020, Dunedin City Council has appointed DCHL directors to the Board of Dunedin Railways Ltd as an interim arrangement. Longer term governance decisions will be made once Council has made further decisions about Dunedin Railways Ltd's future.

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community relationships, whether knowledge of tikanga Māori may be relevant, potential actual or perceived conflicts of interest of candidates, and DCHL's objectives for the relevant board.

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

4. NATURE AND SCOPE OF ACTIVITIES

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

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

5. PERFORMANCE TARGETS

The DCHL parent company and/or DCHL group and have the following performance targets:

Strategic Objective	Activity	Target
To encourage and facilitate increased shareholder value of DCHL Group companies	Monitor performance of DCHL Group companies to ensure returns (financial and other) are optimised	<ul style="list-style-type: none"> DCHL Board perform a monthly review of DCHL Group companies' operating activities, including financial performance against budget (DIAL quarterly) DCHL Board monitor DCHL Group companies' progress against their SoI targets quarterly
	Seek opportunities to create synergies, leverage experience or expertise across DCHL Group, where appropriate	<ul style="list-style-type: none"> Synergies have been made across the DCHL Group
To take a long term and strategic view of the portfolio, and make proposals to Council on strategic issues	Monitor performance of DCHL portfolio as a whole to ensure returns (financial and other) are optimised	<ul style="list-style-type: none"> DCHL Board review consolidated DCHL Group financial performance against budget (monthly) DCHL Board review of DCHL Group companies' rates of return DCHL Board provide a quarterly update to DCC's Finance and Council Controlled Organisations Committee on the DCHL Group's performance (financial and other)
	Consider strategic issues	<ul style="list-style-type: none"> DCHL Board review the ownership and capital structures of the DCHL Group companies (at least annually) Consider capital expenditure proposals and business cases in accordance with company constitutions and SoIs
	Provide input on DCHL Group companies' medium to long term strategies	<ul style="list-style-type: none"> DCHL Board engage with each group company at least annually on strategy DCHL Board meet with full group of Chairs twice annually
To promote and support DCHL Group companies' contribution to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Review and approve DCHL Group Statements of Intent for consistency with Council's strategic direction	<ul style="list-style-type: none"> Review draft SoIs by 1 March 2025 Approve SoIs by 30 June 2025
	Set expectations through annual Letters of Expectation to DCHL Group companies	<ul style="list-style-type: none"> Send Letters of Expectation to subsidiary and associate companies by 31 December 2024
	Monitor performance of the DCHL group in measuring, reporting and reducing carbon emissions and waste	<ul style="list-style-type: none"> Refine and implement DCHL's carbon emissions strategy, and achieve and publicly report progress against our targets for the group

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Strategic Objective	Activity	Target
		<ul style="list-style-type: none"> Refine and implement DCHL's waste reduction strategy, and achieve and publicly report progress against our targets Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report for the group
To ensure DCHL Group companies have best practice governance, are good employers, and operate in an environmentally and socially responsible way	Appoint Directors to DCHL Group companies; appoint Chairs to subsidiary companies	<ul style="list-style-type: none"> Appointments and re-appointments are all completed on time, and in compliance with DCHL and Council policy
	Ensure companies are good employers, and operate in an environmentally and socially responsible way. DCHL expects Group companies to maintain ongoing focus on health and safety as a top priority.	<ul style="list-style-type: none"> Ensure DCHL Group companies have appropriate policies and procedures in place DCHL Board review DCHL Group companies' (including DCHL) ESG disclosures in their Annual Reports.
	Living wage	<ul style="list-style-type: none"> All direct employees of the company and the group are paid at living wage or above.
	Health and safety	<ul style="list-style-type: none"> DCHL Board review DCHL Group companies' Health and Safety measures in monthly KPI reporting.
Communicate with the shareholder on a 'no surprises' basis.	Consult with the shareholder in a timely manner on DCHL Group strategic or operational matters which could compromise the Council's community outcomes.	<ul style="list-style-type: none"> All such matters escalated to the shareholder in a timely manner. DCHL board provide briefings to Councillors on matters of significance as required.
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	<ul style="list-style-type: none"> All such matters reported to the shareholder within 24 hours.

The DCHL board has also identified that the following performance targets of group companies, as set out in their individual Statements of Intent, are significant to the group:

Strategic Objective	Activity	Target
AURORA ENERGY LIMITED		
Manage risks to staff and community through proactive risk management and executing a health safety and wellbeing strategy	Zero serious harm events involving members of the public.	<ul style="list-style-type: none"> No serious injury events (excluding third party contacts with the network) involving members of the public
	Reduce harm to employees and contractors.	<ul style="list-style-type: none"> Total Recordable Injury Frequency Rate (TRIFR) per 200,000 hours worked by Aurora and Contractors <ul style="list-style-type: none"> Aurora nil Contractors <3.25
Develop mature & compliant asset management planning approaches and practices across the business	Effective long-term planning for Aurora Energy's asset portfolio is in place.	<ul style="list-style-type: none"> Annual and compliant Asset Management Plan is published as per regulatory requirements.

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Strategic Objective	Activity	Target
To deliver electricity supplies to consumers on the Aurora network of a reliability standard that meets the service level targets in the Commerce Commission's decision on Aurora Energy's Customised Price-Quality Path released 31 March 2021.	SAIDI System Average Interruption Duration Index - Class B Interruptions (Planned)	• Average minutes without electricity per consumer year ended 31 March 2025: ≤ 195.96 minutes
	SAIDI System Average Interruption Duration Index - Class C Interruptions (Unplanned)	• Average minutes without electricity per consumer year ended 31 March 2025: ≤ 124.94 minutes
	SAIFI System Average Interruption Frequency Index - Class B Interruptions (Planned)	• Average frequency of outages per consumer year ended 31 March 2025: ≤ 1.11
	SAIFI System Average Interruption Frequency Index - Class C Interruptions (Unplanned)	• Average frequency of outages per consumer year ended 31 March 2025: ≤ 2.07
CITY FORESTS LIMITED		
To optimise the Net Present Value of the estate in perpetuity with the overall goal of managing the financial returns from the forest on a long-term sustainable basis.	To ensure that the appropriate yield monitoring systems are in place and sufficient forest is available to achieve long term sustainable yield from the forest estate.	• The Company's annual harvest volumes as detailed in the strategic plan will be within 30% of projected long term sustainable yield.
To be a socially and environmentally responsible corporate citizen and maintain comprehensive environmental and health and safety systems for the Company's forests and operations.	To minimise lost time accidents, injuries and property damage.	• Lost time accident rates for staff and contractors will be minimised and tracked with a target of less than 15 lost time accidents per 1,000,000 hours worked.
	To maintain Environmental Certification of the Company's forests. (Currently FSC)	• Forest Stewardship Council Certification of the Forest Estate will be maintained.
DELTA UTILITY SERVICES LIMITED		
Safe and healthy outcomes for our people are expected.	Maintain effective Health and Safety systems and processes supported by positive organisational culture to enable the Company value of Everyone Home Safe, Every Day.	• Total recordable injury frequency rate (TRIFR) per 200,000 hours worked of ≤ 3.50
		• Maintain ISO 45001 Occupational Health and Safety Management System accreditation
DUNEDIN VENUES MANAGEMENT LIMITED		
To increase economic benefit to the Dunedin City and region through major events.	Visitor Marginal Direct Spend target is achieved, determined through a post event patron survey assessed by an independent economist.	• A minimum of \$5m visitor marginal direct spend for Dunedin City per each major event which uses Event Attraction Funding.
		• Achieve minimum 80% satisfaction rating through surveys of all major events (>10,000 pax).
To make safety DVML's first priority and provide a safe environment.	Report on Safety & Wellness management and provide statistical data at each scheduled Board meeting.	• An Incident Frequency Rate Events (IFRE) < 0.05% of the total number of event attendees across all venues. • Total Incident Rate (TIR) < 6 incidents per 200,000 hours worked. • Total Recordable Incidents (TRI) < 3. • Lost Time Incidents (LTI) < 2.

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Strategic Objective	Activity	Target
		<ul style="list-style-type: none"> Lost Time Incident Frequency Rate (LTIFR) < 17 per 1,000,000 hours worked.
DUNEDIN STADIUM PROPERTY LIMITED		
Forsyth Barr Stadium remains a fit for purpose venue for public and private events	Ensure an Asset Management Plan which enables general use of the stadium, and meets asset warranty and guarantee requirements, is in place.	<ul style="list-style-type: none"> An Asset Management Plan is in place.
	Ensure assets are appropriately maintained.	<ul style="list-style-type: none"> A current Building Warrant of Fitness is always maintained for the stadium. The Board monitors progress against the Asset Management Plan and material changes to approved budgets.
DUNEDIN RAILWAYS LIMITED		
Provide and efficiently maintain infrastructure to meet the needs of our customers.	Infrastructure maintenance is carried out without affecting train operations. Ensure the future of the company is protected.	<ul style="list-style-type: none"> No delays to regular scheduled passenger operations. Continuation of and further development of the Asset Management Plan.
Ensure health and safety of our people	Reduce harm to employees and contractors.	<ul style="list-style-type: none"> Lost time incidents are less than two.
DUNEDIN CITY TREASURY LIMITED		
Ensure funds are available to meet obligations.	Manage the liquidity risk of the DCC Group and use a variety of funding sources to achieve appropriate levels of funds as required by the DCC Group.	<ul style="list-style-type: none"> Zero breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.
Minimise funding costs, while having regards to interest rate risk.	Utilise a portfolio approach to minimise funding costs and manage interest rate risk in accordance with the DCC Treasury Risk Management Policy.	<ul style="list-style-type: none"> Zero breaches of DCC Treasury Risk Management Policy's interest rate risk policy.
Maximise returns on surplus funds, within acceptable levels of risk.	Securely invest surplus cash available from within the DCC Group, ensuring funds deposited outside the DCC Group are compliant with the DCC Treasury Risk Management Policy.	<ul style="list-style-type: none"> Zero breaches of DCC Treasury Risk Management Policy's investment management policy.
DUNEDIN INTERNATIONAL AIRPORT LIMITED		
Our infrastructure is fit for purpose now and for the future.	Maintain our assets to ensure no delays caused by DIAL to scheduled passenger operations.	<ul style="list-style-type: none"> Zero on-time performance (OTP) delays to regular passenger transport (RPT) operations due to airport infrastructure.
Nurture, expand and grow the network.	Optimise and sustainably grow passenger volumes.	<ul style="list-style-type: none"> Year on year improvement in passenger volumes, with aggregated seat load factors (SLF) in excess of 80%.
We exceed expectations and never compromise on safety.	Strive for 'zero harm' to anyone as a result of our operations.	<ul style="list-style-type: none"> Nil serious harm to our staff, airport users or contractors.

Statement of Intent 2024/25

6. FINANCIAL FORECASTS

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

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

	Year ending 30/06/2025	Year ending 30/06/2026	Year ending 30/06/2027
Shareholder's funds to total assets	23%	22%	21%

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

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

	Year ending 30/06/2025 \$'000	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000
Interest paid to shareholder	5,902	5,902	5,902
Dividend distributions	11,000	11,000	11,000

Other Financial Forecasts – DCHL Group

	Year ending 30/06/2025 \$'000	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000
EBITDA	130,966	148,305	161,387
Net profit /(loss) after tax	11,898	22,459	28,364
Cash flow from operations	54,419	74,285	84,283
Capital expenditure	103,570	110,032	120,184
Term loans	1,444,487	1,589,487	1,719,487
Shareholder's funds	531,543	548,804	575,410

Statement of Intent 2024/25

7. ACCOUNTING POLICIES*General Accounting Policies*

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

Particular Accounting Policies

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

8. DIVIDEND POLICY AND FORECAST SHAREHOLDER RETURNS

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

In arriving at a dividend recommendation, Directors will consider:

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

Any dividend will be paid by 30 June.

This Statement of Intent forecasts dividends to the shareholder of \$11.00m in the 2025 financial year. These dividends will be primarily funded from planned special dividends from City Forests Ltd, rather than based on the after-tax profit of the parent company, as shown below.

DCHL is working with Aurora Energy in relation to the likely timing and quantum of a resumed dividend flow from Aurora to DCHL. We note that dividends payable to DCC are made after meeting interest costs on the Shareholder's Advance (shown below) and term loans, as well as the operating costs of DCHL.

Statement of Intent 2024/25

DCHL parent entity financial forecasts

	Year ending 30/06/2025 \$'000	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000
Key incoming cash			
Dividend income received from subsidiary and associate companies	15,980	11,916	27,700
Capital distribution from City Forests Ltd	-	-	-
Contribution of equity received from Dunedin City Council (for DSPL and DVML)	2,550	2,550	2,550
Key outgoing cash	Year ending 30/06/2025 \$'000	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000
Contribution of equity made in DSPL and DVML	2,550	2,550	2,550
Interest on shareholder's advance	5,902	5,902	5,902
Dividend distribution to shareholder	11,000	11,000	11,000
Other key financial forecasts	Year ending 30/06/2025 \$'000	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000
Net profit (loss) after tax	5,930	3,613	19,662
Term loans	25,122	32,619	23,849

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

DCHL (parent entity) has funded Dunedin Railways' limited operations by contributions of equity, through FY2022, FY2023 and FY2024, in line with Council directives of May and November 2021. DCHL will continue to fund Dunedin Railways Limited in the amount of \$2m for year ending 30 June 2025.

9. COMMERCIAL VALUE OF THE SHAREHOLDER'S INVESTMENT

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

Statement of Intent 2024/25

10. TRANSACTIONS WITH RELATED PARTIES

Dunedin City Council is the sole Shareholder of DCHL.

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

DCHL owns 50% of Dunedin International Airport Limited.

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

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

Related Party Transactions

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

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

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

Information to be provided to the shareholder

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

Working with the shareholder

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

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

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

Statement of Intent 2024/25

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

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

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

Compensation sought

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

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

Group Facility Use

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

Other agreements

DCHL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position. DCHL will work with group companies to develop a sponsorship policy, that aligns with the Council's strategic framework.

Aurora Energy Ltd

Statement of Intent

For the year ending 30 June 2025

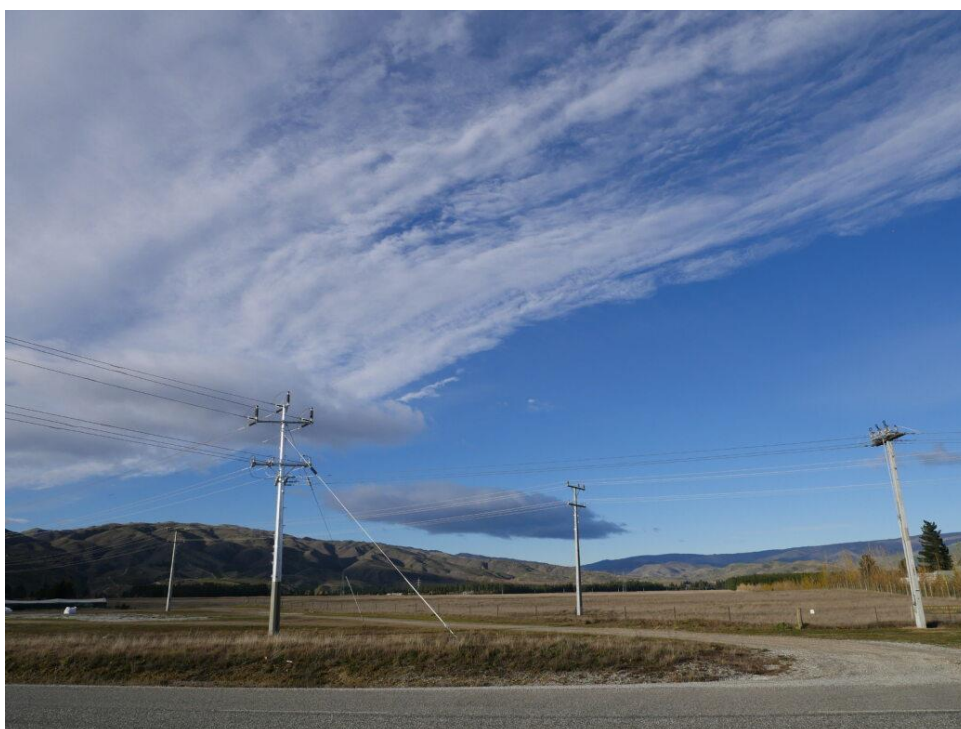


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1 Introduction and Purpose of Statement of Intent

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

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

This Statement of Intent (Sol) sets out the Company's planned activities and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in the Company's 2025 Annual Report.

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

2 Objectives

As a DCC Group company, Aurora Energy Ltd aims to contribute to the DCC's strategic framework and achievement of city objectives.

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

Aurora Energy has adopted a target to be net zero carbon by 2030 (**excluding non-controllable electricity line losses**), as a contribution to the Council's goal of achieving net carbon neutrality city-wide by 2030. Over the 2025 financial year we will be building on our existing work to implement a roadmap to 2030. We will engage with our shareholder DCHL regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with the Dunedin City Council to identify alternative or complementary opportunities to contribute to the Dunedin City Council's city-wide net zero carbon goal. Aurora Energy's emissions associated with network line losses are excluded from our 2030 target on the basis that they are not directly within our control. Line losses are determined by reference to the volumes of electricity distributed and the sources of the electricity generation. We expect the continued electrification of transport modes and business operations to drive an increase in distribution volumes, however there is the potential for line loss factors to reduce as New Zealand moves towards an even higher proportion of renewable electricity generation.

During the year ended 30 June 2025, the Company will continue to focus on the key business initiatives detailed in its approved Customised Price-Quality Path (CPP) programme. These initiatives will build further asset management and work delivery capabilities, enhance customer experiences and continue to improve the safety and reliability performance of the network assets.

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

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

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

- a) achieve the objective of its shareholder, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) be a good employer (as per clause 36 of Schedule 7 to the Local Government Act); and
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and



d) conduct its affairs in accordance with sound business practice.

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

A core part of the Company's strategy will be to maximise consistent long-term annual dividend returns with an expectation of providing a commercial level of return on investment to its shareholder, appropriate to the sector the Company operates in.

3 Approach to Governance

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

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

The role of a director of an Energy Company is defined in Section 37 of the Energy Companies Act 1992. This section states that all decisions relating to the operation of an Energy Company shall be made by or pursuant to the authority of the directorate of the Company in accordance with its Statement of Intent. The Board is responsible for the preparation of the Sol which requires approval from the Company's shareholder.

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

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

The shareholder reviews and approves the Sol and three-year financial plan.

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

4 Nature and Scope of Activities

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

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

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

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

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

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

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

5 Performance Targets and Other Measures

Goals	Objectives	Performance Measures												
OUR PEOPLE														
Supporting the development of our people and creating a culture at Aurora Energy that attracts the best talent														
Manage risks to staff and community through proactive risk management and executing a health safety and wellbeing strategy	Zero serious harm events involving members of the public	Number of serious injury events (excluding third party contacts with the network) involving members of the public Targets: 2025 0 2026 0 2027 0												
	Reduce harm to employees and contractors	Total Recordable Injury Frequency Rate (TRIFR) per 200,000 hours worked by Aurora and Contractors Targets: <table><tr><td></td><td><u>Aurora</u></td><td><u>Contractors</u></td></tr><tr><td>2025</td><td>0</td><td>< 3.25</td></tr><tr><td>2026</td><td>0</td><td>< 3.25</td></tr><tr><td>2027</td><td>0</td><td>< 3.25</td></tr></table>		<u>Aurora</u>	<u>Contractors</u>	2025	0	< 3.25	2026	0	< 3.25	2027	0	< 3.25
		<u>Aurora</u>	<u>Contractors</u>											
	2025	0	< 3.25											
2026	0	< 3.25												
2027	0	< 3.25												
Develop opportunities across the business that support the overall wellness of our team	A Board-approved Health, Safety and Wellbeing Strategy is in place. The Strategy is reviewed and updated annually													
Aurora Energy Risk Register is regularly reviewed & updated, and the risk profile is managed in accordance with Board approved risk tolerance levels.	Risk Management Framework embedded as evidenced by: - Risk registers reviewed regularly and up to date, - Risk treatment plans reviewed regularly and up to date - Regular reporting to Board and Audit & Risk Committee													

To be an employer of choice and to deliver a unique value proposition	To create a motivated and satisfied team and to understand and action opportunities for improvement within our team environment	Average of >75% staff satisfaction result on employee surveys completed during the year
	People and culture strategies will be documented to promote our support of equity, inclusion, and diversity.	A People and Culture Strategy, and a Diversity, Equity and Engagement Strategy is in place.
	All employees are paid the living wage or above	All direct employees are paid at the living wage or above

Goals	Objectives	Performance Measures
FUTURE NETWORK Investing in our network and operations to meet the changing electricity demands of our customers		
Develop mature & compliant asset management planning approaches and practices across the business	Implement process and capability improvements identified in CPP Asset Management Practices Development Plan (AMPDP)	Asset management development initiatives delivered in accordance with timetable in CPP AMPDP
	Effective long-term planning for Aurora Energy's asset portfolio is in place	Annual and compliant Asset Management Plan is published as per regulatory requirements.
To deliver electricity supplies to consumers on the Aurora network of a reliability standard that meets the service level targets in the Commerce Commission's decision on Aurora Energy's Customised Price-Quality Path released 31 March 2021.	SAIDI System Average Interruption Duration Index - Class B Interruptions (Planned)	Average minutes without electricity per consumer Limits for years ended 31 March: 2025 ≤ 195.96 minutes 2026 ≤ 195.96 minutes 2027 ≤ 195.96 minutes
	SAIDI System Average Interruption Duration Index - Class C Interruptions (Unplanned)	Average minutes without electricity per consumer Limits for years ended 31 March: 2025 ≤ 124.94 minutes 2026 ≤ 124.94 minutes 2027 ≤ 124.94 minutes
	SAIFI System Average Interruption Frequency Index - Class B Interruptions (Planned)	Average frequency of outages per consumer Limits for years ended 31 March: 2025 ≤ 1.11 2026 ≤ 1.11 2027 ≤ 1.11
	SAIFI System Average Interruption Frequency Index - Class C Interruptions (Unplanned)	Average frequency of outages per consumer Limits for years ended 31 March: 2025 ≤ 2.07 2026 ≤ 2.07 2027 ≤ 2.07

Goals	Objectives	Performance Measures
CUSTOMERS AND COMMUNITIES Focusing on what matters to our customers and partnering with local business and stakeholders to support regional growth		
To partner with our customers and develop a brand that is synonymous with providing value and credibility	Maintain community support through approved sponsorships and community initiatives	Sponsorship and community initiatives \$ per annum of at least: 2025 \$10,000 2026 \$10,000 2027 \$10,000
	To provide regular updates and consult with the community on the delivery of our CPP programme	Annual delivery reporting and regional community engagements are delivered in accordance with the approved CPP timeframe
	Streamline customer service processes and build key stakeholder relationships	Annual customer satisfaction/perception survey shows year on year improvement against key criteria

Goals	Objectives	Performance Measures
DIGITAL ENABLEMENT Applying technology, innovation and new skills to drive digital transformation across the organisation		
To be efficient, forward- thinking and digital-enabled	Deliver work programme outcomes to scope, time and budget	Work programmes are delivered to Contractors on a rolling quarterly basis in accordance with Field Service contract terms
	Develop a digital transformation roadmap to support intelligent business transformation	Digital transformation roadmap approved by the Board and targets for FY2025 are met

Goals	Objectives	Performance Measures
DELIVERING VALUE Optimising future value for both customers and the Aurora Energy shareholder		
To ensure regulatory and legal compliance and optimised performance under regulatory settings	To deliver commercial, growth-focused value to our shareholder	Regulatory performance metrics for compliance are tracked and reported quarterly
To influence regulatory frameworks with proactive advocacy	To understand long term value optimisation for the next regulatory period	Submissions on strategic regulatory matters are lodged on a timely basis by Aurora (or via ENA) CPP to DPP transition plan approved by the Board.
To have a sustainable workplace, focused on delivering value to our shareholder, customers and community	Contribute to Council's Carbon Neutrality initiatives	Continue to refine and implement our carbon emissions reduction strategy, and achieve and publicly report progress against our FY2025 targets
	Minimise waste and the associated negative environmental impacts	Continue to refine and implement our waste reduction strategy, and achieve and publicly report progress against our FY2025 targets
	Implement opportunities to transition light motor fleet to electric or hybrid vehicles where appropriate	Achieve the FY2025 targets for electrification of the company's motor fleet as set out in the Aurora Energy emissions reduction strategy
	Increase sustainability reporting and climate related disclosures in our Annual Report	Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report

Goals	Objectives	Performance Measures
SHAREHOLDER		
Ensuring sound governance and delivering growth and value to our shareholder and customers		
Bring to the attention of the Shareholder any strategic or operational matters where there may be conflict between the Council's community outcomes and those of the Company and seek the Shareholder's view	Consult with the Shareholder at the earliest possible time on matters where conflict may or could result	Potential conflicts notified to the Shareholder Targets: 2025 No unnotified potential conflicts 2026 No unnotified potential conflicts 2027 No unnotified potential conflicts
Keep the Shareholder informed of all substantive matters	On a "no surprises" basis, advise the Shareholder promptly of any substantive matter that has the potential to impact negatively on the Shareholder and the Company with a particular focus on the media	Substantive matters reported to the Shareholder within 24 hours Targets: 2025 All substantive matters reported within 24 hours 2026 All substantive matters reported within 24 hours 2027 All substantive matters reported within 24 hours

6 Financial Forecasts

The financial forecasts included in this section are derived largely from revenue and expenditure allowances approved by the Commerce Commission in its determination of the company's Customised Price-Quality Path dated 31 March 2021.

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

	Year ending 30/06/2025	Year ending 30/06/2026	Year ending 30/06/2027
Shareholder's Funds to Total Assets	26%	27%	27%

The ratio of Shareholder's Funds to Total Assets (equity ratio) will fluctuate depending on a variety of circumstances including asset renewal and investment cycles.

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

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

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

	Year ending 30/06/2025 \$000	Year ending 30/06/2026 \$000	Year ending 30/06/2027 \$000
Dividend	0	0	15,000

c) Other financial forecasts

	Year ending 30/06/2025 \$000	Year ending 30/06/2026 \$000	Year ending 30/06/2027 \$000
EBITDA	89,788	104,988	114,871
Net profit after tax	22,954	31,194	35,750
Cash flow from operations	55,025	71,056	79,576
Capital expenditure	96,295	94,495	111,449
Term borrowings	580,835	604,435	649,835
Shareholder's funds	242,461	273,655	294,405

7 Accounting Policies

a) General Accounting Policies

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

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

b) Particular Accounting Policies

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

8 Dividend Policy

As a regulated business, Aurora Energy has a responsibility to its customers to provide safe, reliable electricity infrastructure. To maintain a reliable network and cater for growth, we are planning to invest in excess of \$900 million in the network over the next decade to be funded by increased revenue, increased borrowings and reduced dividends.

Aurora Energy will determine its ability to pay dividends by assessing the company's Funds From Operations / debt ratio (FFO/debt), which assesses the company's available funds from operations (pre capital expenditure) relative to its debt. Aurora Energy will consider dividends once the company can achieve and sustain a position in the range of FFO/debt of 8.5-9%, which is consistent with comparable entities. For reference, Aurora's current FFO/debt measure is approximately 8.5%.

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

The company will revisit these projections and dividend forecasts annually when preparing its Statement of Intent. In arriving at a dividend recommendation, Directors will consider:

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

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

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

9 Commercial Value of Shareholder's investment

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

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

10 Transactions with Related Parties

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

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

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

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

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

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

Related Party Transactions

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

11 Information to be provided to the Shareholder

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

12 Working with the Shareholder

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

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

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

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

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

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

14 Compensation Sought

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

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

15 Group Facility Use

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

16 Other matters as agreed by the Shareholder and the Board

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



City Forests Limited Statement of Intent 2024 / 2025



**City Forests Limited
Statement of Intent
For the Year Ending 30 June 2025**

City Forests Limited Statement of Intent 2024 / 2025

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*City Forests Limited Statement of Intent 2024 / 2025***1 INTRODUCTION**

City Forests Ltd ("the Company") owns and manages approximately 25,200 hectares of land and commercial forestry estate in the coastal Otago region. It is a Council Controlled Trading Organisation (CCTO) owned wholly by Dunedin City Holdings Ltd (DCHL), which is wholly owned by Dunedin City Council (DCC).

This Statement of Intent (SoI) sets out City Forests' planned activities and financial forecasts for the next three years. It includes performance measures and targets which will be reported on in the City Forests Limited 2025 Annual Report.

2 OBJECTIVES

City Forests' **Purpose** is to "*operate sustainable forests for our future including providing a consistent and commercial return over time*".

Company **Values**:

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

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

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

This is achieved through a strategy of:

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

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

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

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

City Forests has adopted a target to be net zero carbon by 2030, as a contribution to the DCC goal of achieving net carbon neutrality city-wide by 2030. Over the 2025 financial year the Company will build on existing work towards this goal. We will engage with the shareholders DCHL and DCC regarding non-controllable emissions and the potential cost of offsetting residual

City Forests Limited Statement of Intent 2024 / 2025

emissions. We will also work with the DCC to identify alternative or complementary opportunities to contribute to the DCC's city-wide net zero carbon goal.

3 APPROACH TO GOVERNANCE

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

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

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

4 NATURE AND SCOPE OF ACTIVITIES

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

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

The functions of City Forests Limited are:

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

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

City Forests Limited Statement of Intent 2024 / 2025

5 PERFORMANCE TARGETS AND OTHER MEASURES

Goals	Objectives	Performance Measures
The principal goal of City Forests Limited is to operate a long-term sustainable business and to maintain and enhance the values of the forest estate investment including; economic, social and environmental values. The specific corporate goals of City Forests Limited are:	The implementation of the goals will be facilitated by the adoption of the following specific objectives	The objectives will be met on achievement of the following indicators.
ECONOMIC OBJECTIVES		
Goals	Objectives	Performance Measures
Increase Long Term Shareholder Value of the Company		
To achieve a long-term after-tax return to Shareholders on their investment in the Company of 5.5% and to maximise the long term sustainable financial return to Shareholders. Attention will be given to cash flow performance.	To implement strategic actions which will increase the long-term profitability and cash flow generation of the Company.	The Company will achieve a 5.5% return (or greater) on Shareholders' funds measured on a post-tax 3 year rolling average basis. A review of the Company's long term strategic plan will be completed each year, which targets a 5.5% return (or greater) on Shareholders' funds on a post-tax 3 year rolling average basis.
Market Diversification		
To operate and develop diversified markets for the Company's products.	To operate a market diversification strategy that optimises returns while managing risk. To balance exposure to both domestic and export markets taking into account market risk and product margin. To drive sustainable long-term value from the Company's carbon generating activities while balancing risk and environmental benefits.	The number of domestic regional markets and the number of export markets (countries) supplied will be tracked and reported. The percentage of annual supply to the domestic market by volume will be tracked. The Company will participate in the New Zealand ETS and may realise returns from the sales of carbon stored in the Company forests in compliance with its Carbon Policy.

City Forests Limited Statement of Intent 2024 / 2025

Goals	Objectives	Performance Measures
Sustainable Yield, Environmental & Biological Risk		
<p>To optimise the Net Present Value of the estate in perpetuity with the overall goal of managing the financial returns from the forest on a long-term sustainable basis.</p> <p>Ensure that the environmental and biological risks to the estate are identified and managed.</p>	<p>To ensure that the appropriate yield monitoring systems are in place and sufficient forest is available to achieve long term sustainable yield from the forest estate.</p> <p>To ensure that the risk to the forest estate from pests, fire and disease is minimised through appropriate management practices and audit.</p> <p>To respond to and manage legislative and compliance risk to the Company's operations and license to operate.</p> <p>Balance the risk to the forest estate and to users with the desire of the community to enjoy the forest.</p>	<p>The Company's annual harvest volumes as detailed in the strategic plan will be within 30% of projected long term sustainable yield.</p> <p>A forest Bio-security surveillance program will be in place as part of the National Bio-security surveillance program to assess the forest estate for pests and disease.</p> <p>The annual fire plan will be updated and operational by 1 October for each fire season.</p> <p>The Company will actively participate in regional land use and environmental planning processes representing its interests and values.</p> <p>Forest Access Permit system, appropriate signage and access restrictions in place.</p>
Goals	Objectives	Performance Measures
Research and Development		
<p>To support and participate in Research and Development to enable the Company to undertake continuous performance improvement to achieve industry best practice forest management, value recovery and supply chain performance.</p>	<p>To actively participate in value-added research into forest management, tree breeding, wood products, supply chain and environmental management.</p> <p>To leverage collaborative industry research initiatives and implement research results to achieve performance improvement through technology transfer.</p>	<p>The Company will participate in industry research consortia (via the Forest Levy) to ensure research objectives are in line with Company Strategy and to gain financial leverage to achieve research objectives.</p> <p>The implementation of research outcomes into operational management plans will be tracked.</p>
<p>To support the sustainable development of added value wood processing in Otago and Southland.</p>	<p>To support integrated wood processing capacity within the Otago and Southland regions, subject to optimising the long-term return from the Company to the Shareholder.</p>	<p>The Company will maintain supply arrangements with Otago and Southland wood processors provided customers match (or better) alternative market options. Annual supply volumes to the three largest wood processors customers will be tracked and reported.</p>

City Forests Limited Statement of Intent 2024 / 2025

	The Company will support regional bio-energy initiatives subject to optimising the long-term return from the Company to the Shareholder.	The annual volume of wood supplied to bio-energy uses (including firewood) will be tracked and reported.
ENVIRONMENTAL AND SOCIAL OBJECTIVES		
Goals	Objectives	Performance Measures
Corporate Responsibility		
To be a socially and environmentally responsible corporate citizen and maintain comprehensive environmental and health and safety systems for the Company's forests and operations.	<p>To minimise lost time accidents, injuries and property damage.</p> <p>To maintain Environmental Certification of the Company's forests. (Currently FSC)</p> <p>To preserve and enhance rare threatened and endangered (RT&E) species on the Company's estate.</p>	<p>Lost time accident rates for staff and contractors will be minimised and tracked with a target of less than 15 lost time accidents per 1,000,000 hours worked.</p> <p>The Company will undertake drug and alcohol testing of its staff and contract workforce. The number of random tests and percentage of positive random tests will be reported.</p> <p>Forest Stewardship Council Certification of the Forest Estate will be maintained.</p> <p>The Company will have in place an environmental management system which will include procedures for sustainability monitoring. Results of water sampling and reserve area environmental assessments will be publicly available on the Company's website.</p> <p>The Company will work with DCHL to ensure that its sponsorship policy aligns with DCC's strategic framework.</p> <p>The Company will work with partners Doc, University of Otago & contractors to maintain and enhance RT&E species on and around the Company estate. Sponsorship amounts for these activities will be reported annually.</p>

City Forests Limited Statement of Intent 2024 / 2025

Goals	Objectives	Performance Measures
Skilled Workforce		
<p>To maintain an experienced, trained for task and reliable staff and contract workforce including actively managing succession</p> <p>To operate a personnel policy that complies with and adopts the principle of being a good employer.</p>	<p>To ensure employees are trained or under training for the tasks they perform and to promote vocational training within the Company's staff and contract workforce.</p> <p>To actively encourage "Forestry" as a vocation.</p>	<p>The company and its contractors will verify employees are trained or under training for the tasks they perform.</p> <p>The Company will engage with its contractors to participate in Modern Apprenticeship programs. The number of apprentices working in Company operations will be reported each year.</p>

City Forests Limited Statement of Intent 2024 / 2025

Goals	Objectives	Performance Measures
Recreation and Education		
To encourage the use where appropriate, of the Company's forests for recreational and educational purposes by both organised groups and individuals.	To promote and manage community recreation and educational use of the Company's forests.	The Company will maintain a Forest Access permit system, track and report on forest recreational use statistics.
Shareholder Outcomes		
To recognise and maintain the vision of our forbearers in creating the Company Forest Estate and to apply the principle of Kaitiakitanga (Guardianship and Protection).	To maintain, grow and increase the productivity of the forest estate for future prosperity.	Productivity improvement and incremental expansion of the forest estate will be part of Company Strategy. The area of acquired land will be reported annually.
Communicate with the shareholder on a "no surprises" basis	Consult with the shareholder in a timely manner on DCHL Group strategic or operational matters which could compromise the Council's community outcomes.	Any such matters were escalated to the shareholder in a timely manner.
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	Any such matters were reported to the shareholder within 24 hours.
Living Wage employer	The Company will disclose in its Annual Report the proportion of its workforce (staff) receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).	Ensure that all direct employees are paid at living wage or above.
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Continue to contribute to Council's Carbon Neutrality initiatives.	Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report

City Forests Limited Statement of Intent 2024 / 2025

6 FINANCIAL FORECASTS

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

	Year ending 30/06/2025	Year ending 30/06/2026	Year ending 30/06/2027
Shareholders' Funds to Total Assets	66.3%	65.6%	65.9%

The Company has adopted a target Shareholder Funds to Total Assets ratio (equity ratio) of between 65%-75%, but expects this ratio will fluctuate depending on a variety of circumstances. "Shareholders' Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings.

"Total Assets" means the aggregate amount of all current and non-current assets. Included in Total Assets is the revalued (as 30 June) forest asset.

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

	Year ending 30/06/2025	Year ending 30/06/2026	Year ending 30/06/2027
Normal Dividend	\$2.7m	\$4.4m	\$5.7m
Special Dividend	\$10.0m	\$4.0m	\$3.0m

c. Other Financial Forecasts

	Year ending 30/06/2025	Year ending 30/06/2026	Year ending 30/06/2027
EBITDA	\$7.7m	\$13.0m	\$13.9m
Net Profit after Tax	\$3.6m	\$7.0m	\$7.6m
Cash Flow from operations	\$5.2m	\$7.3m	\$8.9m
Capital Expenditure	\$0.9m	\$0.9m	\$0.9m
Term Borrowings	\$51.4m	\$53.3m	\$52.0m
Shareholders Funds	\$245.4m	\$242.3m	\$242.0m

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

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

City Forests Limited Statement of Intent 2024 / 2025

7 ACCOUNTING POLICIES

a) General Accounting Policies

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

b) Particular Accounting Policies

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

8 DIVIDEND POLICY

City Forests Limited will plan for a minimum base annual Ordinary Dividend payment equal to the lesser of; 75% of forecast after tax profit, or 90% of net operating cash flow less capitalised forest costs.

In addition, the Company may make Special Distributions arising from accretion of value from liquid Company assets such as Carbon Credits. It is recognised that the sharing of such gains over time between meeting Company strategic objectives, Shareholder return requirements, and funding future operations/returns, needs to be carefully considered to maintain inter-generational equity. However, the Company has in this SOI noted intended Special Distributions funded from value arising from Carbon Credits as follows:-

	Year ending 30/06/2025	Year ending 30/06/2026	Year ending 30/06/2027
Special Distribution	\$10.0m	\$4.0m	\$3.0m

Ordinary Dividend/Special distribution payments are subject to the Directors' obligations to act in accordance with their statutory duties. The actual level of payments will be determined by Directors each year in light of the circumstances that exist at the time.

In arriving at a Ordinary Distribution/Special Distribution recommendation, Directors will consider:

- risk profile of the Company and its ability to meet other commitments under the SOI;
- the Company's current and expected future financial performance, in particular, the cash flows from operations and the cost of maintaining and sustaining the forest asset;
- asset value gains/losses impacting the Company's financial position, including from any regulatory changes to the ETS;
- the ratio of the Company's shareholders funds to total assets (equity ratio);
- the Company's future investment plans and profitability thereof;
- the Company's ability to raise loans and the terms thereof; and
- the Company's current cost and level of borrowings.

The above assumes a debt facility being in place of \$60m by June 2024 to enable payment of dividends. Additional distributions may be declared on the basis of above plan financial performance or above plan increases in financial position.

City Forests Limited Statement of Intent 2024 / 2025

Budgeted base dividend payments will be agreed as part of the annual business planning cycle. Any dividend will be paid by 30 June.

9 COMMERCIAL VALUE OF THE SHAREHOLDER'S INVESTMENT

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

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

10 TRANSACTIONS WITH RELATED PARTIES

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

DCHL owns 50% of Dunedin International Airport Limited.

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

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

Related Party Transactions

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

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

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

City Forests Limited Statement of Intent 2024 / 2025

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

*City Forests Limited Statement of Intent 2024 / 2025***12 OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD***Working with the shareholder*

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

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

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

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

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

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

Compensation Sought

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

Group facility use

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

Other agreements

City Forests Limited will not give sponsorship to, accept sponsorship from or give naming rights to companies involved in activities deemed to be inconsistent with DCC's ethical position.



DELTA UTILITY SERVICES LIMITED

STATEMENT OF INTENT

For the year ending 30 June 2025



Statement of Intent 2024/2025

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Statement of Intent 2024/2025

1 INTRODUCTION

Delta Utility Services Ltd ("the Company") provides contracting services, including the construction, operation, and maintenance of essential energy and environmental infrastructure. It is a Council Controlled Trading Organisation (CCTO) owned wholly by Dunedin City Holdings Ltd (DCHL), which is wholly owned by Dunedin City Council.

A CCTO is required by law to produce a Statement of Intent (SOI). A SOI is an annual planning document which sets out the Company's planned activities, objectives and financial forecasts for the next three years. It includes performance measures and targets which form the basis of the Company's organisational accountability and will be reported on in the Company's Annual Report. This SOI takes shareholder comments into consideration.

2 OBJECTIVES

As a CCTO, the Company has the following objectives, as defined in the Local Government Act 2002:

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

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

The Company's strategy is to maximise consistent long-term annual dividend returns with an expectation of providing a commercial level of return on investment to its shareholder, appropriate to the sector it operates in

Delta's focus for FY2025 will be to improve its financial results whilst minimising its carbon footprint and continually improving Health and Safety outcomes.

Delta has adopted a target to be net zero carbon by 2030, as a contribution to the Council's goal of achieving net carbon neutrality city-wide by 2030. Over the 2025 financial year we will build on existing work to develop a roadmap to 2030. We will engage with our shareholder DCHL and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with the Dunedin City Council to identify alternative or complementary opportunities to contribute to the Dunedin City Council's city-wide net zero carbon goal. As a Dunedin City Council owned Company, Delta aims to contribute to the Dunedin City Council's strategic framework and achievement of city objectives.



Statement of Intent 2024/2025

3 APPROACH TO GOVERNANCE

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

As defined in Section 58 of the LGA:

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

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

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

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

4 NATURE AND SCOPE OF ACTIVITIES

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

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

We're a team of more than 600 skilled professionals, with a dedication and passion for the job. We are committed to our people, safety, and the environment, and support the communities we live and work in.

The Company's total assets were \$66 million as at 30 June 2023, and the Company generated operational revenues of \$118.4 million for the year then ended.

Statement of Intent 2024/2025

5 PERFORMANCE TARGETS AND OTHER MEASURES

The company will record its performance relating to the targets in Sections 5 and 6 of this SOI in its annual report.

Strategic Objective	Activity	Target
<i>Community</i>		
<i>We are big believers in supporting the communities in which we operate. Our vision is great people shaping better communities together. Our main contribution is through the essential infrastructure services we provide every day. We also support organisations in the local community, nurture the next generation of smart thinking infrastructure specialists, and promote our brand to our stakeholders.</i>		
Make a positive contribution to the communities in which we operate	Provide community support through local sponsorship/donations	Sponsorship/donation value of ≥ \$25,000 per annum
Support community recreation and visitor experience	Maintain parks, reserves, sports fields, walking tracks, and amenities in the northern part of Dunedin city, including significant tourist attractions (e.g. the Railway Station and Chinese Gardens)	Achieve KPIs on relevant service contracts
Promote economic development	Maintain essential infrastructure to support Dunedin City Council's strategy to be one of the world's great small cities	Deliver maintenance services per contractual arrangements with Aurora Energy Ltd and Dunedin City Council

Statement of Intent 2024/2025

Strategic Objective	Activity	Target
People		
<i>It is the skill and dedication of our people that makes the difference for our customers and keeps everyone safe at work.</i>		
<i>Our safety goal is 'Everyone Home Safe, Every day'. We are committed to the provision of safe and healthy work environments for our workers and the public.</i>		
Safe and healthy outcomes for our people are expected.	Maintain effective Health and Safety systems and processes supported by positive organisational culture to enable the Company value of Everyone Home Safe, Every Day.	Total recordable injury frequency rate (TRIFR) per 200,000 hours worked of ≤ 3.50
		Maximum total lost time injury frequency rate (LTIFR) per 200,000 hours worked of ≤ 1
		Maintain ISO 45001 Occupational Health and Safety Management System accreditation
Fully comply with Health and Safety legislation	Maintain a legislative compliance process that includes Health and Safety legislation.	Legislative compliance process is completed.
To maintain the health and wellbeing of staff	Monitor absences due to illness	Sick leave % based on total hours worked of ≤ 3.5%
	Maintain an employee wellbeing programme	Programme maintained throughout the year
	Ensure that all direct employees are paid at living wage or above	No direct employee is paid at less than the living wage
Become a more diverse business and an employer of choice for all	Promote diversity, equity and inclusion within the business	Develop a Diversity, Equity and Inclusion strategy
Continue to develop Delta's apprenticeship scheme	Develop skill sets and succession planning through Delta's apprenticeship/trainee scheme	Average number of apprentices/trainees per annum of ≥ 20
Maintain a positive and satisfying working environment with low levels of voluntary staff turnover	Monitor voluntary leavers relative to permanent staff	Staff turnover % of ≤ 15% per annum

Statement of Intent 2024/2025

Strategic Objective	Activity	Target
<i>Environment</i>		
<i>We are committed to continual improvement in our environmental performance, prevention of harm to the environment and adoption of sustainable work practices. As part of this Delta will measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.</i>		
Maintain a well-recognised environmental accreditation	Maintain existing Environmental accreditations.	Maintain ISO14001 accreditation
Fully comply with environmental and resource consents	Maintain full compliance with the Resource Management Act (RMA)	Nil breaches of the RMA
Become net zero carbon by 2030	Continue to implement Delta's Carbon Emission and Waste reduction strategy developed in the 2022 financial year.	Review the travel standard with careful environmental consideration Report on carbon emissions (including waste) by scope and activity in the annual report

Statement of Intent 2024/2025

Strategic Objective	Activity	Target
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The Shareholder

We are committed to communicating our activities and strategy clearly to our shareholder and to continue to maintain an active dialogue.

Engage with the Shareholder annually on opportunities for the Company to contribute, or assist where possible, with Council's community outcomes (as listed in the Annual Plan)	Consult with the Shareholder on matters to be included in the Company's Statement of Intent	Shareholder approval of the Company's Statement of Intent
Bring to the attention of the Shareholder any strategic or operational matters where there may be a conflict between the Council's community outcomes and those of the Company and seek the Shareholder's view on these	Consult with the Shareholder at the earliest possible time on matters where conflict may or could result	All potential conflicts notified to the Shareholder
Keep the Shareholder informed of all substantive matters	On a "no surprises" basis, advise the Shareholder promptly of any substantive matter that has the potential to impact negatively on the Shareholder and the Company with a particular focus on the media	Substantive matters reported to the Shareholder within 24 hours
Keep the Shareholder well briefed on monthly financial results and progress in respect of the boards plans for performance improvement	Provide monthly KPI reports that include financial results and progress on performance improvement initiatives	KPI reports provided each month

Statement of Intent 2024/2025

6 FINANCIAL/ECONOMIC TARGETS

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

	Year ending 30/06/2025	Year ending 30/06/2026	Year ending 30/06/2027
Shareholder's Funds to Total Assets	≥ 51%	≥51%	≥54%

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

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

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

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

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

	Year ending 30/06/2025 \$000	Year ending 30/06/2026 \$000	Year ending 30/06/2027 \$000
Dividend/subvention distributions	2,000	2,250	2,750

Note: The dividend estimates are heavily reliant on attaining the forecast financial results, which are dependant on retaining the current level of work at projected margins.

c) Other financial forecasts

	Year ending 30/06/2025 \$000	Year ending 30/06/2026 \$000	Year ending 30/06/2027 \$000
EBITDA	≥ 13,578	≥ 14,192	≥ 14,849
Net profit after tax	≥ 3,781	≥ 4,237	≥ 4,628
Return on Shareholder's funds	≥11%	≥12%	≥12%
Cash flow from operations	≥ 12,403	≥ 11,479	≥ 12,288
Capital expenditure	≤ 5,300	≤ 5,500	≤ 3,700
Term borrowings	≤ 5,400	≤ 5,300	≤ 3,000
Shareholder's funds	≥ 33,417	≥ 35,403	≥ 37,281

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



Statement of Intent 2024/2025

7 ACCOUNTING POLICIES

a) General Accounting Policies

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

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

b) Particular Accounting Policies

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

8 DIVIDEND POLICY

Delta aims to manage its long-term capital structure so it has sufficient flexibility to cope with significant capital replacements and investments without the need to seek additional capital or borrowings, while at the same time maintaining a sustainable and reliable dividend stream to our shareholder.

Delta's dividend policy is to pay dividends within the range of 50-75% of the Company's net surplus after tax, subject to the Directors' obligations to act in accordance with their statutory duties. The actual level of dividend will be determined by the Directors each year in light of the circumstances that exist at the time.

In arriving at a dividend recommendation, Directors will consider:

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

Dividends will be paid by 31 December and 30 June (based on forecast) with provision for a further final dividend based on actual year-end results.

9 COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

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

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

10 TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

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

Delta will undertake to obtain all debt funding from Dunedin City Treasury Limited, with any exceptions agreed with the Dunedin City Holdings Limited board.

Related Party Transactions

Aurora Energy Ltd	Provision of maintenance and construction services
City Forests Ltd	Provision of roading services and reserves maintenance
Dunedin City Council	Provision of greenspace services
Dunedin City Holdings Ltd	Functions appropriate between parent companies and subsidiaries
Dunedin City Treasury Ltd	Provision of debt funding to the Company generating interest payments to DCTL
Dunedin Venues Management Ltd	Provision of greenspace services

11 OTHER MATTERS AGREED BY DELTA UTILITY SERVICES AND THE SHAREHOLDER

Information to be provided to the shareholder:

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

Working with the Shareholder

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

The Company will work with the Shareholder to ensure that its sponsorship policy aligns with the Dunedin City Council's strategic framework.

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

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

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



Statement of Intent 2024/2025

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

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

Compensation Sought

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

At present, the Company does not have any activities of this nature.

Group Facility Use

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

Other agreements

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



STATEMENT OF INTENT

for the year ending 30 June 2025



Hump Ridge Track | 🚗 3 hr 35 min

dunedin
AIRPORT

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INTRODUCTION

This Statement of Intent (SOI) is prepared by the board of directors of Dunedin International Airport Limited (DIAL) in accordance with Section 64(1) of the Local Government Act 2002.

DIAL is a council-controlled trading organisation (CCTO) as defined in the Local Government Act 2002 (LGA).

This SOI sets out the objectives, nature and scope of activities to be undertaken by DIAL and the performance targets and other measures by which the performance of the company may be judged in relation to its objectives.

DIAL's performance against these objectives will be reported against in the Statement of Service Performance (SSP) which forms part of its Annual Report.

The SOI is a public and legally required document, being created annually by its shareholders, and covers a three-year period. This SOI covers the period from 01 July 2024 to 30 June 2027.

The planned activities and performance measures take consideration of expectations outlined to DIAL by its shareholders.



OWNERSHIP & GOVERNANCE

DIAL is owned by two shareholders, made up of:

- Dunedin City Holdings (DCHL) - 50%
- The Crown - 50%

DIAL is governed by a board of 4 independent directors, with each shareholder entitled to appoint two directors.

As per Section 58 of the LGA, the role of a director of a CCTO is to assist the organisation to meet its objectives and any other requirements in its SOI. This does not limit or affect the other duties that a director of a CCTO has.

Additional to this, the directors are subject to the requirements of the Companies Act 1993 and govern the company in accordance with best practice.

The board is responsible for the preparation of the SOI. Under the LGA, shareholders of a CCTO may, by resolution, require the board to modify the SOI in accordance with the LGA.

As a company partly owned by Dunedin City Council (DCC), DIAL is mindful of DCC's strategic framework and city objectives. Further to this, DIAL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with DCC's ethical positions.

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

Quarterly, six-monthly, and annual reports of financial and operational performance are provided to the shareholders.

REGULATORY CONTEXT

DIAL operates within a regulatory framework defined within legislation. In addition to the obligations of the Local Government Act 2002 and Companies Act 1993, DIAL is:

- An 'aerodrome operator' under Civil Aviation Rule Part 139 and the Civil Aviation Act 1990;
- An 'airport authority' under the Airport Authorities Act 1966;
- A 'lifeline utility' under the Civil Defence Emergency Management Act 2002;
- A 'network utility operator' and 'requiring authority' under the Resource Management Act 1991.

As an airport with more than \$10 million in annual revenue, DIAL is considered a specified airport company for the purposes of the Airport Authorities Act 1966. As such, DIAL complies with the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999.

As an 'airport authority' under the Airport Authorities Act 1966, Dunedin Airport operates as a commercial undertaking.

The Civil Aviation Act 2023 received Royal assent on 05 April 2023 and will be in force from 5 April 2025. This new Act replaces the Civil Aviation Act 1990 and the Airport Authorities Act 1966.

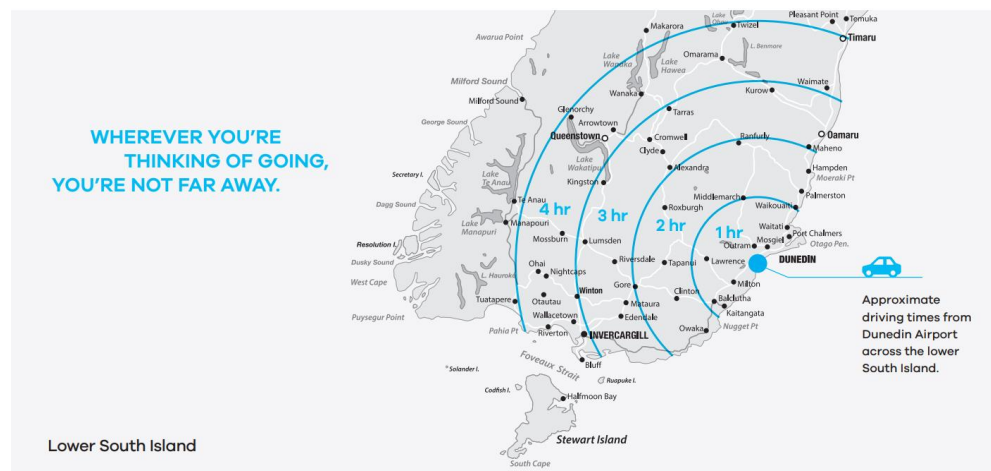




NATURE AND SCOPE OF ACTIVITIES

Dunedin Airport was established under the Airport Authorities Act 1966 and incorporated on 30 September 1988. DIAL's primary activity is the safe and efficient operation of Dunedin Airport, for the purposes of creating long term shareholder value and enabling air connectivity to the communities of Dunedin and the lower South Island.

Dunedin Airport is located approximately 30 minutes from the Dunedin CBD, serving the wider Otago Region made up of the Dunedin City, Waitaki, Central Otago and Clutha districts.



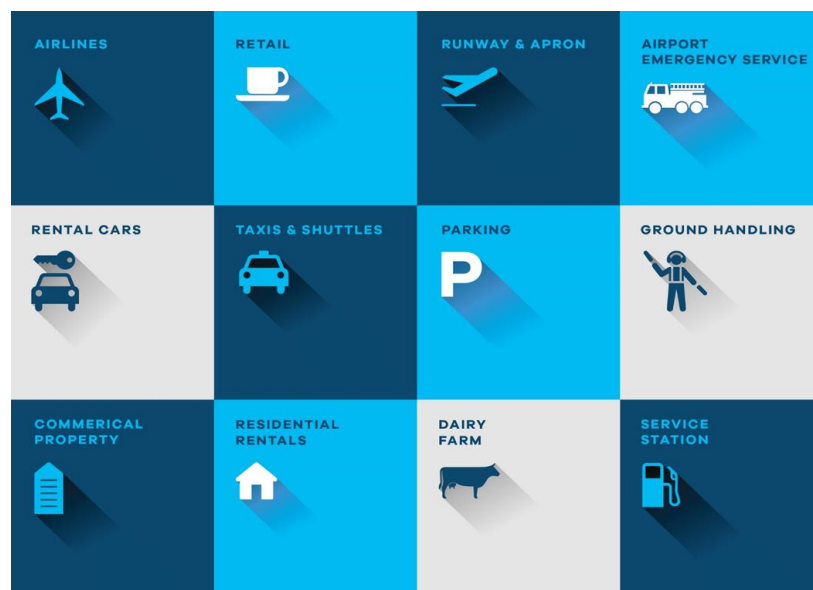
DIAL is made up of team of hardworking, dedicated, and skilled staff who bring the Airport to life whilst ensuring a safe, secure and memorable customer experience. As a respected employer, DIAL ensures all staff are paid at or above the Living Wage.



Operations

The operation of the airport includes the provision of “landside” and “airside” infrastructure and associated facilities across the airport campus:

- Landside functions include the provision of terminal facilities, carparking, and passenger transportation. This includes working with commercial tenants, business partners and government agencies.
- Airside functions include the provision of safe and secure aircraft and passenger facilities. DIAL is responsible for the provision of aeronautical infrastructure which includes runways, taxiways, aprons and associated facilities for the operation of the airport.



As a lifeline utility, DIAL ensures the operational resilience of Dunedin Airport, allowing the airport to function as efficiently as possible during, and after an emergency.

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

Commercial Value

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

As disclosed in the Company's 2023 Annual Report, as at 30 June 2023 the value of Shareholder's funds in the Statement of Financial Position is \$85,431,000.

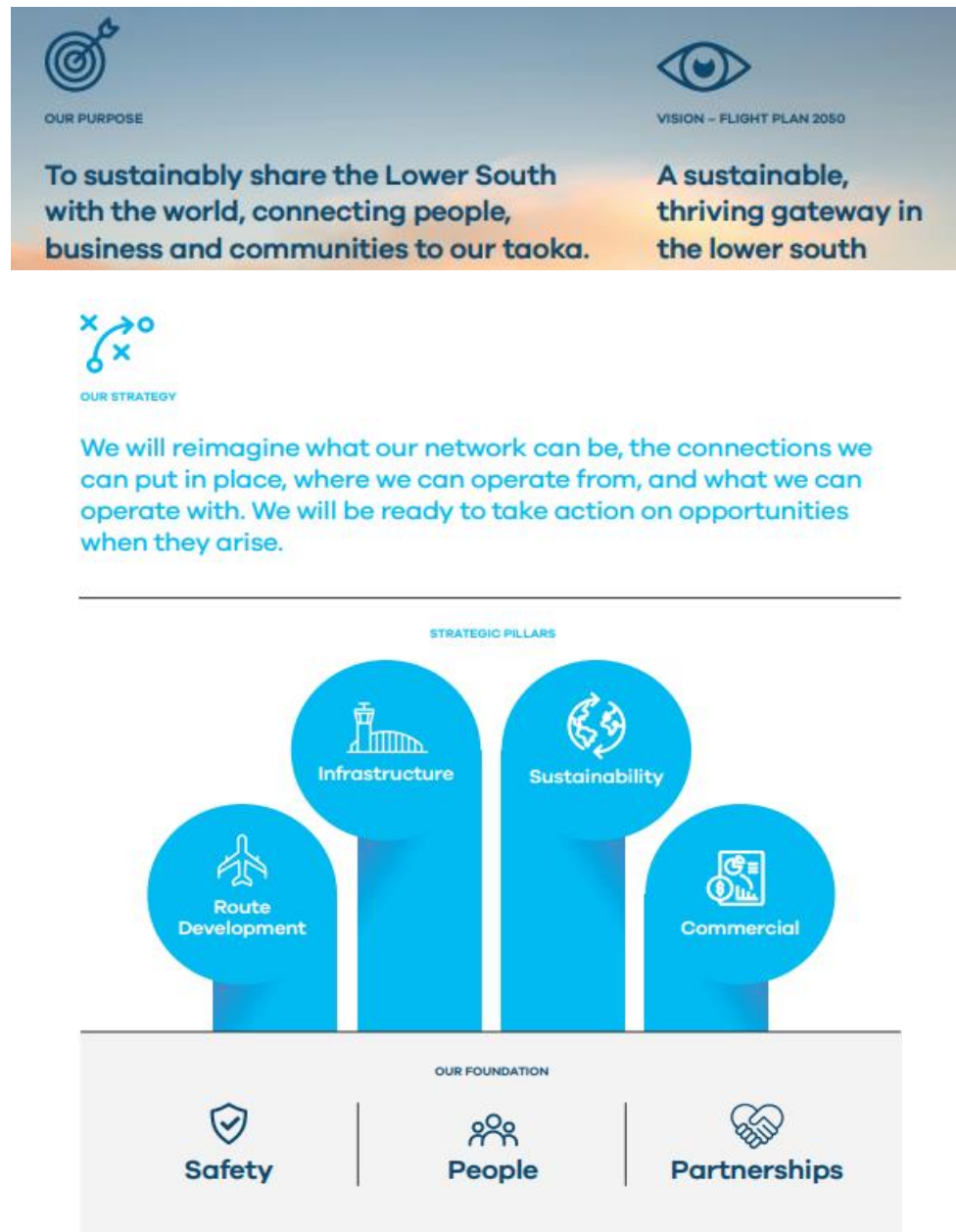
The commercial value will be considered annually when the Statement of Intent is completed.





OUR PURPOSE, VISION & STRATEGY

In 2023 we reviewed and refreshed our strategy, culminating in the unveiling of Flight Plan 2050.



Supporting our Strategic Pillars is our Foundation and the Values that guide us. These provide the strong base necessary to implement strategy and deliver on our vision.

The implementation of our strategy begins with our Governors. Good corporate governance has become a key focus area for our business as we position ourselves to achieve our strategic objectives.

In this regard our Directors have implemented improvements and efficiencies in governance processes through sub-committees, embracing board reporting technology, and the continued evolution in the quality of board papers. This continual improvement ensures our business's processes are aimed at producing results which optimise the strategic use of its available resources.

While understanding our internal confines is critical, we cannot achieve our goals or establish priorities without an awareness of the environment in which we are operating. This context is provided below.

The Economic Environment

In the coming FY25 and FY26 periods, we recognise the prevailing economic challenges that may impact on our operations. Foreseen headwinds include inflationary cost pressures, geopolitical uncertainties, and constraints within the New Zealand Airbus A320 NEO fleet, directly influencing seat capacity within our short-haul network.



OBJECTIVES & PERFORMANCE MEASURES

Feeding into DIAL's business planning process, letters of expectations from shareholders have been considered in the development of the company's specific focus areas for 2024/2025.

This includes:

- Continue working toward re-establishment of trans-Tasman services and/or new domestic route development.
- Continue building on our future-focussed relationship with mana whenua.
- Consistent with our target of net zero carbon by 2030, furthering our emissions reduction and decarbonisation efforts, ensuring Dunedin Airport drives down its Scope 1 & 2 emissions, and facilitates the necessary infrastructure requirements needed to support decarbonisation of aviation.
- The creation of a Strategic Airport Development Plan, including climate change adaptation and decarbonisation of airport activities.

It is in this context that the revised SOI and associated Objectives & Performance Measures have been prepared by DIAL's board of directors and executive management team.



Key Objectives

SAFETY	
We exceed expectations and never compromise on safety	
Objectives	Key Performance Measures
Strive for 'Zero harm' to anyone as a result of our operations	Nil Serious harm to our staff, airports users or contactors
	Nil Runway Incursions
	Achieve FY25 DIAL Safety Plan targets
Actively manage wildlife hazard and risk of bird strike	Strike rate <5 strikes per 10,000 on 12-month moving average

SUSTAINABILITY	
To be considered one of New Zealand's most sustainable airports	
Objectives	Key Performance Measures
Implement DIAL's Sustainability Strategy	Achieve FY25 sustainability targets
	Achieve Airport Carbon Accreditation Level 4
Implement DIAL's Carbon and Waste Reduction strategy	Measure and report our Carbon emissions and progress towards waste reduction in the Annual Report
	Achieve FY25 Carbon and waste reduction targets

INFRASTRUCTURE	
Our infrastructure is fit for purpose now and for the future	
Objectives	Key Performance Measures
Maintain our assets to ensure no delays caused by DIAL to scheduled passenger operations	Zero on time performance delays to regular passenger transport operations due to airport infrastructure
Ensure we know our assets – Asset Management Plans are in place	All assets have been condition rated

	Core three waters infrastructure renewals on programme
Develop a visionary airport master plan that has planned for future technologies and opportunities that may arise	Completion of Strategic Airport Development Plan

ROUTE DEVELOPMENT	
Nurture, expand, and grow the network	
Objectives	Key Performance Measures
Optimise and sustainably grow passenger volumes	New international air route
	New domestic air route
	Year on Year improvement in passenger volumes, with aggregated seat load factors in excess of 80%
Develop future network options for regional routes in the lower south utilising smaller aircraft	New regional air route
Optimise non-aero revenue derived from passenger traffic	Year on year increase in net Passenger Spend Rate
	Year on year increase in net Income per Passenger
	Execute our access strategy (ground transport)

COMMERCIAL	
Leverage our commercial opportunities to provide a benefit of our business and the wider community	
Objectives	Key Performance Measures
Increase commercial revenue	Year on year increase in net Passenger Spend Rate
	Year on year increase in net Income per Passenger
	Commercial related revenue represents >50% of total revenue

PARTNERSHIPS	
Develop and strengthen our partnerships and deliver a world class customer experience	
Objectives	Key Performance Measures
Implement initiatives to improve the performance of our relationships.	Conduct stakeholder engagement surveys once a year with our strategic partners to review the strength of the relationships
	Continue and build on our relationship with local iwi
Provide sponsorship to community events and organisations.	Invest up to a total of \$30,000 in FY25 in sponsorship or donations
	Work with DCHL on aligning the sponsorship policy where practicable with the DCC's strategic framework
Provide a high standard of service to our customers	Achieve "good" or "very good" across all areas of our Customer Satisfaction Survey

PEOPLE	
A great place to work with a high performing team that understands our goals and the role they play	
Objectives	Key Performance Measures
Support the wellbeing of our people	Wellbeing programme maintained throughout the year
Ensure that our people are engaged with the company's Vision, Purpose, and Values	Average of >75% staff satisfaction result on employee surveys completed during the year

Our performance against these key objectives will be reported annually in the Statement of Service Performance which forms part of the company's annual report.

FINANCIAL PERFORMANCE & FORECASTS

The events of the past four years with respect to the impacts the global pandemic and a recovering aviation system had on global aviation and tourism, created considerable challenges for DIAL and its business partners. During this period DIAL's primary objective was to safeguard its people and maintain an operational airport to support connectivity.

DIAL navigated through this period well, and emerged in a relatively secure, and sustainable position. The company is well financed, with a stable workforce and diverse revenue streams. Strong pent-up demand domestically has also limited Dunedin Airport's exposure to the disruption to inbound international visitors.

Notwithstanding the macroeconomic context and geopolitical issues, the forward outlook has become more optimistic as the aviation sector, and tourism is getting back on its feet with passenger volumes at Dunedin Airport now at circa 90% of pre pandemic levels.

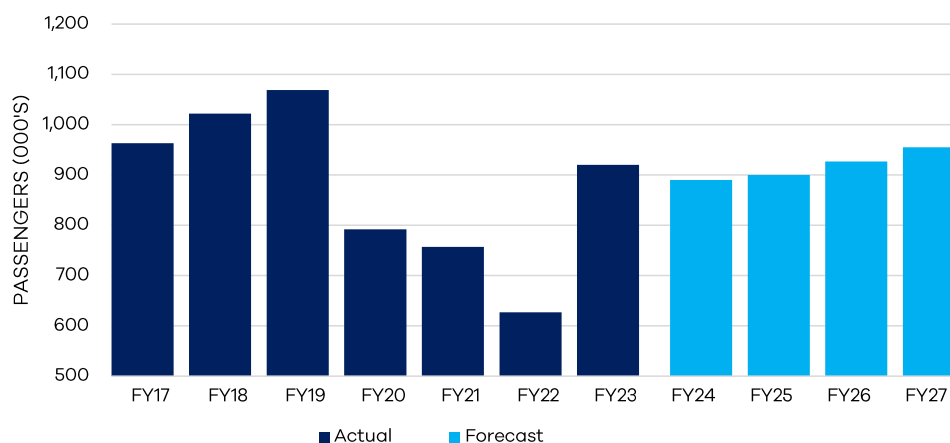
International services have yet to be reinstated, however this has been and will remain a focus for DIAL moving forward as we continue our engagement and partnerships with airlines.

The tables below summarise key financial performance indicators information relating to financial metrics and passenger volumes. The tables provide actual as well as budget data for the period to 2026/27.

The impacts on the airports financial performance as a result of the pandemic are not insignificant, as shown in the passenger numbers table below.

Aircraft and Passenger Movements

Passenger Volumes FY17 - FY27



	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27
PASSENGERS (000'S)	ACTUAL	FORECAST		BUDGET	
Total Passengers	920	890	900	927	955
Percentage Change from Prior Year	47%	-3%	1%	3%	3%

Financial Performance

Airport revenue and operating cashflows correlate closely with passenger numbers, both directly from Airport Charges but also indirectly from carparking, terminal concession sales, and Momona petrol station sales.

Accordingly, the impacts of the reduced passenger numbers shown above significantly influence financial performance.

	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27
(\$'000'S)	ACTUAL	FORECAST		BUDGET	
Revenue (incl. sundry income)	20,648	20,674	24,313	26,046	29,365
EBITDA	10,711	9,310	10,530	12,637	15,508
Net Profit after Taxation (NPAT)	4,316	3,067	3,019	2,964	4,551
Shareholders' Funds (average)	83,764	85,712	86,584	87,750	89,713
Cash Flow from Operations	9,263	6,030	8,449	10,008	9,941
Capital Expenditure	4,660	20,907	21,081	8,385	6,125
Term Borrowings	9,000	11,500	26,350	39,350	39,750
Dividend Paid**	1,023	2,500	1,840	1,811	1,779

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

	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27
MEASURE	ACTUAL	FORECAST		BUDGET	
Profitability/Efficiency					
Return on Assets	3.8%	2.7%	2.3%	2.0%	3.1%
Return on Capital Employed	73.8%	55.9%	63.1%	70.7%	102.0%
Operating Margin	51.9%	45.0%	43.3%	48.5%	52.8%
Leverage/Solvency					
Equity Ratio	74.7%	75.1%	66.6%	60.6%	61.5%
Earnings Ratio (Interest Cover X)	17.0	12.9	7.8	5.8	6.0
Gearing Ratio (net %)	9.53	11.80	23.21	30.82	30.38
Shareholders Return					
Dividend Pay-out ratio	0.20	1.53	0.53	0.50	0.52
Return on equity	5.2%	3.6%	3.5%	3.4%	5.1%
Return on equity adjusted for IFRS fair value movements and asset revelations	12.4%	8.4%	8.0%	7.7%	11.2%

Notes

1. *Return on assets = (Net profit after tax / Total Assets)*
2. *Return on Capital Employed = (EBIT adjusted for IFRS fair value movements / Average capital employed)*
3. *Operating Margin = (EBITDA / Revenue)*
4. *Equity Ratio = (Total shareholders' funds / Total assets)*
Shareholders Funds = share capital, plus retained earnings, plus hedge and property plant and equipment revaluation reserves.
Total Assets = the aggregate of the carrying value all current and non-current assets.
5. *Earnings Ratio (interest cover) = (EBITDA (less dividends) / Interest paid)*
6. *Gearing ratio = (net debt / net debt plus equity)*
7. *Dividend Pay-out = (Dividends paid / Net cash flow from operating activities less depreciation expense)*
8. *Return on equity = (Net profit after tax / Average equity)*
9. *Return on equity (adjusted) = Net profit after tax adjusted for IFRS fair value movements (net of tax) / Average of share capital plus retained earnings.*

Forecast Assumptions

The following are assumptions made throughout the forecast:

- The budget assumes 2024-25 passengers of 900,000.
- Notwithstanding a landing charge consultation on 1 July 2024, which may lead to changes in landing charge revenue, airfield and terminal landing charges are based on the charges proposed to Airlines in our Initial Pricing Proposal.
- We have assumed no increase in current flight schedules, that is, we have assumed no additional domestic services other than those published at date of budget development.
- Landings/PAX have been assumed to grow by 3% and 3% respectively for the 2025-26 and 2026-27 budget periods.
- Runway, apron and taxiway OPEX and CAPEX forecasts are based on a defined maintenance program. As a result of inspection, our maintenance plan may be subject to change.
- The 2024-25 budget has assumes no increase to the current carparking charges.
- Wages and Salaries have been budgeted based on current rates plus an 4% average yearly increase across all staff.
- An interest rate of 6.3% (including Westpac's 1.3% margin) has been applied to budgeted debt. Interest rate swaps derivatives are included based on the age profile of swaps in place at time of forecast.
- No fair value movement has been budgeted for interest rate hedge instruments, nor the airport's investments.
- No infrastructural asset revaluations have been budgeted.
- Inflation allowance for 2024/25 to 2025/26 and 2025/26 2026/27 is 3% for each year for both non-aeronautical income and expenditure items apart from

landing charges, carpark and garage revenue which grows in line with the percentage change in forecast passenger numbers.

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

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



ACCOUNTING POLICIES

General Accounting Policies

The accounting policies recognised by the External Reporting Board ('XRB') for the measurement and reporting of financial performance, and financial position, will be adopted by Dunedin International Airport Limited.

Accounting Policies

The accounting policies which materially affect the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

The accounting policies are listed in full in the annual report of the company and on the company website; www.dunedinairport.co.nz.

DIVIDEND POLICY

The company's dividend policy is to pay between 50% to 70% of the forecast operating surplus after tax, adjusting for fair value movements in any investments in equity securities. The actual level of dividend will be determined by the directors each year in light of the circumstances that then exist.

In arriving at a dividend recommendation, directors will take into account:

- The company's financial performance and, in particular, the cash flows generated by the company from operations.
- The ratio of the company's Shareholders funds to the assets.
- The company's investment proposals and profitability thereof.
- The company's ability to raise loans and the terms thereof.
- The company's capital expenditure programme.
- The current cost of borrowings to the company.
- The risks associated with the uncertainty of airline schedules in the short and medium term.
- The Debt/Equity ratio.
- Any views held by shareholders in respect of dividend payments.

Any final dividend will be paid no later than 30 November.



REPORTING TO SHAREHOLDERS

Annually – January, a draft Statement of Intent.

Annually – 30 June, a finalised Statement of Intent agreed by the shareholders.

The Directors will deliver to the shareholders an annual report and audited financial statements, which will consist of no less than:

- A Director's Report including –
 - a review of operations,
 - a comparison of actual performance with targeted performance recommendation in respect of dividend (if any).
- Greenhouse Gas (GHG) Emissions Disclosures;
- Statement of Financial Position;
- Statement of Comprehensive Income & Statement of Movements in Equity;
- Statement of Cash flows;
- Notes to the financial statements;
- Auditor's Report.

All reporting requirements noted above will be delivered within legislative timeframe deadlines.

Quarterly Reporting

Within 30 days of the end of each quarter, including Half Yearly, the directors will deliver to the shareholders a report consisting of:

- Financial review detailing actual performance against budget for revenue, expenditure, and taxation. This will include a Statement of Comprehensive Income, a Statement of Financial Position, and a Statement of Cash Flows.
- Aircraft and passenger activity.
- Commentary on any matters relating to the performance of the company.

Working with the Shareholders

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

ACQUISITION OF SHARES IN ANY COMPANY OR ORGANISATION

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

If the Directors intend that the Company:

- carry on any business other than the management and operation of DIAL;
- form any subsidiary company; or
- acquire more than 20% of the shares in any other company,

the Company will obtain prior approval of the Shareholder through special resolution, or the transaction must be contingent on a special resolution of Shareholders.

TRANSACTIONS WITH RELATED PARTIES

The shareholders of Dunedin International Airport Limited are Dunedin City Holdings Limited and the Crown - each holding 50%.

DUNEDIN CITY COUNCIL

The Dunedin City Council is the sole shareholder in Dunedin City Holdings Limited. Transactions between related parties will be on a wholly commercial basis. Charges from Dunedin City Council and its other companies and charges to Dunedin City Council and its other companies will be made for services provided as part of the normal trading activities of Dunedin International Airport Limited.

A summary of related parties, and transaction type are noted in the table below:

Related Party	Transaction Type
Dunedin City Council	Rates and Licences
Delta Limited	Maintenance Contracts
Dunedin Venues Management Limited	Corporate Membership
Dunedin City Treasury Limited	Specific Treasury Services

Dunedin City Treasury Ltd

STATEMENT OF INTENT

For the Year Ending 30 June 2025



Statement of Intent 2024/25

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Statement of Intent 2024/25

1. INTRODUCTION

Dunedin City Treasury Limited (DCTL) is a Council-Controlled Organisation (CCO) established to provide treasury and funds management services to entities within the Dunedin City Council Group.

DCTL is a wholly owned subsidiary of Dunedin City Holdings Limited, which is wholly owned by Dunedin City Council (the Council).

This Statement of Intent (SoI) sets out DCTL's planned activities, objectives and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in DCTL's 2025 Annual Report. This SoI takes shareholder comments into consideration.

2. OBJECTIVES

DCTL's purpose is to manage the funding of the Council and its CCOs. In performing this function, DCTL's objective is to ensure adequate funds are available to meet ongoing obligations, minimising funding costs and maximising return on surplus funds, within acceptable levels of risk.

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

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

- a) achieve the objective of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) be a good employer as per clause 36 of Schedule 7 LGA); and
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so."

DCTL has adopted a target to be net zero carbon by 2030, as a contribution to the Council's goal of achieving net carbon neutrality city-wide by 2030. Over the 2025 financial year we will be implementing and building on the roadmap to 2030, developed in 2023. We will engage with our shareholders DCHL and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with the Dunedin City Council to identify alternative or complementary opportunities to contribute to the Dunedin City Council's goal city-wide net zero carbon goal.

In 2024/25, DCTL intends to continue its focus on ensuring adequate cost-effective funding is available to entities within the DCC Group and ensuring that financial risks are effectively identified and managed. We will continue to consider the products and structures that best enable us to achieve our objectives.

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

3. NATURE AND SCOPE OF ACTIVITIES

DCTL undertakes the following activities in support of its objectives:

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

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

Statement of Intent 2024/25

4. APPROACH TO GOVERNANCE

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

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

The DCTL board operates in accordance with the DCC Treasury Risk Management Policy and accepted best practice.

5. PERFORMANCE TARGETS

Goal	Objective	Performance Targets
Ensure funds are available to meet obligations.	Manage the liquidity risk of the DCC Group and use a variety of funding sources to achieve appropriate levels of funds as required by the DCC Group.	Zero breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.
Minimise funding costs, while having regards to interest rate risk.	Utilise a portfolio approach to minimise funding costs and manage interest rate risk in accordance with the DCC Treasury Risk Management Policy.	Zero breaches of DCC Treasury Risk Management Policy's interest rate risk policy.
Maximise returns on surplus funds, within acceptable levels of risk.	Securely invest surplus cash available from within the DCC Group, ensuring funds deposited outside the DCC Group are compliant with the DCC Treasury Risk Management Policy.	Zero breaches of DCC Treasury Risk Management Policy's investment management policy.
Issue securities.	Manage the issuance of securities as and when required.	Successfully fill any issues brought to the market during the year.
Manage financial relationships with third parties.	Maintain financial relationships with preferred financial providers.	Meet at least annually with preferred financial providers.
Maximise the cost effectiveness of financial products.	Maintain a benchmarking system to measure DCTL's performance.	Regular reporting to the Board, of DCTL's achievement against defined benchmarks.
Manage the Waipori Fund on behalf of the Council.	Manage the 'Waipori Fund' fully in accordance with policy and objectives set by Council to achieve the investment objectives.	Management of the fund and meeting the investment objectives set by Council in the Statement of Investment Policy and Objectives.
Manage business risk.	Maintain a risk management framework to regularly identify, mitigate, and report risks.	Quarterly review by the Board, of the DCTL Risk Register and Dashboard. Regular reporting to the shareholder of DCTL's top 5 current risks.
Compliance with Dunedin City Council Treasury Risk Management Policy.	Comply with the DCC Treasury Risk Management Policy.	No breaches of policy. Where breaches have occurred, there are no breaches that have not been reported to the Chief Financial Officer within 1 business day and as per requirements of the policy.
Communicate with the shareholder on a 'no surprises' basis.	Consult with the shareholder in a timely manner on DCTL strategic or operational matters which could compromise the Council's community outcomes.	No such matters that were not escalated to the shareholder in a timely manner.
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	No such matters that were not reported to the shareholder within 24 hours.
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives.	Contribute to Council's Carbon Neutrality initiatives.	Refine and implement DCTL's carbon emissions strategy, and achieve and publicly report progress against our targets. Refine and implement DCTL's waste reduction strategy and achieve and

Statement of Intent 2024/25

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

6. FINANCIAL FORECASTS

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

Ratio of Shareholder's Funds to Total Assets, and the definition of those terms

	Year ending 30/06/2025	Year ending 30/06/2026	Year ending 30/06/2027
Shareholders' Funds to Total Assets	1.8%	1.6%	1.5%

"Shareholders' Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings. "Total Assets" means the aggregate amount of all current and non-current assets.

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

	Year ending 30/06/2025	Year ending 30/06/2026	Year ending 30/06/2027
Dividend/Subvention Distributions	Nil	Nil	Nil

Other Financial Forecasts

	Year ending 30/06/2025 \$'000	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000
EBITDA	38	72	80
Net Profit after Tax	27	52	58
Cash Flow from operations	(125)	845	(223)
Capital Expenditure	0	0	0
Debt	1,444,487	1,589,487	1,719,487
Shareholder's funds *	26,963	27,035	27,115

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

Statement of Intent 2024/25

7. ACCOUNTING POLICIES

General Accounting Policies

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

Particular Accounting Policies

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

8. DIVIDEND POLICY

DCTL's policy is not to pay dividends.

9. COMMERCIAL VALUE OF SHAREHOLDERS' INVESTMENT

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

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

10. TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

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

Related Party Transactions

Dunedin City Council	Provision of debt funding from DCTL generating interest income to DCTL
	Treasury and fund management services provided by DCTL
Dunedin City Holdings Limited and subsidiary companies	Provision of debt funding from DCTL generating interest income to DCTL
	Provision of management services by DCHL
City Forests Limited	Management of foreign exchange

Statement of Intent 2024/25

11. OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD
Information to be provided to the shareholder

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

Working with the shareholder

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

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

Except for the activities of DCTL as Manager for the Dunedin City Council 'Waipori Fund', DCTL will not invest in the shares of another company or invest in an entity other than placing surplus funds with counterparty banks or acquiring LGFA Borrower Notes.

The approval of the Shareholder is required before disposal by DCTL of any segment of its business.

Compensation sought

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

Group Facility Use

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

Other agreements

DCTL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position. DCTL will also work with DCHL to ensure that its sponsorship policy aligns with DCC's strategic framework.

Statement of Intent 2024/25

DUNEDIN RAILWAYS



STATEMENT OF INTENT For the Year Ending 30 June 2025

Statement of Intent 2024/25

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Statement of Intent 2024/25

1. INTRODUCTION

Prior to Covid-19, Dunedin Railways Ltd (DRL or the Company) operated regular tourist and public train services. After a period of reduced operations, DRL is now in a transition phase. This transition is characterised by several key initiatives aimed at preparing for the future and maintaining key assets.

DRL is a wholly owned subsidiary of Dunedin City Holdings Ltd which is wholly owned by Dunedin City Council.

This SoI sets out DRL's planned activities and financial forecasts for the next three years. It includes performance measures and targets, which will be reported against in DRL's 2025 Annual Report.

2. OBJECTIVES

As a Dunedin City Council Group company, DRL aims to contribute to the Council's strategic framework and help achieve city objectives. DRL has aligned with the Council's ambitious goal of achieving net carbon neutrality city-wide by 2030. We will engage with our shareholders, DCHL, and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions.

Customer feedback will continue to guide our improvements and innovations. The transition phase is also an opportunity to enhance the passenger experience. Strengthening our ties with the community remains a priority as we move forward.

As defined in section 59 of the Local Government Act 2002, the principal objectives of CCOs are to:

- a) achieve the objective of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) be a good employer as per clause 36 of Schedule 7 LGA); and
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

DRL conducts its affairs in accordance with sound business practice.

In 2024/2025, while operating under constraints, our focus on sustainability, brand awareness, asset maintenance, and customer engagement reflects a solid commitment to support our commitment to retain a sustainable, reputable, and customer-centric organisation.

3. NATURE AND SCOPE OF ACTIVITIES

In support of its objectives, DRL maintains and operates rolling stock and tracks infrastructure and other related assets, ensuring the smooth and efficient functioning of our services.

DRL is running a public schedule on a regular basis so we remain a vital part of our community and tourist experience.

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

4. APPROACH TO GOVERNANCE

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

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

The DRL board operates in accordance with accepted best practice.

Statement of Intent 2024/25

5. PERFORMANCE TARGETS

Goal	Objective	Performance Targets
Manage the track maintenance plan to support our operational plan.	Ensure the safety, reliability, and efficiency of DRL's infrastructure.	Track is open to Pukerangi by 1 October 2024.
Ensure the health and safety of our people.	Reduce harm to employees, contractors, and passengers.	Lost time incidents are less than two.
Provide and efficiently maintain infrastructure to meet the needs of our customers.	Infrastructure maintenance is carried out without affecting train operations. Ensure the future of the company is protected.	No delays to regular scheduled passenger operations. Continuation of and further development of the Asset Management Plan.
Develop strategies and initiatives to maximise resource use.	Initiatives to maximise the productivity of human resources and capital employed while considering potential opportunities and strategic considerations.	Run no fewer than 130 public trips per annum and service no fewer than 60 cruise ships per annum.
Increase passenger numbers through relationships with tourism operators	Leverage strategic partnerships to boost brand awareness and revenue.	Establish relationships with no less than five tour operators. Increase passenger numbers from tour operators to 20% of total public passengers.
Be recognised as a positive contributor to our community.	Provide sponsorship to community events and organisations. Facilitate community access to venues.	Train tickets are given to community organisations/events. Agree for access to station/train for community activities.
Provide outstanding customer service to our valued customers.	Provide consistent and quality service that exceeds expectations.	Maintain at least 80% customer satisfaction with our in-house customer survey.
DRL maintains a strategic direction that is consistent with the policies and objectives of the shareholder	Ensure Statement of Intent is consistent with objectives of the shareholder.	A draft 2025/2026 Statement of Intent will be submitted to the shareholder by 1 March 2025. Ensure that all direct employees are paid at living wage or above.
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Contribute to Council's Carbon Neutrality initiatives.	Refine and continue to implement DRL's carbon emissions strategy developed in 2022 and publicly report progress. Refine and continue implementing DRL's waste reduction strategy developed in 2022 and publicly report progress. Measure and publicly report our Greenhouse Gas (GHG) emissions and progress towards our emissions and waste reduction strategies and targets in our Annual Report.
Communicate with the shareholder on a 'no surprises' basis	Consult with the shareholders in a timely manner on DRL strategic or operational matters which could compromise Council's community outcomes. Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	No such matters that were not escalated to the shareholder in a timely manner. No such matters that were not reported to the shareholders within 24 hours.

Statement of Intent 2024/25

6. FINANCIAL FORECASTS

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

Ratio of Shareholder's Funds to Total Assets, and the definition of those terms

	Year ending 30/06/2025	Year ending 30/06/2026	Year ending 30/06/2027
Shareholder's Funds to Total Assets	100%	100%	100%

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

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

	Year ending 30/06/2025	Year ending 30/06/2026	Year ending 30/06/2027
Dividend distributions	Nil	Nil	Nil

Other Financial Forecasts

	Year ending 30/06/2025 \$'000	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000
EBITDA	(1,836)	-	-
Net profit/(loss) after tax	(1,887)	-	-
Cash flow from operations	(1,796)	-	-
Capital expenditure	125	-	-
Term loans	-	-	-
Shareholder's funds	462	-	-

DCHL has been instructed to fund DRL up to 30 June 2025. No forecast is available for FY26 and FY27 pending Council decisions.

Financial statements have been included in this SOI as required under PBE FRS 42 to present prospective financial statements. Prospective financial statements are revised annually to reflect updated assumptions and costs.

The operating budget lines below follow the format of the annual reporting templates. The aim is to have consistency in the presentation to make it easier for users to interpret and compare to other information.

The financial information is prospective. Actual results are likely to vary from the information presented and the variations may be material.

Statement of Intent 2024/25

A prospective statement of comprehensive revenue and expense
**FY25
Budget**

Sales Revenue	2,866
Interest received from funds on deposit	17
Total revenue	2,883
Less expenses:	
Operating expenses	2,786
Interest expense	-
Depreciation	52
Employee Expenses	1,932
Total expenditure	4,770
Share of surplus/(deficit) in associates and jointly controlled entities	-
Net Profit before Tax	(1,887)
Add: Subvention Receipt	
Less: Tax Expense	-
Net Profit/(Loss) after Tax	(1,887)
Other comprehensive revenue and expense:	
Interest rate swap hedges gains (losses) during the year	-
Total comprehensive revenue and expense for the year	(1,887)

A prospective statement of changes in equity
**FY25
Budget**

Opening Equity	349
Share Capital Contributions	2,000
Total comprehensive revenue and expense for the year	(1,887)
Closing Equity	462

Statement of Intent 2024/25

A prospective statement of financial position
**FY25
Budget**
Equity

Share Capital	12,847
Accumulated Losses	(12,385)
	462
Non-controlling interest	-
Total Equity	462

Current Assets

Cash and cash equivalents	201
Trade and other receivables	28
Inventories	32
Income tax	24
GST refund receivable	-
Total current assets	285

Non-current Assets

Property, plant and equipment	449
Total non-current assets	449

Total Assets
734
Current Liabilities

Trade and other payables	200
Provisions	73
Total current liabilities	273

Non-current Liabilities

Deferred tax liability (asset)	-
Total non-current liabilities	-

Total Liabilities
273
Net Assets
462

Statement of Intent 2024/25

A prospective cash flow statement

**FY25
Budget**

Cash flows from Operating

Cash was provided from:

Receipts from customers	3,296
Interest received	17
Income Tax/ Subvention	-
Net GST received	-
	<u>3,312</u>

Cash was disbursed to:

Payments to suppliers	5,107
Net GST paid	2
Income tax paid (received)	-
	<u>5,108</u>

Net cash inflows/(outflows) from operating **(1,796)**

Cash flows from Investing

Cash was provided from:

Proceeds from Asset Disposals	-
	<u>-</u>

Cash was disbursed to:

Capital Expenditure	125
	<u>125</u>

Net cash inflows/(outflows) from investing **(125)**

Cash flows from financing

Cash was provided from:

Contributions of capital	2,000
Proceeds from borrowings	-
	<u>2,000</u>

Cash was disbursed to:

Repayment of borrowings	-
	<u>-</u>

Net cash inflows/(outflows) from financing **2,000**

Opening Cash	122
Net Change in Cash	<u>79</u>
Closing Cash	<u>201</u>

In preparing the financial forecasts it was necessary for the company to make key assumptions about the future. The following assumptions are significant in that if actual future events differ from the assumptions, it will result in material variances.

1. Confirmed Charters with minimum forecasted revenues are achieved.
2. DCHL funding of \$2m until 30 June 2025.

Statement of Intent 2024/25

7. ACCOUNTING POLICIES
General Accounting Policies

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

Particular Accounting Policies

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

8. DIVIDEND POLICY

DRL's current policy is not to pay dividends.

9. COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

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

10. TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

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

Related Party Transactions

Dunedin City Council	Council rates for properties owned by DRL
	Lease of Council owned land
Dunedin City Holdings Limited	Funding for FY2025 operations Functions appropriate between Parent company (DCHL) and subsidiary (DRL)
Dunedin City Treasury Limited	Debt facility agreement in place.
Dunedin Venues Management Limited	Provision of administrative services to DRL

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

Statement of Intent 2024/25

11. OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD
Information to be provided to the Shareholder

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



Statement of Intent 2024/25

Working with the shareholder

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

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

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

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

If the Directors intend that DRL should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) they will obtain prior approval of the Shareholder.

The approval of the Shareholder is required before disposal by DRL of any segment of its business, or disposal of any shares in a subsidiary or associated company where the value of the asset to be disposed of exceeds \$500,000.

Compensation sought

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

In FY2025, DRL is receiving funding from its shareholder (DCHL) (acting on instructions from ultimate shareholder Dunedin City Council) in order to fund the cost of operations, which are expected to be loss-making.

In FY2024, DRL began reinvestment in the Taieri Gorge line between Hindon and Pukerangi, in order to enable passenger services to Pukerangi in the 2024/2025 summer season, in alignment with Dunedin City Council's desire to retain train services through the Taieri Gorge in the longer term. Funding from Dunedin City Council for this cost in due course has been assumed.

DRL awaits further guidance from DCHL and Dunedin City Council on funding and other requirements beyond FY2025.

Group Facility Use

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

Other agreements

DRL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position. DRL will assist DCHL in developing a group sponsorship policy, aligned with Council's strategic framework.

Statement of Intent 2024/2025



DUNEDIN STADIUM PROPERTY LTD

STATEMENT OF INTENT For the Year Ending 30 June 2025

2024/25 SoI

Dunedin Stadium Property Limited

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Statement of Intent 2024/2025

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Statement of Intent 2024/2025

1. INTRODUCTION

Dunedin Stadium Property Limited (DSPL) is a Council-Controlled Organisation (CCO) established to hold the ownership of Forsyth Barr Stadium.

DSPL is a wholly owned subsidiary of Dunedin City Holdings Limited, which is wholly owned by Dunedin City Council.

This Statement of Intent (SoI) sets out DSPL's planned activities, objectives and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in DSPL's 2025 Annual Report.

2. OBJECTIVES

DSPL was established with the primary purpose of ownership of Forsyth Barr Stadium. DSPL's overarching objective is to ensure this asset remains a fit for purpose venue for public and private events.

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

DSPL has adopted a target to be net zero carbon by 2030, as a contribution to the Council's goal of achieving net carbon neutrality city-wide by 2030. Over the 2025 financial year we will be implementing and building on the roadmap to 2030, developed in 2023. We will engage with our shareholders DCHL and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with the Dunedin City Council to identify alternative or complementary opportunities to contribute to the Dunedin City Council's city-wide net zero carbon goal.

The Local Government Act 2002 also defines the principal objectives of CCOs as to:

- a) achieve the objective of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) be a good employer as per clause 36 of Schedule 7 LGA); and
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

DSPL conducts its affairs in accordance with sound business practice.

In 2024/2025, DSPL intends to focus on:

- a) ensuring Forsyth Barr Stadium is maintained in accordance with the Asset Management Plan; and
- b) managing DSPL's debt prudently.

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

3. NATURE AND SCOPE OF ACTIVITIES

In support of its objectives, DSPL approves and regularly reviews the stadium's Asset Management Plan, monitors execution of the Asset Management Plan and the asset's performance, ensures an appropriate debt repayment programme is in place, and gives consideration to the long-term strategy for the asset.

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

4. APPROACH TO GOVERNANCE

DSPL is governed by a board of independent directors appointed by the Council. Directors meet regularly to direct and control DSPL's proceedings. The role of a Director of a CCO is defined in the Local Government Act 2002 as "to assist the organisation to meet its objectives and any other requirements in its Statement of Intent." The DSPL board operates in accordance with accepted best practice.

Statement of Intent 2024/2025

5. PERFORMANCE TARGETS

Goal	Objective	Performance Targets
Forsyth Barr Stadium remains a fit for purpose venue for public and private events	Ensure an Asset Management Plan which enables general use of the stadium, and meets asset warranty and guarantee requirements, is in place.	An Asset Management Plan is in place.
	Ensure the Asset Management Plan remains current and relevant.	The Asset Management Plan is internally reviewed annually, and externally reviewed every three years.
	Ensure assets are appropriately maintained.	A current Building Warrant of Fitness is always maintained for the stadium. The Board monitors progress against the Asset Management Plan and material changes to approved budgets.
Manage debt prudently	Ensure an appropriate debt management programme is in place.	A debt management programme is in place and reviewed by the Board annually.
DSPL maintains a strategic direction that is consistent with the policies and objectives of the shareholder	Ensure Statement of Intent is consistent with objectives of the shareholder.	A draft 2025/2026 Statement of Intent will be submitted to the shareholder by 1 March 2025.
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Contribute to Council's Carbon Neutrality initiatives.	Refine and continue to implement DSPL's carbon emissions strategy and achieve and publicly report progress against our targets. Refine and continue to implement DSPL's waste reduction strategy and achieve and publicly report progress against our targets. Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.
Communicate with the shareholder on a 'no surprises' basis	Consult with the shareholder in a timely manner on DSPL strategic or operational matters which could compromise the Council's community outcomes.	No such matters that were not escalated to the shareholder in a timely manner.
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	No such matters that were not reported to the shareholder within 24 hours.

Statement of Intent 2024/2025

6. FINANCIAL FORECASTS

Financial Forecasts

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

Ratio of Shareholder's Funds to Total Assets, and the definition of those terms

	Year ending 30/06/2025	Year ending 30/06/2026	Year ending 30/06/2027
Shareholder's Funds to Total Assets	33%	29%	25%

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

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

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

	Year ending 30/06/2025	Year ending 30/06/2026	Year ending 30/06/2027
Dividend distributions	Nil	Nil	Nil

Other Financial Forecasts

	Year ending 30/06/2025 \$'000	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000
EBITDA	(658)	(406)	(587)
Net / (loss) profit after tax	(9,059)	(8,507)	(9,072)
Cash flow from operations	(3,287)	(2,428)	(2,651)
Capital expenditure	1,205	4,664	894
Term loans	88,220	93,062	94,357
Shareholder's funds	44,702	38,445	31,623

Statement of Intent 2024/2025

Financial statements have been included in this SOI as required under PBE FRS 42 to present prospective financial statements. Prospective financial statements are revised annually to reflect updated assumptions and costs.

The operating budget lines below follow the format of the annual reporting templates. The aim is to have consistency in the presentation to make it easier for users to interpret and compare to other information.

The financial information is prospective. Actual results are likely to vary from the information presented and the variations may be material.

The budget and forecasts assume adjustments to rent and other outgoings charged to DSPL's tenant, Dunedin Venues Management Limited (DVML) in order to make this tenancy more commercially viable for DVML. These adjustments, together with continued higher interest rates, are expected to require an increase in term borrowings across the forecast period. The board of DSPL notes and supports the upcoming review of DVML and the stadium operating/funding model. The adjustments that have been made to the budget and forecasts are an interim step to support DSPL's tenant, but have been made on the basis that the upcoming review will give rise to future changes to the company's financial forecasts to provide a more sustainable long term model for both DVML and DSPL.

A prospective statement of comprehensive revenue and expense

	FY25 Budget	FY26 Forecast	FY27 Forecast
Rent received	1,000	1,000	1,000
Outgoing recoveries	-	-	-
Total revenue	1,000	1,000	1,000
<u>Less expenses:</u>			
Operating expenses	1,658	1,406	1,587
Interest expense	4,138	4,224	4,367
Depreciation	5,783	6,081	6,359
Total expenditure	11,579	11,711	12,313
Share of surplus/(deficit) in associates and jointly controlled entities	-	-	-
Net Profit before Tax	(10,579)	(10,711)	(11,313)
Add: Subvention Receipt	1,521	2,204	2,241
Less: Tax Expense	-	-	-
Net Profit/(Loss) after Tax	(9,059)	(8,507)	(9,072)
Other comprehensive revenue and expense:			
Interest rate swap hedges gains (losses) during the year	-	-	-
Total comprehensive revenue and expense for the year	(9,059)	(8,507)	(9,072)

A prospective statement of changes in equity

	FY25 Budget	FY26 Forecast	FY27 Forecast
Opening Equity	51,511	44,702	38,445
Share Capital Contributions	2,250	2,250	2,250
Total comprehensive revenue and expense for the year	(9,059)	(8,507)	(9,072)
Closing Equity	44,702	38,445	31,623

Statement of Intent 2024/2025

A prospective statement of financial position

Equity

	FY25 Budget	FY26 Forecast	FY27 Forecast
Share Capital	133,929	136,179	138,429
Accumulated Losses	(89,227)	(97,734)	(106,806)
	44,702	38,445	31,623
Non-controlling interest	-	-	-
Total Equity	44,702	38,445	31,623

Current Assets

Bank balance	20	21	21
Trade and other receivables	55	63	19
Total current assets	75	84	39

Non-current Assets

Property, plant and equipment	133,942	132,525	127,060
Total non-current assets	133,942	132,525	127,060

Total Assets

134,017	132,609	127,099
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Current Liabilities

Trade and other payables	131	135	152
Current portion of term borrowings	964	967	967
Total current liabilities	1,095	1,102	1,119

Non-current Liabilities

Term borrowings	88,220	93,062	94,357
Total non-current liabilities	88,220	93,062	94,357

Total Liabilities

89,315	94,164	95,476
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Net Assets

44,702	38,445	31,623
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Statement of Intent 2024/2025

A prospective cash flow statement	FY25 Budget	FY26 Forecast	FY27 Forecast
<u>Cash flows from Operating</u>			
<i>Cash was provided from:</i>			
Receipts from customers	1,000	1,000	1,000
Income Tax/ Subvention	1,521	2,204	2,241
Net GST received	-	-	47
	2,521	3,204	3,288
<i>Cash was disbursed to:</i>			
Payments to suppliers	1,687	1,403	1,572
Net GST paid	24	8	-
Interest paid	4,097	4,221	4,367
	5,808	5,632	5,939
Net cash inflows/(outflows) from operating	(3,287)	(2,428)	(2,651)
<u>Cash flows from Investing</u>			
<i>Cash was provided from:</i>			
Proceeds from Asset Disposals	-	-	-
	-	-	-
<i>Cash was disbursed to:</i>			
Capital Expenditure	1,205	4,664	894
	1,205	4,664	894
Net cash inflows/(outflows) from investing	(1,205)	(4,664)	(894)
<u>Cash flows from financing</u>			
<i>Cash was provided from:</i>			
Call on Capital	2,250	2,250	2,250
Loan Draw downs	5,181	4,842	1,295
	7,431	7,092	3,545
<i>Cash was disbursed to:</i>			
Loan Repayments	2,940	-	-
	2,940	-	-
Net cash inflows/(outflows) from financing	4,492	7,092	3,545
Opening Cash	20	20	21
Net Change in Cash	(0)	1	(0)
Closing Cash	20	21	21

In preparing the financial forecasts it was necessary for the company to make key assumptions about the future. The following assumptions are significant in that if actual future events differ from the assumptions, it will result in material variances.

1. Equity injection from DCHL of \$2.25m in June each year. Assumed to continue after approved period ceases (in line with DCC's 2021-31 LTP)
2. Subvention receipts are forecasted to be received on the assumption that the DCHL tax group will continue to make taxable profits.

Statement of Intent 2024/2025

7. ACCOUNTING POLICIES

General Accounting Policies

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

Particular Accounting Policies

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

8. DIVIDEND POLICY

DSPL's current policy is not to pay dividends.

9. COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

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

10. TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

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

Related Party Transactions

Dunedin City Council	Council rates for properties owned by DSPL
	Lease of Council owned land
Dunedin City Holdings Limited	Provision of administrative services to DSPL
Dunedin City Treasury Limited	Provision of debt funding to DSPL generating interest payments to DCTL
Dunedin Venues Management Limited	Maintenance of asset and grounds
	Lease of asset

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

Statement of Intent 2024/2025

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

Information to be provided to the Shareholder

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

Working with the shareholder

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

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

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

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

If the Directors intend that DSPL should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) they will obtain prior approval of the Shareholder.

The approval of the Shareholder is required before disposal by DSPL of any segment of its business, or disposal of any shares in a subsidiary or associated company where the value of the asset to be disposed of exceeds \$500,000.

Compensation sought

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

Group Facility Use

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

Statement of Intent 2024/2025

Other agreements

DSPL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position. DSPL will also work with DCHL to ensure that its sponsorship policy aligns with DCC's strategic framework.

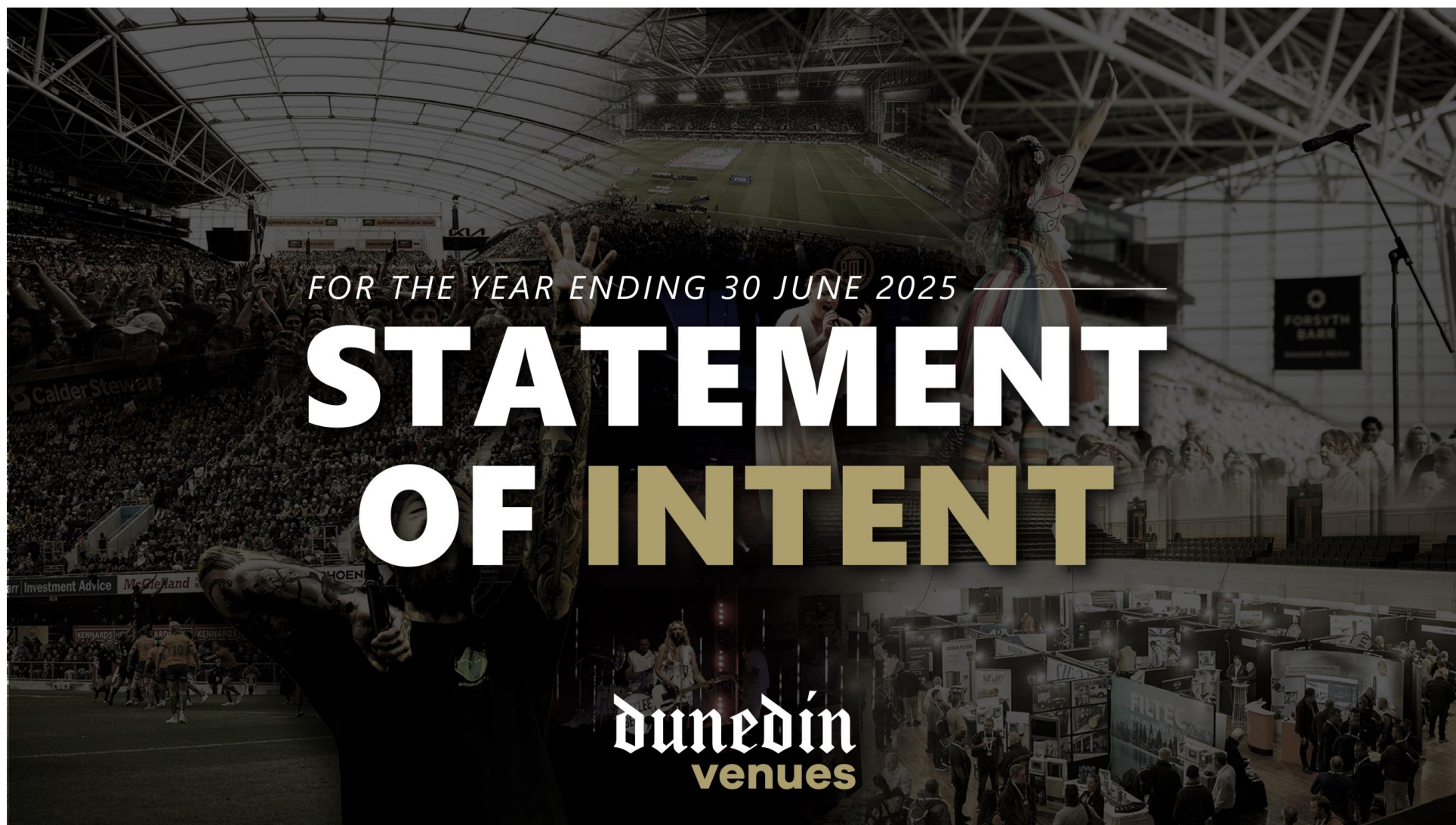


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1. INTRODUCTION

Dunedin Venues Management Limited (DVML) is a stadium operator, events, and venue management company. It is a Council Controlled Trading Organisation (CCTO) wholly owned by Dunedin City Holdings Limited (DCHL), which is wholly owned by Dunedin City Council (DCC).

2. PURPOSE OF STATEMENT OF INTENT

This Statement of Intent (Sol) sets out DVML's planned activities and financial forecasts for the next three years. It includes performance measures and targets which form the basis of DVML's organisational accountability and will be reported on in DVML's 2025 Annual Report. This Sol takes DCHL expectations into consideration.

3. OBJECTIVES

As a CCTO, DVML has the following objectives, as defined in Section 59 of the Local Government Act (LGA):

- a) Achieve the objectives of its shareholder, both commercial and non-commercial, as specified in the statement of intent; and
- b) Be a good employer as per clause 36 of Schedule 7 of the LGA; and
- c) Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- d) To conduct its affairs in accordance with sound business practice.

DVML will contribute to the growth and vitality of Dunedin City by driving strong and sustainable business performance, building a reputation for innovation and excellence in venue management and demonstrating our commitment to the delivery of outstanding event experiences.

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

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

DVML has adopted a target to be net zero carbon by 2030, as a contribution to the Council's goal of achieving net carbon neutrality city-wide by 2030. We will engage with our shareholders DCHL and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with the Dunedin City Council to identify alternative or complimentary opportunities to contribute to the Dunedin City Council's city-wide net zero goal.

4. NATURE AND SCOPE OF ACTIVITIES

The principal activities of DVML are to:

- Source and secure events for all venues under its management that delivers commercial and economic returns for the company and the region.
- Plan, host and deliver exceptional events.
- Manage the assets and facilities for which it is responsible.
- Facilitate community access to the venues for which it is responsible.

In the 2025 financial year DVML will provide input to potential development of the Forsyth Barr Stadium site as required, and will continue to deliver agreed outcomes for Dunedin Railways' operations.

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



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5. CORPORATE GOVERNANCE

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

The role of a director of a CCTO is defined in section 58 of the LGA as "... to assist the organisation to meet its objectives and any other requirements in its statement of intent."

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

The DVML board operates in accordance with accepted best practice governance.



Raewyn Lovett – Chair



Adam La Hood



Verity Webber



Dylan Rushbrook



Lee Piper

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6. PERFORMANCE TARGETS AND OTHER MEASURES

SAFETY AND COMPLIANCE (DCC Strategic Framework Accountabilities – Social and Wellbeing, Parks and Recreation & Ara Toi Arts and Culture)		
Goals	Objectives	Performance Measures
To make safety DVML's first priority and provide a safe environment.	Report on Safety & Wellness management and provide statistical data at each scheduled Board meeting.	<p>An Incident Frequency Rate Events (IFRE) < 0.05% of the total number of event attendees across all venues.</p> <p>Total Incident Rate (TIR) < 6 incidents per 200,000 hours worked.</p> <p>Total Recordable Incidents (TRI) < 3.</p> <p>Lost Time Incidents (LTI) < 2.</p> <p>Lost Time Incident Frequency Rate (LTIFR) < 17 per 1,000,000 hours worked.</p>
Forsyth Barr Stadium is always available to staff, tenants and public.	Facilities and infrastructure are maintained as fit for purpose.	Forsyth Barr Stadium maintains a current Building Warrant of Fitness (BWOF).

HUMAN RESOURCES (DCC Strategic Framework Accountabilities – Social and Wellbeing)		
Goals	Objectives	Performance Measures
To support and sustain a workplace that encourages and enables individuals as well as teams to grow and develop, providing high levels of satisfaction and a strong sense of wellbeing.	<p>Recognise and review staff performance.</p> <p>Ensure staff are engaged with the company vision, purpose and values.</p> <p>Ensure that all direct employees are paid at least the living wage.</p>	<p>Staff performance reviews are conducted at least twice per year.</p> <p>Conduct a confidential staff annual engagement survey and achieve an improved Overall Engagement Rating from the previous survey.</p> <p>All direct employee's are paid the living wage, or more.</p>

IFRE – The Incident Frequency Rate Events is measured by the number of registered incidents divided by the number of attendees.
TIR – The total incident rate is the recorded incidents across all venues multiplied by 200,000 hours worked divided by the actual hours worked by people at the venues.
TRI – The total recordable incidents recorded is the total number of lost time injuries, or injuries which require medical treatment administered by a professional Doctor
LTI – A lost time injury that leads to an employee being absent from work
LTIFR – The lost time injury frequency rate is measured by the number of lost time injuries per 1,000,000 hours worked

6. PERFORMANCE TARGETS AND OTHER MEASURES contd

ENVIRONMENT AND SUSTAINABILITY (DCC Strategic Framework Accountabilities – Te Ao Tūroa Environment)		
Goals	Objectives	Performance Measures
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives.	<p>Contribute to Council's Carbon Neutrality initiatives.</p> <p>Manage DVML operations to enhance economic and environment sustainability.</p>	<p>Review the Emissions & Waste Reduction Strategy and achieve any FY2025 targets set in the Emissions Reduction Action Plan.</p> <p>Review the Emissions & Waste Reduction Strategy and achieve any FY2025 targets set in the Waste Reduction Action Plan.</p> <p>Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.</p> <p>We will work with the DCC to eliminate the serving of drinks in single use cups at DVML venues by the end of 2025.</p>
To engage with the DCC on a regular basis where the DCC can assist DVML to enable local and regional groups to access all facilities under its management.	Facilitate community access through providing funding for community events through the Community Access Grant (\$750,000 annually across all DVML venues).	Report to the DCC on the application of the Service Level Agreement for Community Event Funding to ensure it caters to a variety of events and community groups.

FINANCIAL (DCC Strategic Framework Accountabilities – Economic Development)		
Goals	Objectives	Performance Measures
Attract major events to Dunedin with the assistance of the Event Attraction Fund (EAF), an annual grant from the Dunedin City Council of \$400,000.	Achieve a 15:1 Return On Investment of the Event Attraction Fund.	ROI is achieved and calculated by Visitor Marginal Direct Spend against the level of EAF investment for the major event.

6. PERFORMANCE TARGETS AND OTHER MEASURES contd

MARKETING AND BUSINESS (DCC Strategic Framework Accountabilities – Economic Development)		
Goals	Objectives	Performance Measures
To increase economic benefit to the Dunedin City and region through major events.	Visitor Marginal Direct Spend target is achieved, determined through a post event patron survey assessed by an independent economist.	A minimum of \$5m visitor marginal direct spend for Dunedin City per each major event which uses Event Attraction Funding. Achieve minimum 80% satisfaction rating through surveys of all major events (>10,000 pax).
Forsyth Barr Stadium to provide a sense of value to ratepayers.	Ratepayers feel satisfied that Forsyth Barr Stadium is attracting events and providing economic benefit to the city.	Achieve 85% ratepayer satisfaction with Forsyth Barr Stadium in the Dunedin City Council's Residents' Opinion Survey.
To enhance the sense of value that DVML delivers to its Members.	Members feel valued, engaged and receive exceptional service through enhanced offerings.	Survey Members for satisfaction level – minimum 80% Satisfaction to be achieved. Achieve a 75% retention rate of member renewals by contract value.
To maximise utilisation of Forsyth Barr Stadium.	Manage DVML's operations to maximise economic impact and commercial return through event acquisition at Forsyth Barr Stadium.	Hold a minimum of 50 commercial and community events at Forsyth Barr Stadium.

SHAREHOLDER		
Goals	Objectives	Performance Measures
To bring to the attention of DCHL any matters where there may be conflict between the DCHL outcomes.	Consult with DCHL at the earliest possible time on matters where conflict may or could result.	Matters which may or could cause conflict have been escalated to the Shareholder.
Keep DCHL informed of all substantive matters.	To promptly advise DCHL on a 'no surprises' basis of any substantive matter that has the potential to impact negatively on DCHL and DVML with a particular focus on matters of interest to the media.	Report to DCHL within 24 hours of the Board becoming aware of substantive matters which have the potential to negatively impact on the Shareholder and DVML with a particular focus on matters of interest to the media.

7. FINANCIAL FORECASTS

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

	Year ending 30/06/2025	Year ending 30/06/2026	Year ending 30/06/2027
Shareholder Funds to Total Assets	22%	26%	32%

DVML has adopted a target Shareholder Funds to Total Assets ratio (equity ratio) of 10% but expects this ratio will fluctuate depending on a variety of circumstances including accounting entries relating to IFRS16 leases, asset renewal and investment cycles. In relation to IFRS16, the equity ratio is low in the early years of a lease contract and increases each year as the lease asset reduces.

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

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

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

	Year ending 30/06/2025	Year ending 30/06/2026	Year ending 30/06/2027
Dividend/Subvention Distributions	Nil	Nil	Nil

c. Other Financial Forecasts.

	Year ending 30/06/2025 \$'000	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000
EBITDA	\$1,695	\$1,437	\$1,502
Net Profit/(Loss) after Tax	\$247	\$81	\$144
Cash Flow from Operations	\$1,648	\$1,290	\$1,314
Capital Expenditure	\$665	\$300	\$300
Term Borrowings	\$Nil	\$Nil	\$Nil
Shareholder Funds	\$2,768	\$3,149	\$3,594



8. ACCOUNTING POLICIES

a) General Accounting Policies

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

b) Particular Accounting Policies

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

9. DIVIDEND POLICY

DVML's current policy is not to pay dividends.

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

DVML's retention of cash is important:

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

10.COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

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

This will be considered annually when the Sol is completed.

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

11. TRANSACTIONS WITH RELATED PARTIES

The DCC is the sole shareholder of DCHL.

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

DCHL owns 50% of Dunedin International Airport Limited.

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

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

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

Related Party Transactions

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

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

a) Information to be provided to the shareholder

	Quarterly	Half Yearly	Annual
Key financial performance indicators	✓	✓	✓
Statement of Financial Performance		✓	✓
Statement of Financial Position		✓	✓
Statement of Cash Flows		✓	✓
Statement of Movement in Equity		✓	✓
Notes to the Financial Statements		✓	✓
Statement of Service Performance against Sol targets		✓	✓
Directors Report		✓	✓
Auditors Report			✓
Statement of Intent (Draft)			Prior to 1 March
Statement of Intent (Final)			Prior to 30 June

b) Working with the shareholder

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

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

DVML will work with DCHL to ensure that its sponsorship activities align with DCC's strategic framework.



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

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

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

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

- d) Compensation sought
At the request of DCHL, DVML may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities. At present, DVML does not have any activities in respect of which its Board wishes to seek compensation from any local authority.
- e) Group facility use
DVML will undertake to operate "Group" purchasing of goods and services, unless it is demonstrated conclusively to DCHL that the total combined cost of such Group purchasing to the Group and DCC (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

