



**Date:** Thursday 25 June 2026  
**Time:** 8.30 am  
**Venue:** Council Chamber, Dunedin Public Art Gallery, the Octagon, Dunedin

---

**Council**  
**OPEN ATTACHMENTS**  
**UNDER SEPARATE COVER**

---

<b>ITEM</b>	<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
15	Dunedin City Holdings Group Companies - Statements of Intent 2026/27	
A	Dunedin City Holdings Ltd Cover Report - Sol 2026/27	2
B	Dunedin City Holdings Ltd - Sol 2026/27	9
C	Aurora Energy Ltd - Sol 2026/27	24
D	City Forests Ltd - Sol 2026/27	42
E	Dunedin City Treasury Ltd - Sol 2026/27	56
F	Delta Utility Services Ltd - Sol 2026/27	63
G	Dunedin Stadium Property Ltd - Sol 2026/27	79
H	Dunedin International Airport Ltd - Sol 2026/27	91
I	Dunedin Railways Ltd - Sol 2026/27	107
J	Dunedin Venues Management Ltd - Sol 2026/27	120





8. DCHL is forecasting group net profit before tax of \$47m (including share of associate earnings from Dunedin Airport) in the year ending 30 June 2027. This represents an increase of approximately \$9m on the forecast result for the current year.
9. Earnings from the group's largest investment, Aurora Energy, are forecast to lift significantly in FY27, primarily due to the release of deferred revenue, carried forward from the CPP period. The company expects a flatter profile from FY29.
10. DCHL has advised the Council previously around geographic and sector concentration risk in the portfolio. Aurora gains are offset by weaker forecast earnings from City Forests and Dunedin Airport across the FY27-FY29 SoI period.
11. City Forests' forecasts have softened significantly on last year's outlook, reflecting:
  - Medium-term impacts from the October 2025 wind event on production plans and harvest value recovery;
  - High exposure to fuel market disruption, directly in export shipping costs and contractor costs, with indirect market impacts on economic activity and commodity pricing; and
  - Structurally weaker Chinese demand, due to an enduring property downturn.
12. Dunedin Airport's revised forecast reflects a tougher aviation outlook with a more cautious view of passenger demand, airline economics and financial performance:
  - Since February, fuel supply disruption and market volatility have highlighted ongoing exposure to fuel availability, rising costs and supply chain risk;
  - At the same time, Air New Zealand continues to face aircraft and engine constraints, higher system costs and softer domestic demand, which is affecting capacity and route economics; and
  - Dunedin Airport is exposed through both aeronautical and commercial revenue, with lower passenger volumes reducing airport charges, parking, terminal concessions and related activity.
13. Delta's recent improvement is forecast to continue, although gains are modest in a group context.
14. In the DCHL group forecast, profits of these commercially oriented companies are offset by forecast accounting losses in Dunedin Stadium Property Limited and Dunedin Railways. Losses are funded by planned equity injections from DCC/DCHL.

*Distribution forecasts*

15. In its Letter of Expectation (LoE) for the year ending 30 June 2027, the Council requested a dividend of \$9m, together with the annual interest payment of \$5.9m and a direction to fund Dunedin Railways' track renewals up to \$2m per year.
16. In its feedback on draft SoIs, dated 23 April 2026, the Council requested an increase to dividends, in recognition of current financial pressures on ratepayers. Council staff advised that a one-off increase in FY27 would be challenging for subsequent budgets. Accordingly, we have agreed a sustainable increase of \$3m per annum above the amounts set out in Council's long-term plan. DCHL has forecast a further increase in FY29, signalling our intentions for the portfolio and recognising that equity funding of DRL may not be required after FY27 (note comments below).

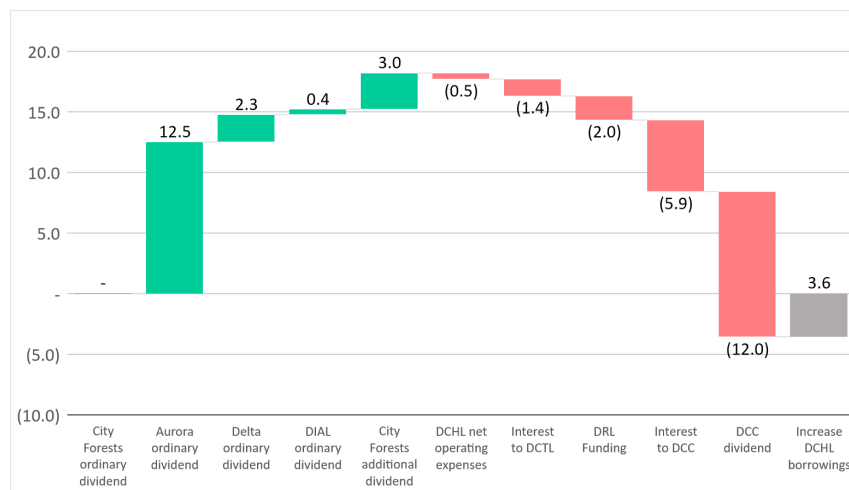


17. This table sets out DCHL’s forecast of cash distributions to DCC (or on behalf of DCC):

Cash flow (\$m)	LoE request	Final SoI	Final SoI	Final SoI
	FY27	FY27	FY28	FY29
Dividend	9.0	12.0	14.0	16.0
Interest on shareholder advance	5.9	5.9	5.9	5.9
DRL equity funding (up to this amount)	2.0	2.0	-	-
<b>Total</b>	<b>16.9</b>	<b>19.9</b>	<b>19.9</b>	<b>21.9</b>

18. The chart below shows the forecast cash flows to and from DCHL in FY27, noting that dividends to DCC can only be made after meeting \$5.9m of interest on the shareholder advance, interest on external borrowings via DCTL, DCHL’s operating costs and any funding required to DRL.

*DCHL parent company cashflows FY27 (\$ million)*



19. Central to our forecasts is a resumption in dividends from Aurora Energy. Aurora last paid a dividend in 2017; since then, the business has been focused on reinvestment in the network and meeting its Customised Price/Quality Path (CPP) commitments.
20. The business is now in a very different position from 2017. Profits have continued to lift, as Aurora Energy earns a regulated return on high levels of investment in the network. The challenge for DCC, via DCHL, as an investor, is not profitability but the availability of cash to distribute to the shareholder. As a regulated business, Aurora has a responsibility to its customers to provide safe, reliable electricity infrastructure. To maintain a reliable network and to cater for growth, resilience and decarbonisation demands, Aurora is planning to continue to invest heavily in the network over the next decade.
21. As articulated in the dividend policy at section 8 of Aurora’s draft SoI, their board expects to be in a position to authorise dividends, subject to achieving and maintaining appropriate, responsible financial ratios. Since capital expenditure is forecast to continue to exceed the operating cash flows generated by the business, borrowings will also



continue to increase. DCHL continues to work with the Aurora board on maintaining appropriate settings.

22. Due to the operating challenges outlined above, City Forests is forecasting no ordinary dividend in FY27, in line with its dividend policy. Additional dividends, which represent the release of capital growth accumulated on balance sheet, are now being scaled back (from \$7m in FY26), as planned, having been elevated while Aurora was not in a position to pay dividends. DCHL continues to work with City Forests on forecast returns and balance sheet structure.
23. As a result, DCHL is forecasting an increase in its borrowings in FY27. DCHL plans to incrementally pay down these borrowings from FY28, whilst maintaining a sustainable dividend flow to DCC. In other words, DCHL is using short/medium term borrowings to smooth dividend flows to DCC.

*Responses to Council feedback on draft Statements of Intent*

24. In addition to updating the financials, DCHL has made the following changes since the draft SoI was submitted, in response to feedback from the Council.
25. Council requested that we include measures to identify, track, and report on co-investment opportunities investigated and developed in **partnership with mana whenua**. Section 2 *Objectives* has been updated to reinforce our commitment to Te Tiriti principles and developing meaningful relationships with mana whenua. In FY27, we envisage this work being foundational – strengthening engagement practices and capability, establishing dialogue, exploring opportunities to partner with mana whenua and, as previously noted by Council, working with Council staff in connection with Te Taki Haruru.
26. Council requested greater consistency in the reporting of **sponsorship activity** across the group, with sponsorships clearly articulated and aligned with the Council's strategic framework. We currently have work in progress to develop and implement a group sponsorship policy. We will add reporting expectations to the scope of this work.
27. Council requested that DCHL consider diversity of demographics and professional backgrounds when selecting **Intern Director programme** participants. DCHL is currently completing appointments to the 2026 intake of the programme, commencing 1 July 2026. The selection process took account of both capability and the value of a mix of demographic perspectives and professional experience.
28. Council encouraged DCHL to support and enable increased **collaboration across subsidiary companies** to strengthen groupwide performance.
  - This remains an important focus for DCHL – seeking opportunities to create synergies, leverage experience or expertise across the DCHL group is a pillar of DCHL's strategic framework (shown on page 3 of the SoI).
  - This is built into our ways of working including twice yearly meetings of group company Chairs and CEs and scheduled engagements with companies.
  - There have been various initiatives over many years. Enduring examples include group insurance procurement (including group loss limits), the DCHL carbon roadmap, sharing of resources between DVML and DRL, Aurora/Delta operational co-operation to enable efficient work planning, events collaboration between Dunedin Venues, Dunedin Airport and Dunedin Railways, etc. As noted already by Councillors, variation between industries (and organisation size) across our companies does present some practical restrictions.

*Narrative changes to final group company Statements of Intent since draft*

29. The financial sections of all group companies' SoIs have been updated to reflect approved budgets and forecasts.
30. Narrative sections have been updated for the matters noted above and any other changes to context. Attached to this report is a table which summarises changes to final group company SoIs since drafts were submitted.



**NEXT STEPS**

31. The Statements of Intent for the year ending 30 June 2027 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**

Date report prepared: 15 June 2026

*Attached:*

Summary of changes to final group company Statements of Intent since draft

Statements of Intent for the year ending 30 June 2027 of:

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



**Summary of changes to final group company Statements of Intent since draft**

<b>Company</b>	<b>Changes</b>
DCHL	<p>Objectives updated to reflect commitments to Te Tiriti, Te Taki Haruru and developing meaningful relationships with mana whenua.</p> <p>Section 11, <i>Other agreements</i> – wording re sponsorship policy developed to encompass reporting.</p> <p>2026/27 priorities on page 4 modified slightly to reflect acceleration of Waipori SIPO review.</p> <p>Description on page 4 of DCC’s investment objectives modified to reflect wording consistent with Investment Framework workstream.</p> <p>Section 3 re responsibilities for appointing directors modified to be more accurate procedurally.</p> <p>Page 10 – Dunedin Airport performance measure has been updated for consistency with their final SoI i.e. passenger numbers target has been refined in response to the impact of the fuel crisis on airline schedules.</p> <p>Commentary following parent company financials updated to reflect changes to equity funding of DSPL and expected equity funding requirements of DRL.</p>
Aurora	<p>No substantive changes except financials.</p> <p>References to draft removed and definitive statement that forecasts are based on final Commerce Commission determinations.</p>
City Forests	<p>No substantive changes except financials.</p>
Delta	<p>No substantive changes except financials. Financials now show an increasing dividend profile.</p> <p>Subtle change to dividend policy: Directors “may exercise discretion in approving a dividend outside of the standard range...” – the word ‘discretion’ has replaced ‘flexibility’.</p>
Dunedin Airport	<p>Narrative updated to note fuel disruption as a central issue, including description of operational and financial impacts.</p> <p>Commentary on capital programme and funding requirements.</p> <p>Change to performance measure re passenger volumes to reflect airline capacity reductions, from a growth rate to an absolute passenger target.</p> <p>Airport operator registration now completed.</p> <p>Due to the significant financial impacts noted, the Chair of DIAL has provided a cover letter which is included in these papers at 1.1.</p>
Dunedin Railways	<p>Additional objective added:</p> <p><i>“Strengthen the Dunedin Railways brand and guest experience through continuous improvement of guest service, presentation standards and tourism product development.”</i></p> <p>Passenger target increased from 38,909 to 41,449, in line with budget assumptions.</p> <p>As a CCO that is not a CCTO, full forecast financial statements are presented together with updated assumptions and commentary, including reference to geopolitical uncertainty and cost pressures.</p>



<b>Company</b>	<b>Changes</b>
Dunedin Venues	Due to operational disruption to the Dunedin Centre buildings, DVML has modified its performance measure re the number of commercial and community events to be held at the Dunedin Centre from 125 to 100.
DSPL	No substantive changes except financials.
DCTL	No substantive changes except financials.



**DUNEDIN CITY HOLDINGS LIMITED**

**STATEMENT OF INTENT**  
**for the year ending 30 June 2027**



*Statement of Intent 2026/27*

**1. INTRODUCTION**

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

DCHL oversees eight subsidiary and associate company investments that provide financial, strategic, economic, community or other benefits 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 2027 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. DCHL is currently working with the Council in connection with its Investment Framework. This work may lead to modifications to DCHL's strategic objectives.

**To achieve the best for Dunedin from its investments.**





*Statement of Intent 2026/27*

In 2026/27, DCHL intends to focus on active management of its portfolio and provide strategic advice to the Council, as its trusted investment portfolio manager. In this connection, DCHL will:

- Following our review of DCC's Investment Framework in the year ending 30 June 2026, develop a project plan and deliver any agreed changes to the governance, management and reporting of the Council's investments;
- Continue to present strategic options on the future composition and direction of the DCHL portfolio;
- Present recommendations following our review of the Waipori Fund Statement of Investment Policies and Objectives (SIPO), aligning this with the Council's broader investment objectives;
- Actively manage investments in trading companies to deliver total returns, comprising both capital growth and dividend yield, that are appropriate to the sectors in which they operate; and
- Consistent with DCC's investment objectives, continue to prioritise strong, consistent and sustainable distributions to Council whilst protecting the real value of capital, within the constraints of the portfolio composition and group company directors' statutory and fiduciary responsibilities.

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 acknowledges its responsibility to give effect to the principles of Te Tiriti o Waitangi / the Treaty of Waitangi in how it operates and makes decisions. As noted by Council, DCHL will work with Council staff to ensure that the Council's Te Taki Haruru Māori Strategic Framework can be effectively integrated into group company Statements of Intent from the 2027/28 financial year.

DCHL is committed to developing meaningful relationships with mana whenua that go beyond consultation and support a more collaborative approach. We will take a deliberate and staged approach to strengthening these relationships. In the first instance, this will focus on improving engagement, understanding mana whenua interests, and incorporating Māori perspectives into our planning and investment thinking, with a focus on:

- Strengthening engagement practices and capability across the group to work effectively with mana whenua;
- Establishing regular and constructive dialogue with iwi and rūnanga; and
- Exploring opportunities to partner with mana whenua, including identifying potential co-investment opportunities where these are mutually beneficial.

Noting variation across the DCHL group in organisational size and maturity, this work will initially focus on building a strong foundation at a group level.

In line with the DCHL Carbon Roadmap, the DCHL Group will continue to reduce emissions and work with DCC to explore and report on potential contributions to Dunedin's citywide emissions reduction goals.

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. We will continue to consider diversity of demographics and professional background in our selection process.

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

- a) achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) be a good employer; and



*Statement of Intent 2026/27*

- 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 provide leadership and oversight to DCHL’s affairs.

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 subsidiary companies. DCHL is also responsible for appointing two of the four directors of Dunedin International Airport Ltd. DCHL directors are also appointed to the boards of Dunedin City Treasury Limited, Dunedin Stadium Property Limited and Dunedin Railways Limited, with the approval of the Council.

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

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

**4. NATURE AND SCOPE OF ACTIVITIES**

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

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

**5. PERFORMANCE TARGETS**

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

Strategic Objective	Activity	Target
<b>To encourage and facilitate increased shareholder value of DCHL Group companies</b>	Monitor performance of DCHL Group companies to ensure returns (financial and other) are optimised	<ul style="list-style-type: none"> <li>• At each board meeting, DCHL reviews DCHL Group companies’ operating and financial performance</li> <li>• DCHL Board monitors DCHL Group companies’ progress against their SoI targets quarterly</li> </ul>
	Seek opportunities to create synergies, leverage experience or expertise across DCHL Group, where appropriate	<ul style="list-style-type: none"> <li>• DCHL Board meet with full group of Chairs and Chief Executives twice annually</li> <li>• Synergies achieved across the DCHL Group</li> </ul>

*Statement of Intent 2026/27*

<b>Strategic Objective</b>	<b>Activity</b>	<b>Target</b>
<b>To take a long term and strategic view of the portfolio, and make proposals to Council on strategic issues</b>	Review DCC Investment Framework and implement agreed changes	<ul style="list-style-type: none"> <li>Agreed changes are implemented</li> </ul>
	Review the Waipori Fund Statement of Investment Policy and Objectives (SIPO)	<ul style="list-style-type: none"> <li>Report to Council on review of Waipori Fund SIPO and implement agreed changes</li> </ul>
	Monitor performance of DCHL portfolio as a whole to ensure returns (financial and other) are optimised	<ul style="list-style-type: none"> <li>DCHL Board review consolidated DCHL Group financial performance against budget monthly</li> <li>DCHL Board review rates of return for DCHL Group companies</li> <li>DCHL Board provide a quarterly update to DCC's Finance and Performance Committee on the DCHL Group's performance (financial and other)</li> <li>Deliver at least 2 individual company briefings to Councillors</li> </ul>
	Consider strategic issues	<ul style="list-style-type: none"> <li>DCHL Board review the ownership and capital structures of the DCHL Group companies (at least annually)</li> <li>Consider capital expenditure proposals and business cases in accordance with company constitutions and SoIs</li> </ul>
<b>To promote and support DCHL Group companies' contribution to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives</b>	Provide input on DCHL Group companies' medium to long term strategies	<ul style="list-style-type: none"> <li>DCHL Board engage with each group company at least annually on strategy</li> </ul>
	Review and approve DCHL Group Statements of Intent for consistency with Council's strategic direction	<ul style="list-style-type: none"> <li>Review draft SoIs by 1 March 2027</li> <li>Approve SoIs by 30 June 2027</li> </ul>
	Set expectations through annual Letters of Expectation to DCHL Group companies	<ul style="list-style-type: none"> <li>Send Letters of Expectation to subsidiary and associate companies by 31 December 2026</li> </ul>
<b>To ensure DCHL Group companies have best practice governance, are good employers, and operate in an environmentally and socially responsible way</b>	Monitor performance of the DCHL group in measuring, reporting and reducing carbon emissions and waste	<ul style="list-style-type: none"> <li>Refine and continue to implement DCHL's carbon emissions and waste reduction strategies</li> <li>Measure and publicly report DCHL group Greenhouse Gas (GHG) emissions in our Annual Report for the group</li> <li>Report progress in respect of DCHL Group's carbon roadmap to DCC</li> </ul>
	Appoint Directors to DCHL Group companies; appoint Chairs to subsidiary companies	<ul style="list-style-type: none"> <li>Appointments and re-appointments are completed on time, and in compliance with DCHL and Council policy</li> </ul>
<b>To ensure DCHL Group companies have best practice governance, are good employers, and operate in an environmentally and socially responsible way</b>	Ensure companies are good employers, and operate in an environmentally and socially responsible way. DCHL expects Group companies to maintain ongoing focus on health and safety as a top priority.	<ul style="list-style-type: none"> <li>Ensure DCHL Group companies have appropriate policies and procedures in place</li> <li>DCHL Board review DCHL Group companies' (including DCHL) ESG disclosures in their Annual Reports</li> </ul>

*Statement of Intent 2026/27*

Strategic Objective	Activity	Target
	Living wage	<ul style="list-style-type: none"> <li>All direct employees of the company and the group are paid at living wage or above</li> </ul>
	Health and safety	<ul style="list-style-type: none"> <li>DCHL Board review DCHL Group companies' Health and Safety measures in regular periodic reporting</li> </ul>
<b>Communicate with the shareholder on a 'no surprises' basis.</b>	Consult with the shareholder in a timely manner on DCHL Group strategic or operational matters which could compromise the Council's community outcomes.	<ul style="list-style-type: none"> <li>All such matters escalated to the shareholder in a timely manner.</li> <li>DCHL board provide briefings to Councillors on matters of significance as required</li> </ul>
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	<ul style="list-style-type: none"> <li>All such matters reported to the shareholder within 24 hours</li> </ul>

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
<b>AURORA ENERGY LIMITED</b>		
<b>Manage risks to staff and community through proactive risk management and executing a health safety and wellbeing strategy</b>	Zero serious harm events involving members of the public.	<ul style="list-style-type: none"> <li>No serious injury events (excluding third party contacts with the network) involving members of the public</li> </ul>
	Reduce harm to employees and contractors.	<ul style="list-style-type: none"> <li>100 board and Leadership site visits and safety observations</li> </ul>
<b>Develop mature and compliant asset management planning approaches and practices across the business</b>	Effective long-term planning for Aurora Energy's asset portfolio is in place.	<ul style="list-style-type: none"> <li>Annual and compliant Asset Management Plan is published as per regulatory requirements.</li> </ul>
<b>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 determination of the Quality standards that will apply to Aurora Energy from 1 April 2026.</b>	SAIDI System Average Interruption Duration Index - Class B Interruptions (Planned)	<ul style="list-style-type: none"> <li>Average minutes without electricity per consumer year ended 31 March 2027: ≤ 215.55 minutes</li> </ul>
	SAIDI System Average Interruption Duration Index - Class C Interruptions (Unplanned)	<ul style="list-style-type: none"> <li>Average minutes without electricity per consumer year ended 31 March 2027: ≤ 128.36 minutes</li> </ul>

*Statement of Intent 2026/27*

Strategic Objective	Activity	Target
	SAIFI System Average Interruption Frequency Index - Class B Interruptions (Planned)	<ul style="list-style-type: none"> <li>Average frequency of outages per consumer year ended 31 March 2027: ≤ 1.22</li> </ul>
	SAIFI System Average Interruption Frequency Index - Class C Interruptions (Unplanned)	<ul style="list-style-type: none"> <li>Average frequency of outages per consumer year ended 31 March 2027: ≤ 1.97</li> </ul>
<b>CITY FORESTS LIMITED</b>		
<b>To optimise the Net Present Value of the estate in perpetuity with the overall goal of managing the financial returns from the forest on a long-term sustainable basis.</b>	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.	<ul style="list-style-type: none"> <li>The Company's annual harvest volumes as detailed in the strategic plan will be within 30% of projected long term sustainable yield.</li> </ul>
<b>To be a socially and environmentally responsible corporate citizen and maintain comprehensive environmental and health and safety systems for the Company's forests and operations.</b>	To minimise lost time accidents, injuries and property damage.	<ul style="list-style-type: none"> <li>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.</li> </ul>
	To maintain Environmental Certification of the Company's forests. (Currently FSC)	<ul style="list-style-type: none"> <li>Forest Stewardship Council Certification of the Forest Estate will be maintained.</li> </ul>
<b>DELTA UTILITY SERVICES LIMITED</b>		
<b>Safe and healthy outcomes for our people are expected.</b>	Maintain effective Health and Safety systems and processes supported by positive organisational culture to enable the Delta value of Everyone Home Safe, Every Day.	<ul style="list-style-type: none"> <li>Total recordable injury frequency rate (TRIFR) per 200,000 hours worked of ≤ 3.50</li> </ul>
		<ul style="list-style-type: none"> <li>Maintain ISO 45001 Occupational Health and Safety Management System accreditation</li> </ul>
<b>DUNEDIN VENUES MANAGEMENT LIMITED</b>		
<b>To increase economic benefit to the Dunedin City and region through major events.</b>	Visitor Marginal Direct Spend and satisfaction rating targets are achieved, determined through a post event patron survey assessed by an independent economist.	<ul style="list-style-type: none"> <li>For each event over 15,000 attendance which uses Event Attraction Funding, achieve a minimum of \$5m visitor marginal direct spend for Dunedin City.</li> </ul>
		<ul style="list-style-type: none"> <li>For each event over 15,000 attendance which uses Event Attraction Funding, achieve a minimum 80% satisfaction rating.</li> </ul>

*Statement of Intent 2026/27*

Strategic Objective	Activity	Target
<b>Keep safety as DVML's first priority and provide a safe environment.</b>	Manage risks to workers, visitors and event attendees through proactive risk identification and management.	<ul style="list-style-type: none"> <li>Health &amp; Safety critical risk controls reviewed every 6 months.</li> </ul>
<b>DUNEDIN STADIUM PROPERTY LIMITED</b>		
<b>Forsyth Barr Stadium remains a fit for purpose venue for public and private events</b>	Ensure an Asset Management Plan which enables general use of the stadium, and meets asset warranty and guarantee requirements, is in place.	<ul style="list-style-type: none"> <li>An Asset Management Plan is in place.</li> </ul>
	Ensure assets are appropriately maintained.	<ul style="list-style-type: none"> <li>A current Building Warrant of Fitness is maintained for the stadium.</li> <li>The Board monitors progress against the Asset Management Plan and material changes to approved budgets.</li> </ul>
<b>DUNEDIN RAILWAYS LIMITED</b>		
<b>Deliver safe, reliable rail operations that build customer confidence and support sustainable growth.</b>	Maintain high levels of service reliability while embedding mature safety practices and asset resilience.	<ul style="list-style-type: none"> <li>Scheduled services operate as planned (excluding weather/third party cancellations).</li> <li>Lost time incidents are less than two.</li> </ul>
<b>Protect and strengthen the long-term resilience of the rail corridor through disciplined asset renewal and capital management.</b>	Deliver the approved track renewal programme efficiently and transparently.	<ul style="list-style-type: none"> <li>No unplanned service cancellations attributable to infrastructure failure.</li> <li>Track renewal programme delivered within approved budget.</li> </ul>
<b>DUNEDIN CITY TREASURY LIMITED</b>		
<b>Ensure funds are available to meet obligations.</b>	Manage the liquidity risk of the DCC Group and use a variety of funding sources to achieve appropriate levels of funds as required by the DCC Group.	<ul style="list-style-type: none"> <li>Zero breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.</li> </ul>
<b>Minimise funding costs, while having regards to interest rate risk.</b>	Utilise a portfolio approach to minimise funding costs and manage interest rate risk in accordance with the DCC Treasury Risk Management Policy.	<ul style="list-style-type: none"> <li>Zero breaches of DCC Treasury Risk Management Policy's interest rate risk policy.</li> </ul>
<b>Maximise returns on surplus funds, within acceptable levels of risk.</b>	Securely invest surplus cash available from within the DCC Group, ensuring funds deposited outside the DCC Group are compliant with the DCC Treasury Risk Management Policy.	<ul style="list-style-type: none"> <li>Zero breaches of DCC Treasury Risk Management Policy's investment management policy.</li> </ul>



*Statement of Intent 2026/27*

Strategic Objective	Activity	Target
<b>DUNEDIN INTERNATIONAL AIRPORT LIMITED</b>		
<b>A world class small airport, for a world class small city.</b>	Maintain our assets to ensure no delays caused by DIAL to scheduled passenger operations.	<ul style="list-style-type: none"> <li>• Zero on-time performance delays to regular passenger transport operations due to airport owned infrastructure.</li> </ul>
	Provide high quality, fit for purpose infrastructure	<ul style="list-style-type: none"> <li>• A high-quality asset management plan is in place and operational.</li> </ul>
<b>Nurture, expand and grow the network.</b>	Work to ensure Dunedin remains a well-connected gateway, benefiting both the community and the broader regional economy	<ul style="list-style-type: none"> <li>• Exceed FY2027 budgeted passenger numbers (815,000 passengers).</li> </ul>
<b>Operate a secure and safe airport.</b>	Continuous improvement in our approach to safety and security risk management.	<ul style="list-style-type: none"> <li>• Nil serious harm to our staff, airport users or contractors.</li> </ul>



*Statement of Intent 2026/27*

**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**

	<b>Year ending 30 June 2027</b>	<b>Year ending 30 June 2028</b>	<b>Year ending 30 June 2029</b>
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**

	<b>Year ending 30 June 2027 \$'000</b>	<b>Year ending 30 June 2028 \$'000</b>	<b>Year ending 30 June 2029 \$'000</b>
Interest paid to shareholder	5,902	5,902	5,902
Dividends	12,000	14,000	16,000

**Other financial forecasts – DCHL Group**

	<b>Year ending 30 June 2027 \$'000</b>	<b>Year ending 30 June 2028 \$'000</b>	<b>Year ending 30 June 2029 \$'000</b>
EBITDA	165,140	177,577	196,523
Net profit/(loss) after tax	31,754	30,488	34,733
Cash flow from operations	84,140	95,231	100,669
Capital expenditure	156,682	163,179	148,910
Term loans	1,650,482	1,920,483	2,060,482
Shareholder's funds	610,412	632,035	656,130



*Statement of Intent 2026/27*

## **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) Maintaining appropriate debt levels;
- f) DCHL's current cost of borrowings; and
- g) The objective to provide a consistent dividend flow to the shareholder.

Subject to Directors' obligations, we are forecasting that dividends will be paid in three equal instalments – October 2026, February 2027 and June 2027.

This Statement of Intent forecasts dividends to the shareholder of \$12 million, in addition to interest on Shareholder's Advance of \$5.9 million and funding for Dunedin Railways Ltd, at the direction of Council, of \$2 million in the 2027 financial year. These amounts will be primarily funded from a resumption in dividends from Aurora Energy Limited and planned additional dividends from City Forests Ltd.

Our forecasts indicate that a dividend stream from Aurora will be necessary to enable DCHL to meet DCC's dividend expectations as set out in its 9-year plan 2025-2034. Aurora has an elevated capital investment programme across the next 10 years and probably longer, driven by network growth and decarbonisation. This will require funding from both retained earnings and higher borrowings. Future dividends from Aurora will therefore be funded by debt for the foreseeable future, subject to maintaining appropriate financial ratios. Combined with DCC's own borrowing requirements, DCC group debt is forecast to increase significantly in coming years, which may put pressure on the credit rating of DCC and Dunedin City Treasury Limited. DCHL continues to work with Aurora Energy to enable an optimal dividend stream whilst maintaining acceptable financial ratios.

Having increased its external borrowings in 2025 and 2026, in order to meet DCC's dividend requests, DCHL intends to balance repayment of these incremental borrowings with delivering higher cash returns to DCC.

We note that dividends payable to DCC are made after meeting interest costs on the Shareholder's Advance (shown below) and term loans, DRL funding, as well as the operating costs of DCHL.



*Statement of Intent 2026/27*

**DCHL parent entity financial forecasts**

<b>Key incoming cash</b>	<b>Year ending 30 June 2027 \$'000</b>	<b>Year ending 30 June 2028 \$'000</b>	<b>Year ending 30 June 2029 \$'000</b>
Dividend income received from subsidiary and associate companies	18,192	22,495	25,301
Contribution of equity received from Dunedin City Council (for DSPL)	4,155	5,405	5,405
<b>Key outgoing cash</b>	<b>Year ending 30 June 2027 \$'000</b>	<b>Year ending 30 June 2028 \$'000</b>	<b>Year ending 30 June 2029 \$'000</b>
Contribution of equity made in DSPL	4,155	5,405	5,405
Equity funding of Dunedin Railways	2,000	-	-
Interest on shareholder's advance	5,902	5,902	5,902
Dividend distribution to shareholder	12,000	14,000	16,000
<b>Other key financial forecasts</b>	<b>Year ending 30 June 2027 \$'000</b>	<b>Year ending 30 June 2028 \$'000</b>	<b>Year ending 30 June 2029 \$'000</b>
Net profit/(loss) after tax	8,417	14,608	17,550
Term loans	32,695	32,109	30,509

The financial forecasts included in this Statement of Intent were approved by the board of DCHL in June 2026.

Forecast distributions in the year ending 30 June 2027 represent 143% of parent company NPAT (2028: 96%, 2029: 91%), which is higher than the minimum distribution of 60% under the company's dividend policy.

DCC funding of capital expenditure and debt repayment requirements in Dunedin Stadium Property Limited (DSPL) is transacted by increasing share capital (equity) in DCHL, which, in turn, increases its share capital in DSPL.

As directed by the Council in January 2025, the DCHL parent company will fund track renewals of Dunedin Railways Limited up to \$2 million per annum. If the equity funding required by Dunedin Railways in the year ending 30 June 2027 is less than the \$2 million allocated, the balance will be distributed to DCC as a dividend, subject to Directors' obligations. Current forecasts indicate that equity contributions to Dunedin Railways Limited will not be required in the years ending 30 June 2028 and 2029, due to the forecast availability of subvention payments from other group companies, utilising brought forward tax losses, and forecast increases in cash from operations.

**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 2026/27*

**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 the shares in Dunedin International Airport Limited.

Transactions between group 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



---

*Statement of Intent 2026/27*

---

*Working with the Shareholder*

DCHL will undertake to keep the Shareholder informed of all substantive matters, including those 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.

In addition to the group financial information set out in the table above, DCHL will make available to Council parent company results.

*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 generate added value to DCHL. In order to maximise benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

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

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

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

*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 continue to work with Council staff and group companies to develop and implement a sponsorship policy, that aligns with the Council's strategic framework and enables greater clarity in reporting of sponsorship activity across the group.

DCHL and group companies will work collaboratively with DCC and the group's auditors to incrementally shorten the DCC group annual reporting timeline.



# AURORA ENERGY LTD STATEMENT OF INTENT

YEAR ENDED 30 JUNE 2027







## **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 2027 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 new and innovative technologies.

The electricity distribution sector is changing rapidly in response to decarbonisation objectives, and Aurora Energy has refreshed its strategic focus to ensure it is ready to support future network operating models which will see customers adopting new technology solutions and connecting to its network in different ways.

During the year ended 30 June 2027, the Company will continue to transition from a traditional electricity network business to a business more capable of leveraging digital technology-based advancements and responding dynamically to the requirements of customers and communities. Key initiatives have been focused on the continued development and efficient operation of an intelligent network, strategic partnerships and collaboration opportunities and the need to maintain delivery of our core HSW, customer service, works delivery and compliance responsibilities.

Aurora Energy announced a collaborative Heads of Agreement with Alpine Energy in December 2025. Aurora Energy and Alpine Energy have agreed to work together to create more efficient scale, to strengthen services for the communities we serve, and to better position our networks for the future energy transition. Further updates and recommendations will be submitted to Dunedin City Holdings Limited as details are confirmed. Aurora Energy is committed to reducing its carbon emissions and will continue to work with Dunedin City Holdings Ltd and Dunedin City Council to explore and report on potential contributions to Dunedin's citywide emissions reduction goals. We will continue to implement our carbon emissions and waste reduction strategies and will publicly report progress towards the targets in each Annual Report.

Aurora Energy's carbon emissions associated with network line losses are excluded from our emissions reduction targets 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.

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 balance the capital investment programme necessary to support timely asset replacement and renewals, decarbonisation demands, climate change resilience and economic and population growth, with the need to provide sustainable dividends and 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
<b>PEOPLE &amp; HEALTH, SAFETY &amp; WELLBEING</b>		
<b>Supporting the development, safety and wellbeing of our people and fostering a culture that attracts and retains the best talent</b>		
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: 2027      0 2028      0 2029      0
	Reduce harm to employees and contractors	Board and Leadership Site Visits and Safety Observations  2027      100 2028      100 2029      100
	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
<b>FUTURE NETWORK</b>		
<b>Investing in our network and operations to meet the changing electricity demands of customers</b>		
Develop mature & compliant asset management planning approaches and practices across the business	Implement process and capability improvements identified in Asset Management Plan	Asset management development initiatives delivered in accordance with timetable in Asset Management Plan
	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 determination of the Quality standards that will apply to Aurora Energy from 1 April 2026 – refer 'Quality standards for DPP4' in Electricity Distribution Services Default Price-Quality Path Determination 2025 (dated 20 November 2024).	SAIDI System Average Interruption Duration Index - Class B Interruptions (Planned)	Average minutes without electricity per consumer Limits for years ended 31 March: 2027 ≤ 215.55 minutes 2028 ≤ 215.55 minutes 2029 ≤ 215.55 minutes
	SAIDI System Average Interruption Duration Index - Class C Interruptions (Unplanned)	Average minutes without electricity per consumer Limits for years ended 31 March: 2027 ≤ 128.36 minutes 2028 ≤ 128.36 minutes 2029 ≤ 128.36 minutes
	SAIFI System Average Interruption Frequency Index - Class B Interruptions (Planned)	Average frequency of outages per consumer Limits for years ended 31 March: 2027 ≤ 1.22 2028 ≤ 1.22 2029 ≤ 1.22
	SAIFI System Average Interruption Frequency Index - Class C Interruptions (Unplanned)	Average frequency of outages per consumer Limits for years ended 31 March: 2027 ≤ 1.97 2028 ≤ 1.97 2029 ≤ 1.97

Goals	Objectives	Performance Measures
<b>DELIVERING WORK</b>		
<b>Delivering a safe and efficient work programme through integrated planning, forecasting, and partnerships</b>		
To maintain effective and efficient planning, scheduling and procurement functions that drive the delivery of work programmes on the network.	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
<b>CUSTOMERS AND COMMUNITIES</b>		
<b>Focusing on what matters to customers and partnering with local business and stakeholders to support regional growth</b>		
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: 2027      \$75,000 2028      \$75,000 2029      \$75,000
	To provide regular updates to the community on our planning and delivery of major projects in our network regions	Any annual delivery reporting and regional community engagements are delivered in accordance with regulatory requirements
	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
<b>DIGITAL ENABLEMENT</b> <b>Applying technology, innovation and new skills to drive digital transformation and productivity across the organisation</b>		
To be efficient, forward- thinking and digital-enabled	Develop a digital transformation roadmap to support intelligent business transformation	Digital transformation roadmap approved by the Board and targets for FY2027 are met

Goals	Objectives	Performance Measures
<b>BUSINESS PERFORMANCE</b>		
<b>Demonstrably optimising future value for both customers and our shareholder</b>		
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)
To have a sustainable workplace, focused on delivering value to our shareholder, customers and community	Contribute to Dunedin's citywide goal of carbon neutrality	Continue to refine and implement our carbon emissions reduction strategy, and achieve and publicly report progress
	Minimise waste and the associated negative environmental impacts	Continue to refine and implement our waste reduction strategy, and achieve and publicly report progress
	Implement opportunities to transition light motor fleet to electric or hybrid vehicles where appropriate	Continue to replace non-utility/towing combustion engine vehicles with either hybrid or EV and provide updates in Aurora Energy Annual Reports.
	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
<b>SHAREHOLDER</b> <b>Ensuring sound governance and delivering growth and value to our shareholder and customers</b>		
Bring to the attention of the Shareholder any strategic or operational matters where there may be conflict between the Council's community outcomes and those of the Company and seek the Shareholder's view	Consult with the Shareholder at the earliest possible time on matters where conflict may or could result	Potential conflicts notified to the Shareholder Targets: 2027 No unnotified potential conflicts 2028 No unnotified potential conflicts 2029 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: 2027 All substantive matters reported within 24 hours 2028 All substantive matters reported within 24 hours 2029 All substantive matters reported within 24 hours



## 6 Financial Forecasts

The financial forecasts included in this section are derived from revenue and expenditure allowances approved by the Commerce Commission in its determination of the Company's Default Price-Quality Path for the period from 1 April 2026 to 31 March 2030.

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

	Year ending 30/06/2027	Year ending 30/06/2028	Year ending 30/06/2029
<b>Shareholder's Funds to Total Assets</b>	28%	28%	28%

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 30/06/2027 \$000	Year ending 30/06/2028 \$000	Year ending 30/06/2029 \$000
<b>Dividend</b>	12,500	14,800	15,500

### c) Other financial forecasts

	Year ending 30/06/2027 \$000	Year ending 30/06/2028 \$000	Year ending 30/06/2029 \$000
<b>EBITDA</b>	124,897	129,888	138,923
<b>Net profit after tax</b>	43,467	40,313	40,763
<b>Cash flow from operations</b>	85,673	88,645	92,873
<b>Capital expenditure</b>	127,918	144,539	134,998
<b>Term borrowings</b>	662,072	735,622	795,022
<b>Shareholder's funds</b>	313,907	339,420	364,684



## 7 Accounting Policies

---

### a) General Accounting Policies

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

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

### b) Particular Accounting Policies

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

## 8 Dividend Policy

---

As a regulated business, Aurora Energy has a responsibility to its customers to provide safe, reliable electricity infrastructure. To maintain a reliable network and to cater for growth, resilience and decarbonisation demands, we are planning to continue to invest heavily in the network over the next decade. We expect the company's capital investment programmes will be funded by increased revenue and increased borrowings.

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. As indicated in recent years, Aurora Energy considers it will be reasonable for dividend payments to resume when the company can achieve and sustain an FFO/debt ratio in excess of 8.5-9%, without breaching the other financial ratios exhibited by BBB investment grade credit rated entities – for example, Debt/EBITDA < 5-6 times.

The Board expects to be in a position to authorise the resumption of dividends in the 2027 financial year. The Board intends to authorise 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 its financial 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.



- c) The Company will continue to assess and manager cyber-security risks in a manner appropriate to the sector it operates in.
- d) The Company will provide updated long-term forecasts to Dunedin City Treasury Limited on a quarterly basis.
- e) The Company is committed to working with DCHL to support the DCHL Intern Director programme.
- f) The Company is committed to working with DCC, DCHL and Audit New Zealand to incrementally shorten the DCC Group annual reporting timeline.





*City Forests Limited Statement of Intent 2026 / 2027*

**TABLE OF CONTENTS**

Table of Contents.....	2
1 Introduction.....	3
2 Objectives.....	3
3 Approach to Governance.....	4
4 Nature and Scope of Activities.....	4
5 Performance Targets and Other Measures.....	5
6 Financial forecasts.....	9
7 Accounting Policies.....	10
8 Dividend Policy.....	10
9 Commercial Value of the Shareholder's investment.....	11
10 Transactions with Related Parties.....	11
11 Information to be provided to the Shareholders in the Financial Reports.....	12
12 Other matters as agreed by the Shareholder and the Board.....	13



*City Forests Limited Statement of Intent 2026 / 2027*

## **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 2027 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 strengthens 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, whilst maximising 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.

This is achieved through a strategy of:

- sustainable forest management
- sustainable harvest levels
- fit for purpose asset maintenance
- maintaining a safe and capable workforce
- 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 Limited Statement of Intent 2026 / 2027*

City Forests has a goal to reduce its carbon emissions by 2030, and contribute towards the DCC goal of achieving net carbon neutrality city-wide by 2030. Over the 2027 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. 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 2026 / 2027*

**5 PERFORMANCE TARGETS AND OTHER MEASURES**

Goals	Objectives	Performance Measures
The principal goal of City Forests Limited is to operate a long-term sustainable business and to maintain and enhance the values of the forest estate investment including; economic, social and environmental values. The specific corporate goals of City Forests Limited are:	The implementation of the goals will be facilitated by the adoption of the following specific objectives	The objectives will be met on achievement of the following indicators.
<b>ECONOMIC OBJECTIVES</b>		
Goals	Objectives	Performance Measures
<b>Increase Long Term Shareholder Value of the Company</b>		
To achieve a long-term after-tax return to Shareholders on their investment in the Company and to maximise the long term sustainable financial return to Shareholders. <b>Attention will be given to cash flow performance.</b>	To implement strategic actions which will increase the long-term profitability and cash flow generation of the Company. City Forests will focus on prioritising sustainable cash returns to DCHL over material expansion of the forestry estate area.	The Company will report its rate of return to the shareholder measured by ((closing equity + distributions)- opening equity)/opening equity on a post-tax 3 year rolling average basis.  A review of the Company's long term strategic plan will be completed each year and the projected rate of return to the shareholder will be reported, measured as detailed above on a post-tax 3 year rolling average basis.
<b>Market Diversification</b>		
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 and reported.  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 and Financial Plans. ETS participation and Carbon sales volumes will be tracked and reported.

*City Forests Limited Statement of Intent 2026 / 2027*

Goals	Objectives	Performance Measures
<b>Sustainable Yield, Environmental &amp; Biological Risk</b>		
<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>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>
Goals	Objectives	Performance Measures
<b>Research and Development</b>		
<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 2026 / 2027*

	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.
<b>ENVIRONMENTAL AND SOCIAL OBJECTIVES</b>		
<b>Goals</b>	<b>Objectives</b>	<b>Performance Measures</b>
<b>Corporate Responsibility</b>		
To be a socially and environmentally responsible corporate citizen and maintain comprehensive environmental and health and safety systems for the Company's forests and operations.	To minimise lost time accidents, injuries and property damage.  To maintain Environmental Certification of the Company's forests. (Currently FSC®)  To preserve and enhance rare threatened and endangered (RT&E) species on the Company's estate.	Lost time accident rates for staff and contractors will be minimised and tracked with a target of less than 15 lost time accidents per 1,000,000 hours worked.  The Company will undertake drug and alcohol testing of its staff and contract workforce. The number of random tests and percentage of positive random tests will be tracked and reported.  Forest Stewardship Council® Certification (FSC® C008934) of the Forest Estate will be maintained.  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.
<b>Goals</b>	<b>Objectives</b>	<b>Performance Measures</b>
<b>Skilled Workforce</b>		
To maintain an experienced, trained for task and reliable staff including managing succession  To operate a personnel policy that complies with and adopts the principle of being a good employer.	To ensure employees are trained or under training for the tasks they perform and to promote vocational training within the Company's staff.  To actively encourage "Forestry" as a vocation.	The company will verify that its employees are trained or under training for the tasks they perform.  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.

*City Forests Limited Statement of Intent 2026 / 2027*

Goals	Objectives	Performance Measures
<b>Recreation and Education</b>		
To encourage the use where appropriate, of the Company's forests for recreational and educational purposes by both organised groups and individuals.	To promote and manage community recreation and educational use of the Company's forests.	The Company will maintain a Forest Access permit system, track and report on forest recreational use statistics.
<b>Shareholder Outcomes</b>		
To recognise and maintain the vision of our forbearers in creating the Company Forest Estate and to apply the principle of Kaitiakitanga (Guardianship and Protection).	To maintain, 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 will be communicated 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 will be reported to the shareholder within 24 hours.
Living Wage employer	Ensure that all direct employees are paid the living wage or above. (as calculated by the New Zealand Family Centre Social Policy Unit).	The Company will disclose in its Annual Report the proportion of its workforce (staff) receiving the living wage
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 in our Annual Report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction goals.



*City Forests Limited Statement of Intent 2026 / 2027*

**6 FINANCIAL FORECASTS**

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

	Year ending 30/06/2027	Year ending 30/06/2028	Year ending 30/06/2029
Shareholders' Funds to Total Assets	68.4%	69.1%	70.0%

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 30/06/2027	Year ending 30/06/2028	Year ending 30/06/2029
Normal Dividend	\$0	\$3m	\$4.5m
Special Dividend	\$3.0m	\$1.8m	\$1.8m

**c. Other Financial Forecasts**

	Year ending 30/06/2027	Year ending 30/06/2028	Year ending 30/06/2029
EBITDA	\$7.0m	\$8.3m	\$11.0.0m
Net Profit after Tax	\$3.1m	\$4.0m	\$6.0m
Cash Flow from operations	\$.1.7m	\$6.2m	\$10.2m
Capital Expenditure	\$.9m	\$1.0m	\$1.1m
Term Borrowings	\$50.1m	\$47.3m	\$42.5m
Shareholders Funds	\$258.1m	\$257.4m	\$257.0m

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 2026 / 2027*

**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 30/06/2027	Year ending 30/06/2028	Year ending 30/06/2029
Special Distribution	\$3.0m	\$1.8m	\$1.8m

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 debt facility remains at \$60m 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.

Budgeted base dividend payments will be agreed as part of the annual business planning cycle. Dividends will be paid in equal instalments in December 2026 and June 2027.



*City Forests Limited Statement of Intent 2026 / 2027*

**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.



*City Forests Limited Statement of Intent 2026 / 2027*

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

	<b>Quarterly</b>	<b>Half Yearly</b>	<b>Annual</b>
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 <sup>th</sup> June



*City Forests Limited Statement of Intent 2026 / 2027*

## **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.

### *DCC Group Financial Reporting*

City Forests will work with DCC, DCHL and Audit New Zealand to incrementally shorten the DCC Group annual reporting timeline.

### *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.

### *Long term debt Forecasts*

The Company will commit to provide updated long term debt forecasts to Treasury on a quarterly basis.

### *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.

### *Cyber Security Risk*

The Company will assess and manage cyber-security risks in a manner appropriate to the sector in which it operates.

### *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.



---

*City Forests Limited Statement of Intent 2026 / 2027*

---

*Other agreements*

City Forests Limited will not give sponsorship or accept sponsorship from or give naming rights to companies involved in activities deemed to be inconsistent with DCC's ethical position. The Company will work with DCHL to ensure that its sponsorship policy aligns with DCC's strategic framework.

*Director Intern Development Program*

City Forests will continue to support the DCHL Intern Director programme.



# **Dunedin City Treasury Ltd**

## **STATEMENT OF INTENT**

**for the year ending 30 June 2027**



*Statement of Intent 2026/27*

**TABLE OF CONTENTS**

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



---

*Statement of Intent 2026/27*

---

## **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 (DCHL), which is wholly owned by Dunedin City Council (DCC or "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 2027 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 objectives of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) be a good employer as per clause 36 of Schedule 7 LGA); and
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so."

In line with the DCHL Carbon Roadmap, DCTL will reduce emissions and work with DCC and DCHL to identify and explore potential contributions to citywide emissions reduction goals.

In 2026/27, DCTL intends to continue its focus on ensuring adequate cost-effective funding is available to entities within the DCC Group and ensure 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.

## **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.

*Statement of Intent 2026/27*

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

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

**5. PERFORMANCE TARGETS**

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



*Statement of Intent 2026/27*

**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**

	<b>Year ending 30 June 2027</b>	<b>Year ending 30 June 2028</b>	<b>Year ending 30 June 2029</b>
Shareholders' funds to total assets	1.2%	1%	1%

"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.**

	<b>Year ending 30 June 2027</b>	<b>Year ending 30 June 2028</b>	<b>Year ending 30 June 2029</b>
Distributions	Nil	Nil	Nil

**Other financial forecasts**

	<b>Year ending 30 June 2027 \$'000</b>	<b>Year ending 30 June 2028 \$'000</b>	<b>Year ending 30 June 2029 \$'000</b>
EBITDA	93	183	174
Net profit after tax	93	183	174
Cash flow from operations	1,057	(836)	(848)
Capital expenditure	Nil	Nil	Nil
Debt	1,650,482	1,920,482	2,060,482
Shareholder's funds *	20,360	20,543	\$20,717

\* 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 2026/27*

**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 will be 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
	Management of New Zealand emission units (NZUs)
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 and other group companies as required	Management of foreign exchange



*Statement of Intent 2026/27*

**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's policy is to not enter into any sponsorship arrangements.

DCTL will work with DCC and DCHL and the group's auditors to incrementally shorten the DCC group annual reporting timeline.



# DELTA UTILITY SERVICES LIMITED *STATEMENT OF INTENT*

For the year ending 30 June 2027

**DELTA**  
THINK.INFRASTRUCTURE

*Statement of Intent 2026/2027*

**TABLE OF CONTENTS**

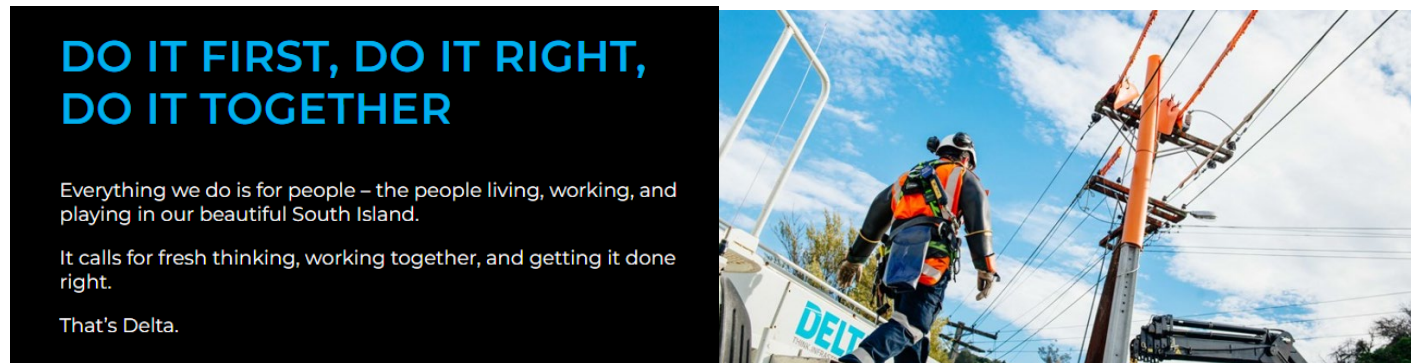
1	INTRODUCTION .....	3
2	OBJECTIVES .....	4
3	APPROACH TO GOVERNANCE .....	5
4	NATURE AND SCOPE OF ACTIVITIES.....	5
5	PERFORMANCE TARGETS AND OTHER MEASURES .....	6
6	FINANCIAL/ECONOMIC TARGETS .....	10
7	ACCOUNTING POLICIES.....	11
8	DIVIDEND POLICY.....	12
9	COMMERCIAL VALUE OF SHAREHOLDER’S INVESTMENT .....	12
10	TRANSACTIONS WITH RELATED PARTIES .....	13
11	OTHER MATTERS AGREED BY DELTA UTILITY SERVICES AND THE SHAREHOLDER.....	14

*Statement of Intent 2026/2027*

**1 INTRODUCTION**

Delta Utility Services Ltd (“Delta”) is an infrastructure specialist providing a range of contracting services to local authority, corporate and private customers. We construct, manage and maintain essential energy and community infrastructure. We are headquartered in Dunedin, with regional depots in Nelson, Rangiora, Christchurch, Cromwell, Alexandra, Wanaka, Queenstown and Auckland. Delta 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.



**DO IT FIRST, DO IT RIGHT,  
DO IT TOGETHER**

Everything we do is for people – the people living, working, and playing in our beautiful South Island.

It calls for fresh thinking, working together, and getting it done right.

That's Delta.

*Statement of Intent 2026/2027*

## 2 OBJECTIVES

As a CCTO, Delta 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".

Delta's objective is to maximise consistent long-term annual dividend returns with an expectation of providing a commercial level of return on investment to DCHL, appropriate to the sector it operates in. Delta is also focused on capital management with a goal of returning any surplus capital to DCHL.

Delta's focus for FY2027 will be to continue to deliver improvement in financial performance whilst minimising our carbon footprint and improving Health and Safety outcomes.

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

In line with the DCHL carbon roadmap and in support of the Dunedin City Council's city-wide carbon neutrality initiatives, Delta will continue to

- Reduce emissions and report on these; and
- Explore potential contributions to city-wide emissions reduction goals.

### OUR VISION

Great people shaping better communities together.

### OUR PURPOSE

- Local professionals with innovative ideas, passionate about serving our communities.

---

*Statement of Intent 2026/2027*

---

### **3 APPROACH TO GOVERNANCE**

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

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 Delta 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 Delta.

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

### **4 NATURE AND SCOPE OF ACTIVITIES**

The principal activity of Delta is the provision of contracting services, which include the construction, operation, and maintenance of essential energy and environmental infrastructure. Delta also provides specialist services in electrical metering, owning a range of metering assets and providing field support services to the metering sector. The undertaking of any activity of a nature or scope not provided for in Delta's mission or goals would be subject to the prior approval of DCHL.

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 approximately 600 skilled professionals, with a strong dedication and passion for our work. We are committed to our people, safety, and the environment, and we support the communities we live and work in.

Delta's total assets were \$64 million as at 30 June 2025, and Delta generated operational revenues of \$130 million for the year then ended.

*Statement of Intent 2026/2027*

**5 PERFORMANCE TARGETS AND OTHER MEASURES**

Strategic Objective	Activity	Performance Measure
<b><i>Community</i></b>		
<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 to 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 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 2026/2027*

Strategic Objective	Activity	Performance Measure
<b>People</b>		
<i>It is the skill and dedication of our people that makes the difference for our customers and keeps everyone safe at work. 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	Maintain effective Health and Safety systems and processes supported by positive organisational culture to enable the Delta 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.
Maintain the health and wellbeing of staff	Maintain an employee wellbeing programme	Programme maintained throughout the year
	Ensure that all direct employees are paid at living wage or above	All direct employees are paid at the living wage or above
Run an effective apprenticeship/trainee 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	Monitor staff retention as a percentage of permanent staff	Staff retention ≥ 85% per annum

*Statement of Intent 2026/2027*

Strategic Objective	Activity	Performance Measure
<b><i>Environment</i></b>		
<i>We are committed to continual improvement in our environmental performance, prevention of harm to the environment and adoption of sustainable work practices.</i>		
Operate using sustainable work practices that prevent harm to the environment	Maintain a well-recognised environmental accreditation	ISO14001 accreditation is maintained
Fully comply with environmental and resource consents	Maintain full compliance with the Resource Management Act (RMA)	Nil breaches of the RMA
Contribute to Dunedin City Councils city-wide carbon neutrality initiatives	Continue to refine and implement our Carbon Emission and Waste Reduction strategy	Selected Greenhouse Gas (GHG) emissions are measured and reported in our Annual Report

*Statement of Intent 2026/2027*

Strategic Objective	Activity	Performance Measure
<b><i>The Shareholder</i></b>		
<i>We are committed to communicating our activities and strategy clearly to DCHL and to continue to maintain an active dialogue.</i>		
Bring to the attention of DCHL any strategic or operational matters where there may be a conflict between the Dunedin City Council's community outcomes and those of Delta and seek DCHL's view on these	Consult with DCHL at the earliest possible time on matters where a conflict may arise	All potential conflicts notified to DCHL
Keep DCHL informed of all substantive matters	On a "no surprises" basis, advise DCHL promptly of any substantive matter that has the potential to impact negatively on DCHL and Delta with a particular focus on the media	Substantive matters reported to DCHL within 24 hours
Keep DCHL well briefed on monthly financial results and progress in respect of the Delta Boards plans for business strategy and performance improvement	Provide monthly KPI reports that include financial results and progress on performance improvement initiatives	KPI reports provided each month

*Statement of Intent 2026/2027*

**6 FINANCIAL/ECONOMIC TARGETS**

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

	Year ending 30/06/2027	Year ending 30/06/2028	Year ending 30/06/2029
<b>Shareholder’s Funds to Total Assets</b>	≥ 56%	≥58%	≥58%

Delta 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.

“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 30/06/2027 \$000	Year ending 30/06/2028 \$000	Year ending 30/06/2029 \$000
<b>Dividend</b>	2,250	2,500	2,750

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

*Statement of Intent 2026/2027*

c) **Other financial forecasts**

	Year ending 30/06/2027 \$000	Year ending 30/06/2028 \$000	Year ending 30/06/2029 \$000
<b>EBITDA</b>	≥ 12,327	≥ 13,507	≥ 13,822
<b>Net profit after tax</b>	≥ 3,735	≥ 4,558	≥ 4,758
<b>Cash flow from operations</b>	≥ 10,478	≥ 12,167	≥ 11,829
<b>Capital expenditure</b>	≤ 9,500	≤ 9,500	≤ 8,500
<b>Term borrowings</b>	≤ 4,500	≤ 6,000	≤ 7,000
<b>Shareholder's funds</b>	≥ 35,390	≥ 37,447	≥ 39,455

## 7 ACCOUNTING POLICIES

a) **General Accounting Policies**

Delta 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. Delta'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 Delta's accounting policies are also subject to change over the period of the SOI.

b) **Particular Accounting Policies**

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

*Statement of Intent 2026/2027*

---

## **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 DCHL.

Delta's dividend policy is to pay dividends within the range of 50-75% of the 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 determining the level of dividend Directors will consider stakeholder communication and may exercise discretion in approving a dividend outside of the standard range, subject to solvency requirements being met.

In arriving at a dividend recommendation, Directors will consider:

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

We are forecasting that any dividend payments will be made in equal instalments in December 2026 and June 2027.

## **9 COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT**

The commercial value of DCHL's investment in Delta 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 2026/2027*

**10 TRANSACTIONS WITH RELATED PARTIES**

Dunedin City Council is the sole Shareholder of DCHL.

DCHL 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.

DCHL 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 DCHL Board.

***Related Party Transactions***

Aurora Energy Ltd	Provision of maintenance and construction services
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 Delta generating interest payments to Dunedin City Treasury Ltd
Dunedin Venues Management Ltd	Provision of greenspace services

*Statement of Intent 2026/2027*

**11 OTHER MATTERS AGREED BY DELTA UTILITY SERVICES LIMITED AND THE SHAREHOLDER**

Information to be provided to the Shareholder:	Quarterly	Half Yearly	Annually
Key financial performance indicators	✓	✓	✓
Long-term debt forecasts	✓		
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		✓	✓
Auditor's Report			✓
Statement of Intent (Draft)			Prior to 1 March
Statement of Intent (Final)			Prior to 30 June

---

*Statement of Intent 2026/2027*

---

Delta has agreed to:

- Assess and manage cyber-security risks in a manner appropriate to the sector that we operate in; and
- Continue to support the DCHL Intern Director Programme; and
- Work with the Dunedin City Council, DCHL and Audit New Zealand to incrementally shorten the Dunedin City Council Group annual reporting timeline

**Working with the Shareholder**

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

Delta will work with DCHL 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**

Delta 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 Delta. In order to maximise the benefit to DCHL, 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 Delta or its subsidiaries should acquire assets, they will obtain prior approval of DCHL 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 Delta 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 DCHL.

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

---

*Statement of Intent 2026/2027*

---

**Compensation Sought**

At the request of DCHL, Delta 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, Delta does not have any activities of this nature.

**Group Facility Use**

Delta 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 Dunedin City Council (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

**Other agreements**

Delta 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 2026/2027*



# **DUNEDIN STADIUM PROPERTY LTD**

**STATEMENT OF INTENT**  
**for the year ending 30 June 2027**



*Statement of Intent 2026/2027*

**TABLE OF CONTENTS**

Table of Contents .....	2
1. Introduction .....	3
2. Objectives.....	3
3. Nature and scope of activities .....	3
4. Approach to governance .....	3
5. Performance targets .....	4
6. Financial forecasts.....	5
7. Accounting policies.....	9
8. Dividend policy .....	9
9. Transactions with related parties .....	9
10. Other matters as agreed by the Shareholder and the Board .....	10



*Statement of Intent 2026/2027*

**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 (DCHL), which is wholly owned by Dunedin City Council (DCC).

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 2027 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.

In line with the DCHL Carbon Roadmap, DSPL will reduce and report on emissions and explore potential contributions to citywide emissions reduction goals.

The Local Government Act 2002 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 2026/2027, 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 DCHL. DCHL directors appointed to the board of DSPL are appointed by DCC. 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 2026/2027*

**5. PERFORMANCE TARGETS**

<b>Goal</b>	<b>Objective</b>	<b>Performance Targets</b>
<b>Forsyth Barr Stadium remains a fit for purpose venue for public and private events</b>	Ensure an Asset Management Plan which enables general use of the stadium, and meets asset warranty and guarantee requirements, is in place.	An Asset Management Plan is in place.
	Ensure the Asset Management Plan remains current and relevant.	The Asset Management Plan is internally reviewed annually, and externally reviewed every three years.
	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.
<b>Manage debt prudently</b>	Ensure an appropriate debt repayment plan is in place.	The Board reviews long-term debt forecasts annually and engages with the shareholder as required.
<b>DSPL maintains a strategic direction that is consistent with the policies and objectives of the shareholder</b>	Ensure Statement of Intent is consistent with objectives of the shareholder.	A draft 2027/2028 Statement of Intent will be submitted to the shareholder by 1 March 2027.
<b>Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives</b>	Reduce emissions and explore potential contributions to citywide emissions reduction goals.	Refine and continue to implement DSPL's carbon emissions and waste reduction strategies.
<b>Communicate with the shareholder on a 'no surprises' basis</b>	Consult with the shareholder in a timely manner on DSPL strategic or operational matters which could compromise the Council's community outcomes.	No such matters that were not escalated to the shareholder in a timely manner.
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	No such matters that were not reported to the shareholder within 24 hours.



*Statement of Intent 2026/2027*

**6. FINANCIAL FORECASTS**

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

	<b>Year ending 30 June 2027 \$'000</b>	<b>Year ending 30 June 2028 \$'000</b>	<b>Year ending 30 June 2029 \$'000</b>
EBITDA	(358)	(127)	(179)
Net / (loss) profit after tax	(5,211)	(6,838)	(6,779)
Cash flow from operations	(718)	(2,207)	(2,468)
Capital expenditure	7,286	4,043	1,938
Term loans	86,328	87,173	86,174
Shareholder's funds	45,219	43,785	42,411

The board of DSPL acknowledges the Council's decision on 4 March 2026 to provide additional funding of \$1.25 million in the year ending 30 June 2027, then increasing the additional funding to \$2.5 million from the year ending 30 June 2028 onwards, to support capital expenditure and debt repayment for the Forsyth Barr Stadium. This funding is provided by way of increases to share capital, via DSPL's shareholder, DCHL.

As a council-controlled organisation that is not a council-controlled trading organisation, the company presents forecast financial statements for the year ending 30 June 2027 and the following two years, as required by section 64(6) of the Local Government Act 2002. The financial information is prospective.

Actual results are likely to vary from the information presented and the variations may be material. 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 may result in material variances.

- Equity injections from DCHL each year are assumed to continue for the foreseeable future; and
- Subvention receipts are forecast to be received on the assumption that the DCHL tax group will continue to make sufficient taxable profits.

The board is responsible for the information presented, including the underlying assumptions and all other disclosures. The prospective financial statements contain no actual operating results and will not be updated subsequent to presentation in this Statement of Intent.



*Statement of Intent 2026/2027*

**Forecast Statement of Comprehensive Revenue and Expenses**

	<b>FY27 Budget 000's</b>	<b>FY28 Forecast 000's</b>	<b>FY29 Forecast 000's</b>
Rent received	1,152	1,260	1,260
Total revenue	1,152	1,260	1,260
<b>Less Expenses:</b>			
Operating expenses	1,509	1,387	1,439
Interest expense	3,741	3,843	3,970
Depreciation	4,553	4,530	4,251
Total expenditure	9,803	9,761	9,659
Share of surplus/(deficit) in associates and jointly controlled entities	-	-	-
<b>Net Profit before Tax</b>	<b>(8,651)</b>	<b>(8,501)</b>	<b>(8,399)</b>
Add: subvention receipt	3,440	1,662	1,620
Less: tax expense	-	-	-
<b>Net Profit/(Loss) after Tax</b>	<b>(5,211)</b>	<b>(6,838)</b>	<b>(6,779)</b>
Other comprehensive revenue and expense:			
Interest rate swap hedges gains (losses) during the year	-	-	-
<b>Total Comprehensive Revenue and Expenses for the year</b>	<b>(5,211)</b>	<b>(6,838)</b>	<b>(6,779)</b>

**Forecast Statement of Changes in Equity**

	<b>FY27 Budget 000's</b>	<b>FY28 Forecast 000's</b>	<b>FY29 Forecast 000's</b>
Opening equity	46,275	45,219	43,785
Share capital contributions	4,155	5,405	5,405
Total comprehensive revenue and expense for the year	(5,211)	(6,838)	(6,779)
<b>Closing Equity</b>	<b>45,219</b>	<b>43,785</b>	<b>42,411</b>



Statement of Intent 2026/2027

**Forecast Statement of Financial Position**

	<b>FY27 Budget 000's</b>	<b>FY28 Forecast 000's</b>	<b>FY29 Forecast 000's</b>
<b>Equity</b>			
Share capital	140,989	146,394	151,799
Accumulated losses	(95,770)	(102,609)	(109,388)
	45,219	43,785	42,411
Non-controlling interest	-	-	-
<b>Total Equity</b>	<b>45,219</b>	<b>43,785</b>	<b>42,411</b>
<b>Current Assets</b>			
Bank balance	20	20	20
Trade and other receivables	105	52	26
Total current assets	125	72	46
<b>Non-current Assets</b>			
Property, plant and equipment	132,420	131,933	129,620
Total non-current assets	132,420	131,933	129,620
<b>Total Assets</b>	<b>132,546</b>	<b>132,005</b>	<b>129,667</b>
<b>Current Liabilities</b>			
Trade and other payables	117	133	138
Current portion of term borrowings	882	914	944
Total current liabilities	999	1,047	1,082
<b>Non-current Liabilities</b>			
Term borrowings	86,328	87,173	86,174
Total non-current liabilities	86,328	87,173	86,174
<b>Total Liabilities</b>	<b>87,327</b>	<b>88,220</b>	<b>87,256</b>
<b>Net Assets</b>	<b>45,219</b>	<b>43,785</b>	<b>42,411</b>



Statement of Intent 2026/2027

**Forecast Cash flow Statement**

	<b>FY27 Budget 000's</b>	<b>FY28 Forecast 000's</b>	<b>FY29 Forecast 000's</b>
<b><u>Cash flows from Operating</u></b>			
<i>Cash was provided from:</i>			
Receipts from customers	1,152	1,260	1,260
Income tax/ subvention	3,440	1,662	1,620
Net GST received	23	55	26
	<u>4,614</u>	<u>2,977</u>	<u>2,906</u>
<i>Cash was disbursed to:</i>			
Payments to suppliers	1,624	1,373	1,435
Net GST paid	-	-	-
Interest paid	3,708	3,811	3,940
	<u>5,332</u>	<u>5,184</u>	<u>5,374</u>
<b>Net cash inflows/(outflows) from operating</b>	<b>(718)</b>	<b>(2,207)</b>	<b>(2,468)</b>
<b><u>Cash flows from Investing</u></b>			
<i>Cash was provided from:</i>			
Proceeds from asset disposals	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash was disbursed to:</i>			
Capital expenditure	7,286	4,043	1,938
	<u>7,286</u>	<u>4,043</u>	<u>1,938</u>
<b>Net cash inflows/(outflows) from investing</b>	<b>(7,286)</b>	<b>(4,043)</b>	<b>(1,938)</b>
<b><u>Cash flows from financing</u></b>			
<i>Cash was provided from:</i>			
Call on capital	4,155	5,405	5,405
Loan draw downs	9,660	845	-
	<u>13,815</u>	<u>6,250</u>	<u>5,405</u>
<i>Cash was disbursed to:</i>			
Loan repayments	5,811	-	998
	<u>5,811</u>	<u>-</u>	<u>998</u>
<b>Net cash inflows/(outflows) from financing</b>	<b>8,004</b>	<b>6,250</b>	<b>4,407</b>
Opening cash	20	20	20
Net change in cash	(0)	0	(0)
<b>Closing Cash</b>	<b>20</b>	<b>20</b>	<b>20</b>



*Statement of Intent 2026/2027*

**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 to not pay dividends.

**9. 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**

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 2026/2027*

**10. OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD**

*Information to be provided to the Shareholder*

<b>Information</b>	<b>Quarterly</b>	<b>Half Yearly</b>	<b>Annual</b>
Key financial and service performance indicators	✓	✓	✓
Long-term debt forecasts	✓		
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.







# Statement of Intent 2027

**dunedin**  
AIRPORT

# Contents

2

Introduction

2

Ownership & Governance

3

Regulatory Context

4

Nature and Scope of Activities

5

Our Purpose, Vision & Strategy

7

Objectives & Performance Measures

9

Financial Performance & Forecasts

13

Accounting Policies  
Dividend Policy

14

Reporting to Shareholders

Acquisition of Shares in any Company or Organisation

Transaction with Related Parties

15

Appendix I

Appendix II

**Prepared by**

Dunedin International Airport Limited  
Address: 25 Miller Road, Momona 9073  
Postal Address: Private Bag 1922, Dunedin 9054  
Phone: +64 3 470 0400  
Website: [dunedinairport.co.nz](http://dunedinairport.co.nz)  
Date: 30 June 2026

# 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 in the Statement of Service Performance (SSP) which forms part of its Annual Report.

The SOI is a public and legally required document, developed annually and covering a three-year period. This SOI covers the period from 1 July 2026 to 30 June 2029.

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

# Ownership & Governance

Dunedin Airport was originally established under the Airport Authorities Act 1966 and incorporated on 30 September 1988.

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.

Refer to Appendix I for an outline of the role and governance objectives of our Board of Directors.

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.



# 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:

- A registered airport operator under the Civil Aviation Act 2023 and an aerodrome operator under Civil Aviation Rule Part 139;
- A 'lifeline utility' under the Civil Defence Emergency Management Act 2002;
- A 'network utility operator' and 'requiring authority' under the Resource Management Act 1991.

DIAL is registered as an airport operator under the Civil Aviation Act 2023. The Civil Aviation Act 2023 came into force on 5 April 2025 and repeals the Airport Authorities Act 1966 on 5 April 2030, following a five-year transition period.

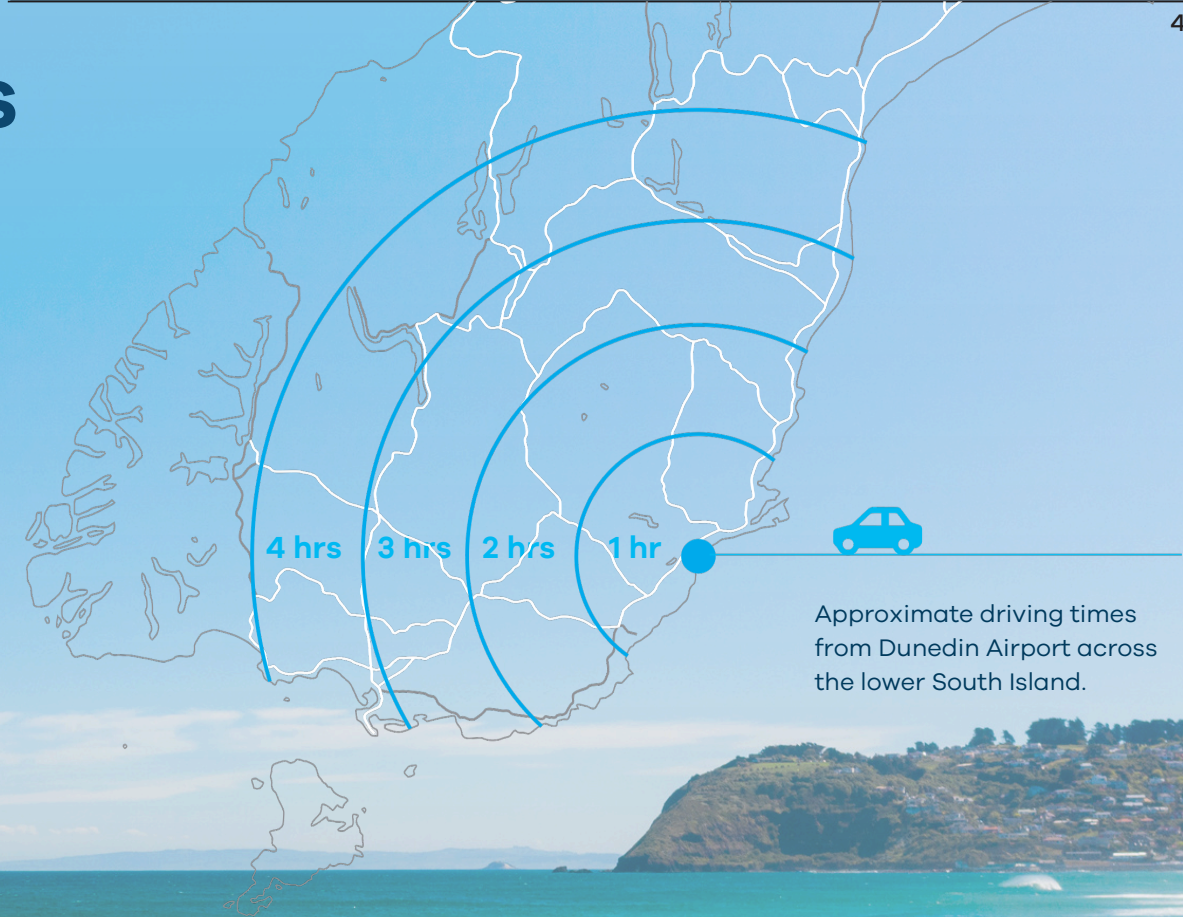
During the transition to the Civil Aviation Act 2023, DIAL continued to meet applicable information-disclosure obligations carried over from the Airport Authorities Act 1966 and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, to the extent they continued to apply during this period.

DIAL has historically been treated as a specified airport company for the purposes of the Airport Authorities Act 1966 and continues to comply with applicable information-disclosure requirements during the transition to the Civil Aviation Act 2023.



# Nature and Scope of Activities

**WHEREVER YOU'RE  
THINKING OF GOING,  
YOU'RE NOT FAR AWAY.**



Approximate driving times from Dunedin Airport across the lower South Island.

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.

Dunedin Airport is a key player within a much larger aviation ecosystem. We do not operate in isolation; our success is deeply connected to the overall health and prosperity of the global aviation network. For this ecosystem to thrive, a strong and resilient industry is essential.

Collaboration, strategic partnerships, and mutual support across this broader system are vital to ensuring we continue to fulfil our long-term aspirations and foster sustained regional growth.

## 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.

We are committed to transforming airport accessibility to make travel easier and more enjoyable for people with disabilities. By prioritising accessibility, communication, and tailored support, we aim to create truly inclusive travel experiences.

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 2025 Annual Report, as at 30 June 2025 the value of Shareholder's funds in the Statement of Financial Position is \$95,655,000.

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

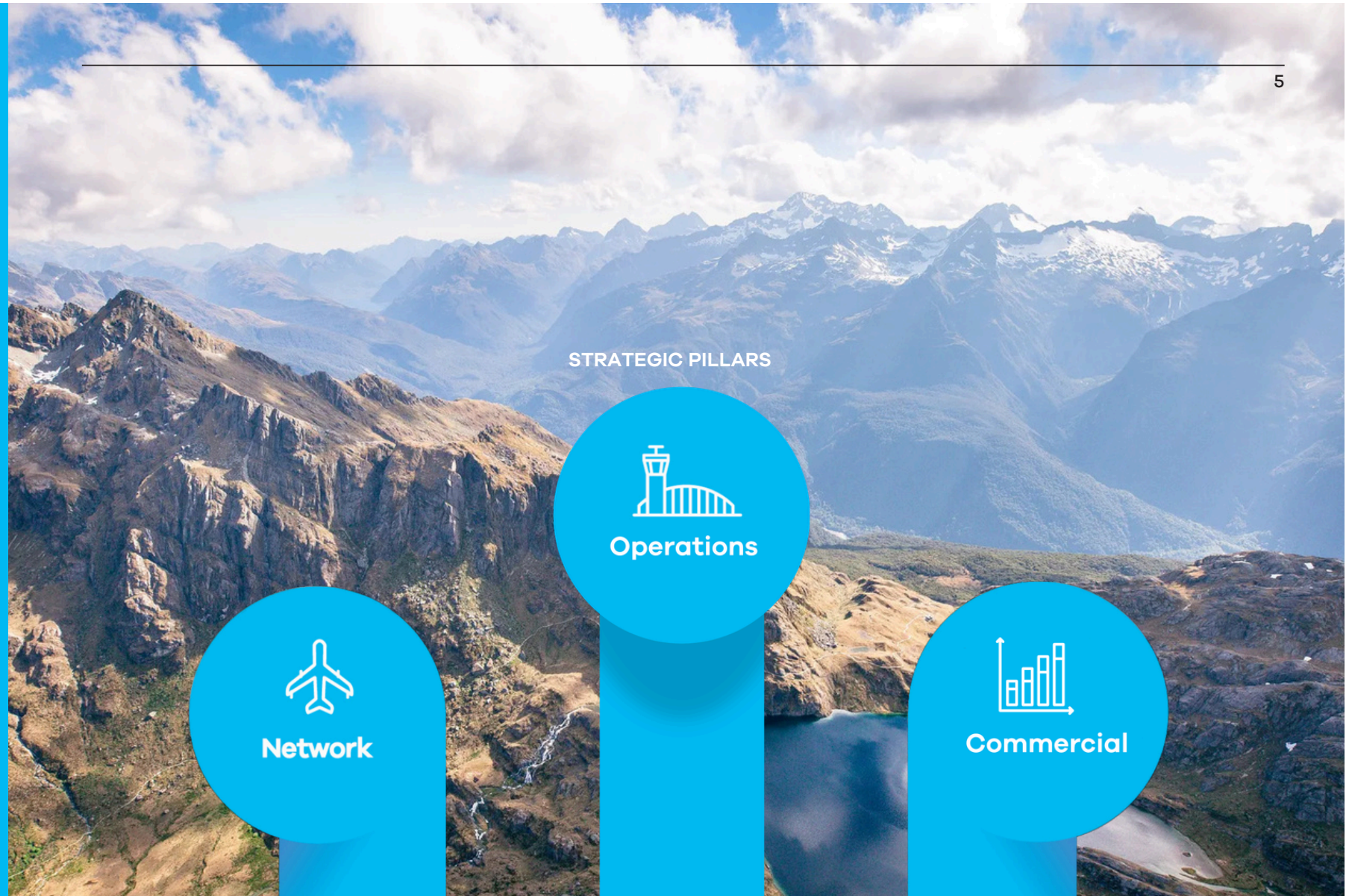
# Our Purpose, Vision & Strategy

We recently reviewed and refreshed our strategy, culminating in the unveiling of Flight Plan 2050.



## OUR PURPOSE FLIGHT PLAN 2050

To provide a sustainable, thriving gateway in the lower south that connects people, business and communities to our taoka.



### STRATEGIC PILLARS

Network

Operations

Commercial



### OUR FOUNDATION



Safety



People



Place

### VALUES THAT GUIDE US



Be You



Better Together



Can Do



Make It Easy



We Care



Make It Happen

# Our Purpose, Vision & Strategy

Dunedin Airport is proud to serve as the gateway connecting Dunedin and the lower South of New Zealand to the world.

Our purpose is to provide a sustainable, thriving gateway in the lower south that connects people, business and communities to our taoka.

This provides a clear North Star for our people and partners and reinforces that our role is to provide connectivity that benefits communities, business and visitors.

Dunedin Airport is a catalyst for regional growth and economic development. As a vital link for passengers and freight, we enable local businesses to access markets and opportunities across New Zealand and overseas. This supports jobs, attracts investment and strengthens the local economy.

Our airport is more than an infrastructure asset. It is a critical enabler of economic prosperity, human connection and sustainable development for the lower South.

Through strong partnerships with business and community, we are well positioned to contribute to the region's growth and future connectivity.

As a lifeline utility, Dunedin Airport plays a critical role in regional resilience, particularly in a civil emergency.

Dunedin Airport is situated within Ōtākou's takiwā. Our relationship with Te Rūnaka o Ōtākou remains a cornerstone of our commitment to ensuring that operations respect and reflect the cultural and environmental significance of the land.

Under Flight Plan 2050, which we have further refined, our focus is now expressed through three core pillars: Network, Operations and Commercial, supported by the foundations of Safety, People and Place. Place reflects our partnerships, brand, customer experience and sustainability commitments.

This updated framework guides our work to protect and grow connectivity, deliver affordable and resilient infrastructure, and maintain a sustainable EBITDAF.

As we move into the 2027 financial year, the New Zealand aviation sector is facing significant headwinds. The fuel supply disruption has highlighted the vulnerability of the aviation system.

At the same time, airline operating performance, aircraft availability, sector cost pressures and pressure on discretionary household spending are affecting demand dynamics and route economics.

The full impact of recent fuel market disruption remains uncertain, including the potential flow-on effects of higher market prices and cost escalation across both operating expenditure and capital delivery.

These conditions are being felt directly at Dunedin Airport. Passenger volumes are lower than previously forecast, airline economics are more challenging, and some non-aeronautical revenue lines have softened.

The impact is compounded by the need to continue with a substantial capital programme, including critical renewals across the airfield, three-waters and related infrastructure.

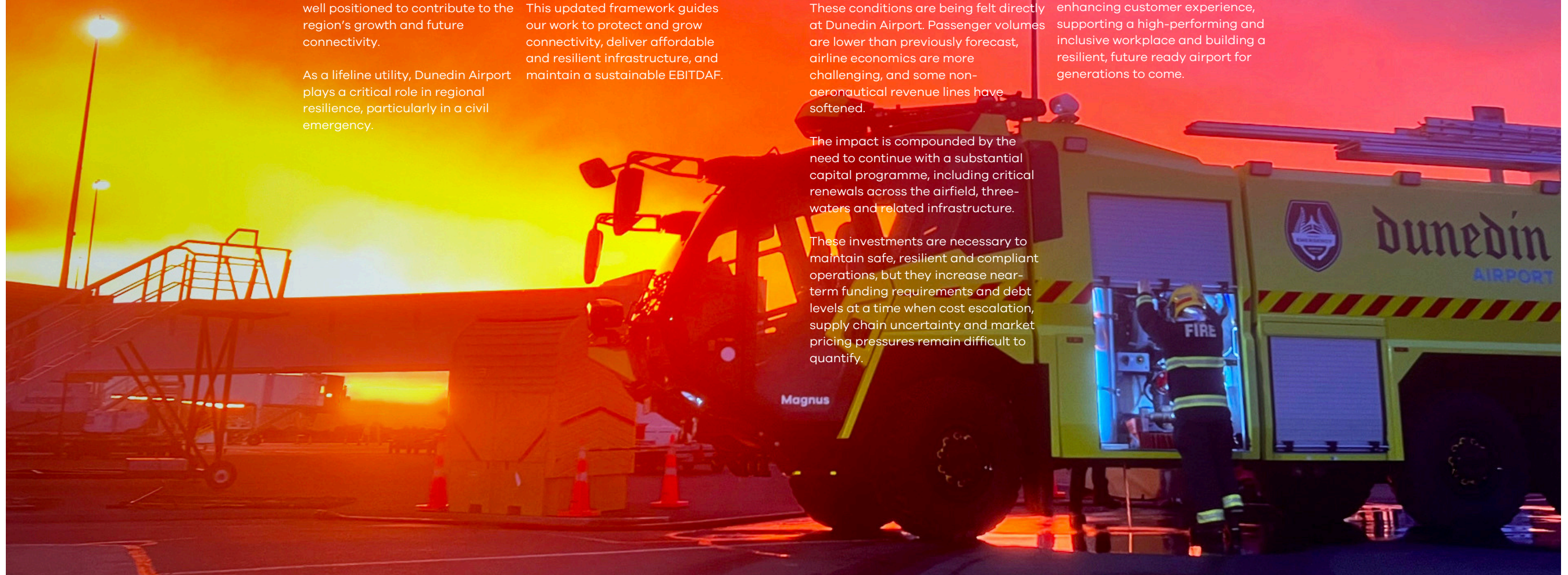
These investments are necessary to maintain safe, resilient and compliant operations, but they increase near-term funding requirements and debt levels at a time when cost escalation, supply chain uncertainty and market pricing pressures remain difficult to quantify.

The key challenge ahead is how we navigate these sector complexities with discipline. We must protect the core network, support sustainable airline services, maintain affordability and continue to invest in infrastructure that cannot prudently be deferred. This requires clear prioritisation, strong cost control, disciplined pricing and investment decisions, active management of risk, and close monitoring of the financial impacts as they become clearer.

Looking ahead, we remain focused on being a world-class small airport for a regional city. We remain committed to maintaining safe and reliable operations, enhancing customer experience, supporting a high-performing and inclusive workplace and building a resilient, future ready airport for generations to come.

Each step we take is grounded in Flight Plan 2050 and the objectives we have set, ensuring that today's progress aligns with our long-term vision.

We cannot lose sight of the role we play as kaitiaki of a long run generational asset, which enables over \$140m in Gross Domestic Product and supports direct employment of over 350 people on the airport campus and another 1,200 jobs in the Dunedin economy.



# 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 2026/2027.

This includes:

- Prioritising delivery of our core infrastructure programme and Strategic Development Framework so that airport assets are of high quality, affordable and resilient, including runway, airfield lighting, three waters and terminal precinct projects.
- Maintaining and, where possible, improving EBITDAF performance through disciplined cost efficiency, revenue diversification and a clear approach to capital investment that supports long term financial sustainability.
- Protecting and growing our network by retaining trunk connections, supporting the performance of the Jetstar Gold Coast service and progressing sustainable opportunities for further network development.
- Implementing carbon and waste reduction plans and setting, measuring and publicly reporting progress towards waste minimisation and emissions reduction, including contributions to Dunedin's citywide goal to be Net Zero Carbon by 2030.
- Strengthening our foundations of Safety, People and Place, including continued maturation of safety systems, capability and succession planning for critical roles and initiatives that enhance customer experience, brand and social licence.
- Work with DCC, DCHL and Audit New Zealand to incrementally shorten the DCC Group annual reporting timeline.
- Continue supporting the DCHL Intern Director programme.

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 leadership team.



7

## Key Objectives

### OPERATIONS

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 owned infrastructure
Provide high quality, fit for purpose infrastructure	A high quality asset management plan is in place and operational All critical infrastructure is assessed for operational resilience

### NETWORK

Objectives	Key Performance Measures
Work to ensure Dunedin remains a well-connected gateway, benefiting both the community and the broader regional economy	Exceed FY2027 budgeted passenger numbers (815,000 passengers)

### COMMERCIAL

Objectives	Key Performance Measures
Enhance commercial performance	≥8% increase in net Passenger Spend Rate
	≥8% increase in net Income per Passenger
	Exceed budget in Earnings Before Interest, Tax, Depreciation, Amortisation, Fair Value Movements (EBITDAF) per passenger

**Key Objectives continued**

**SAFETY**

Objectives	Key Performance Measures
Continuous improvement in our approach to safety and security risk management	Nil Serious Harm (as defined in the WorkSafe Accident and Accident Notification Definitions) to our staff, airports users or contractors Nil Runway Incursions
Enhance wildlife hazard management	Strike rate <5 strikes per 10,000 on 12-month moving average

**PEOPLE**

Objectives	Key Performance Measures
Be a great place to work with a high performing team that understands our goals and the role they play	Conduct comprehensive staff engagement surveys annually, with the target of achieving an engagement score in excess of the prior year

**PLACE**

Objectives	Key Performance Measures
Provide transparent and authentic sustainability disclosures	Prepare and disclose our Greenhouse Gas Emissions Inventory and waste reduction measures in an Annual Sustainability Report Maintain Level 4 Airport Carbon Accreditation from Airports Council International
Continually develop the strength, authenticity, and transparency of our relationships	Achieve an overall engagement score of over 90% in our annual stakeholder engagement surveys Demonstrate support for the region through collaborative activities and utilisation of airport channels Drive engagement with mana whenua Work with shareholders on settings for sponsorship and promotional activity, including Southern Way and tourism
Improve customer experience for all airport users	Undertake a critical review of the entire airport to ensure we provide a welcoming, dignified and inclusive airport experience for people of all abilities Measure customer satisfaction through survey tools and feedback mechanisms

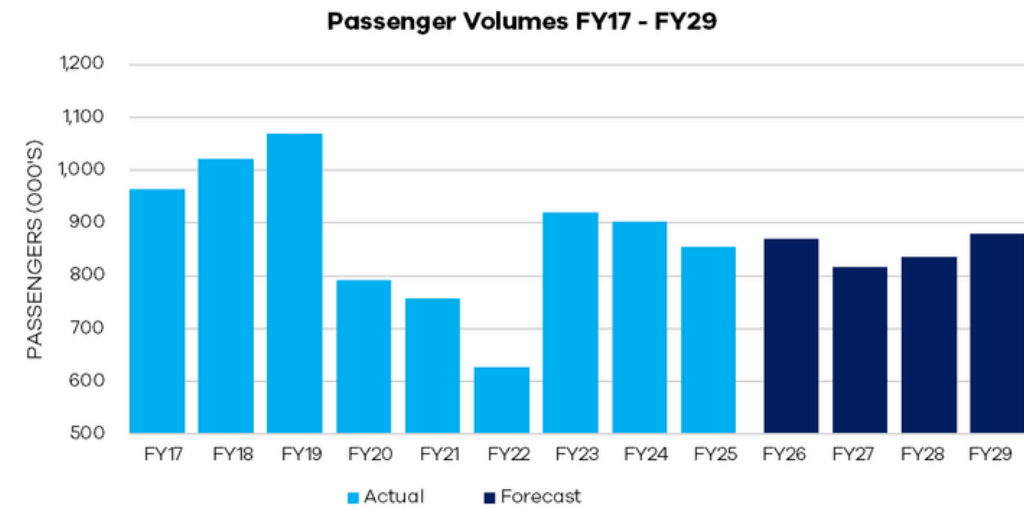
Our performance against these key objectives will be reported annually in the Statement of Service Performance which forms part of the company's Annual Report



# Financial Performance & Forecasts

The 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 2028/29.

## Aircraft and Passenger Movements



PASSENGERS (000'S)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29
	ACTUAL	FORECAST	BUDGET		
Domestic	853	825	770	789	833
International	1	45	45	46	47
<b>Total Passengers</b>	<b>854</b>	<b>870</b>	<b>815</b>	<b>835</b>	<b>880</b>
Percentage Change from Prior Year	-5.45%	1.90%	-6.30%	2.40%	5.40%

### Key Financial Metrics

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.

(\$000'S)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29
	ACTUAL	FORECAST	BUDGET		
Revenue (incl. sundry income)	23,933	23,883	25,908	28,436	30,808
EBITDAF	11,512	11,022	11,792	14,279	16,212
<b>Net Profit after Taxation (NPAT)</b>	<b>4,601</b>	<b>2,689</b>	<b>1,474</b>	<b>1,319</b>	<b>2,503</b>
Shareholders' Funds (average)	95,922	96,193	97,025	97,584	98,348
Cash Flow from Operations	8,163	11,190	4,548	10,821	9,259
Capital Expenditure	14,768	29,161	25,075	28,854	1,495
Term Borrowings	17,750	32,376	56,276	74,876	68,876
<b>Dividend Paid</b>	<b>5,136</b>	<b>1,614</b>	<b>884</b>	<b>791</b>	<b>1,502</b>

### Performance Ratios

The table below summarises key performance ratios over the reporting period for profitability, leverage and shareholder return based metrics:

MEASURE	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29
	ACTUAL	FORECAST	BUDGET		
<b>Profitability</b>					
Return on Assets	3.20%	1.70%	0.8%	0.7%	1.3%
Return on Share Capital	76.8%	56.0%	54.3%	62.0%	85.4%
Operating Margin	48.10%	45.60%	45.5%	50.2%	52.6%
<b>Leverage</b>					
Equity Ratio	67.1%	60.7%	54.5%	49.2%	51.4%
Earnings Ratio (Interest Cover X)	10.8	7.0	4.0	3.7	3.7
Gearing Ratio (net %)	15.7%	25.1%	36.6%	43.4%	41.1%
<b>Shareholders' Return</b>					
Dividend Pay-out ratio	1.6	0.3	-0.4	0.4	2.7
Return on equity	4.8%	2.8%	1.5%	1.3%	2.5%
Return on equity adjusted for IFRS fair value movements and asset revelations	13.7%	7.1%	4.3%	3.8%	7.0%

Refer to Appendix II for definitions of the formulas pertaining to each measure noted in the table above.

## Prospective Summary Statement of Comprehensive Income

(\$000'S)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29
	ACTUAL	FORECAST	BUDGET		
<b>Revenue</b>					
Aeronautical	13,437	13,275	16,038	17,944	19,860
Non-Aeronautical	10,251	10,608	9,782	10,402	10,858
Other Revenue	245	151	89	90	90
<b>Total Revenue</b>	<b>23,933</b>	<b>23,883</b>	<b>25,908</b>	<b>28,436</b>	<b>30,808</b>
<b>Operating Expenditure.</b>	<b>(12,421)</b>	<b>(12,861)</b>	<b>(14,116)</b>	<b>(14,156)</b>	<b>(14,597)</b>
<b>EBITDAF</b>	<b>11,512</b>	<b>11,022</b>	<b>11,792</b>	<b>14,279</b>	<b>16,212</b>
Depreciation	(4,868)	(6,174)	(6,854)	(8,662)	(8,698)
<b>EBITAF</b>	<b>6,644</b>	<b>4,848</b>	<b>4,938</b>	<b>5,617</b>	<b>7,513</b>
Interest Expense	(590)	(1,341)	(2,745)	(3,616)	(4,021)
Amortisation	-	(158)	(158)	(158)	-
Other Gains/Losses	118	288	-	-	-
<b>Profit Before Income Tax</b>	<b>6,171</b>	<b>3,636</b>	<b>2,035</b>	<b>1,843</b>	<b>3,492</b>
Income Tax Expense	(1,570)	(947)	(561)	(525)	(989)
<b>Net Profit After Tax</b>	<b>4,601</b>	<b>2,689</b>	<b>1,474</b>	<b>1,319</b>	<b>2,503</b>

## Prospective Summary Statement of Financial Position

(\$000'S)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29
	ACTUAL	FORECAST	BUDGET		
<b>Current Assets</b>					
Cash and Cash Equivalents	1,534	600	662	365	627
Trade Receivables	1,738	1,713	2,426	3,005	3,194
Contract Assets	158	159	158	-	-
Other	128	128	128	129	129
<b>Total Current Assets</b>	<b>3,558</b>	<b>2,600</b>	<b>3,375</b>	<b>3,499</b>	<b>3,950</b>
<b>Non-Current Assets</b>					
Property, Plant and Equipment	137,314	155,862	174,083	194,275	187,071
Investments	1,137	1,137	1,137	1,137	1,137
Contract Assets	315	157	-	-	-
Other	160	160	160	160	160
<b>Total Non-Current Assets</b>	<b>138,926</b>	<b>157,316</b>	<b>175,380</b>	<b>195,572</b>	<b>188,368</b>
<b>Total Assets</b>	<b>142,484</b>	<b>159,916</b>	<b>178,755</b>	<b>199,071</b>	<b>192,318</b>
<b>Current Liabilities</b>					
Trade Payables	(4,974)	(7,914)	(2,732)	(4,040)	(2,223)
Provision for Taxation	(783)	(577)	(208)	(183)	(422)
<b>Total Current Liabilities</b>	<b>(5,757)</b>	<b>(8,491)</b>	<b>(2,941)</b>	<b>(4,222)</b>	<b>(2,645)</b>
<b>Non-Current Liabilities</b>					
Term Borrowings	(17,750)	(32,376)	(56,276)	(74,876)	(68,876)
Other Non-Current Liabilities	(23,322)	(22,319)	(22,218)	(22,125)	(21,948)
<b>Total Non-Current Liabilities</b>	<b>(41,072)</b>	<b>(54,695)</b>	<b>(78,494)</b>	<b>(97,001)</b>	<b>(90,824)</b>
<b>Total Liabilities</b>	<b>(46,829)</b>	<b>(63,186)</b>	<b>(81,435)</b>	<b>(101,223)</b>	<b>(93,469)</b>
<b>Net Assets</b>	<b>95,654</b>	<b>96,731</b>	<b>97,320</b>	<b>97,848</b>	<b>98,849</b>
<b>Shareholders' Funds</b>					
Share Capital	8,800	8,800	8,800	8,800	8,800
Reserves	62,452	62,452	62,452	62,452	62,452
Retained Earnings	24,402	25,479	26,068	26,596	27,597
<b>Total Shareholders' Funds</b>	<b>95,654</b>	<b>96,731</b>	<b>97,320</b>	<b>97,848</b>	<b>98,849</b>

## Prospective Summary Statement of Cashflows

(\$000'S)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29
	ACTUAL	FORECAST	BUDGET		
<b>Cashflows from Operating Activities</b>					
Receipts from Customers	24,046	23,657	24,442	26,144	28,227
Payments to Suppliers/Employees	(12,846)	(9,097)	(16,460)	(11,389)	(14,331)
Interest Paid	(590)	(1,467)	(2,404)	(3,290)	(3,711)
Income Tax Paid	(2,447)	(1,903)	(1,030)	(644)	(926)
<b>Net Cashflows from Operating Activities</b>	<b>8,163</b>	<b>11,190</b>	<b>4,548</b>	<b>10,821</b>	<b>9,259</b>
<b>Cashflows from Investing Activities</b>					
Capital Expenditure	(12,533)	(29,161)	(27,502)	(28,927)	(1,495)
<b>Net Cashflows from Investing Activities</b>	<b>(12,533)</b>	<b>(29,161)</b>	<b>(27,502)</b>	<b>(28,927)</b>	<b>(1,495)</b>
<b>Cashflows from Financing Activities</b>					
Borrowings Received	7,250	18,650	23,900	18,600	
Borrowings Repaid	-	-			(6,000)
Dividends	(5,136)	(1,614)	(884)	(791)	(1,502)
<b>Net Cashflows from Financing Activities</b>	<b>2,114</b>	<b>17,037</b>	<b>23,016</b>	<b>17,809</b>	<b>(7,502)</b>
<b>Opening Cash and Cash Equivalents</b>	<b>3,789</b>	<b>1,534</b>	<b>600</b>	<b>662</b>	<b>365</b>
Net Increase/(Decrease)	(2,256)	(934)	62	(297)	262
<b>Closing Cash and Cash Equivalents</b>	<b>1,534</b>	<b>600</b>	<b>662</b>	<b>365</b>	<b>627</b>

## Capital Expenditure

DIAL continues to invest in its infrastructure in line with passenger numbers, asset management condition assessments, and Civil Aviation Authority safety and security requirements.

While we continue to identify opportunities to further diversify our non-aeronautical revenue streams, the key capital focus remains on positioning the airport to be fit for the future. This means undertaking workstreams that support resilience and climate change and also embracing opportunities to transform our site through technology enhancements.

Budgeted capital expenditure is summarised in the table below:

## Prospective Summary Statement of Capital Expenditure

(\$000'S)	FY25/26	FY26/27	FY27/28	FY28/29
	FORECAST	BUDGET		
Aviation	15,723	16,824	7,782	1,272
Commercial	4,000	5,692	11,308	223
Property	9,438	2,559	9,764	-
<b>Total Capital Expenditure</b>	<b>29,161</b>	<b>25,075</b>	<b>28,854</b>	<b>1,495</b>

## Prospective Capital Expenditure by Classification

(\$000'S)	FY25/26	FY26/27	FY27/28	FY28/29
	FORECAST	BUDGET		
Maintenance	20,098	18,253	1,551	465
Investment	6,187	4,649	16,608	800
Growth	2,816	-	720	-
Resilience	60	2,174	9,975	230
<b>Total Capital Expenditure</b>	<b>29,161</b>	<b>25,075</b>	<b>28,854</b>	<b>1,495</b>

Where the categories are represented as below:

Maintenance	Expenditure to maintain and improve core infrastructure for our people and our site to provide a safe and secure airport for all.  Expenditure to upgrade infrastructure to ensure relevance and uptime efficiencies.
Investment	Expenditure on projects that generate revenue diversity and non-aeronautical financial return.
Growth	Expenditure necessitated by passenger growth and the associated impacts on airport infrastructure.
Resilience	Developing a robust environment to support our lifeline utility designation and building resilience against climate change.

## 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](http://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

## APPENDIX I: Board of Directors' Role and Governance Objectives

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.

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 Board has four directors, two of whom are appointed by Dunedin City Holdings Limited, and two of whom are appointed by the Crown. The Board meets regularly with Airport executive management to review the company's performance.

In carrying out its principal function, the Board's specific responsibilities and objectives include:

- a) Ensuring that the company has adequate management resources to achieve its objectives.
- b) Reviewing and approving the strategic, business, and financial plans prepared by management and developing a depth of knowledge of the company's business to understand and question the assumptions upon which such plans are based and to reach an independent judgement on the probability that such plans can be achieved.
- c) Reviewing and approving material transactions not in the ordinary course of the company's business.
- d) Approving policies and overseeing the management of strategic business risks, safety, sustainability, occupational health, and environmental issues.
- e) Monitoring adherence to major policies, including capital investment, treasury, accounting and financial, executive remuneration, and delegated authority limits.
- f) Monitoring the company's performance against its approved strategic, business, and financial plans and overseeing the company's operating results.
- g) Ensuring compliance with the company's constitution, the relevant laws, and the relevant auditing and accounting principles.
- h) Ensuring that the company's shareholder reporting meets the requirements of the Owner's Expectation Manual which can be found on the Treasury's website [treasury.govt.nz/publications/guide/owners-expectations](https://treasury.govt.nz/publications/guide/owners-expectations).
- i) Assess, from time to time, its own effectiveness in carrying out these functions and the other responsibilities of the Board.

## APPENDIX II: Key Performance Ratio Definitions

- Return on assets = (Net profit after tax / Total Assets)
- Return on Share Capital = (EBIT adjusted for IFRS fair value movements / Share capital)
- Operating Margin = (EBITDAF / Revenue)
- 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.
- Earnings Ratio (interest cover) = (EBITDAF (less dividends) / Interest paid)
- Gearing ratio = (net debt / net debt plus equity)
- Dividend Pay-out = (Dividends paid / Net cash flow from operating activities less depreciation expense)
- Return on equity = (Net profit after tax / Average equity)
- Return on equity (adjusted) = Net profit after tax adjusted for IFRS fair value movements (net of tax) / Average of share capital plus retained earnings.





*Statement of Intent 2026/27*

**TABLE OF CONTENTS**

1. Introduction .....	3
2. Objectives.....	3
3. Nature and scope of activities.....	4
4. Approach to Governance .....	4
5. Performance Targets.....	4
6. Financial Forecasts .....	6
7. Accounting Policies .....	11
8. Dividend Policy.....	11
9. Transactions with Related Parties.....	11
10. Other matters as agreed by the Shareholder and the Board.....	12



---

*Statement of Intent 2026/27*

---

**1. INTRODUCTION**

Dunedin Railways Ltd (DRL) is now entering the execution phase of its five-year strategic plan, transitioning the business from post hibernation recovery into operational maturity.

Following the successful re-establishment of core operations, markets, and asset renewal programmes during FY25–FY26, the company’s focus for FY27 is on disciplined delivery, operational stability, commercial performance, and strengthening organisational systems and controls.

DRL continues to operate as a wholly owned subsidiary of Dunedin City Holdings Ltd (DCHL), with Dunedin City Council (DCC) providing up to \$2 million per annum in equity funding to support track renewal and asset resilience.

This Statement of Intent outlines DRL’s operational priorities, performance targets, and financial forecasts for FY27 and the following two years, and reflects the company’s commitment to safe operations, strong governance, financial discipline, and sustainable growth.

**2. OBJECTIVES**

As a Dunedin City Council Group company, DRL contributes to the Council’s strategic framework and city objectives. With long-term funding support from its shareholder, DRL aims to develop into a high-performing, commercially sustainable tourism business that reflects Dunedin’s heritage and brand values.

Our objectives for the year are to:

- › Execute against the approved five-year strategic plan to embed disciplined delivery, operational maturity, commercial discipline and organisational capability across the business.
- › Deliver safe, reliable and resilient rail operations through disciplined maintenance, renewal investment and asset management.
- › Strengthen commercial performance and revenue stability by growing passenger volumes and yield through optimising products, trade partnerships, cruise performance and digital channels.
- › Embed strong financial discipline and capital management through robust cashflow forecasting, timely equity funding requests, accurate capital expenditure reporting and strengthened financial controls.
- › Strengthen systems, leadership capability and risk discipline to support sustainable growth.
- › Maintain strong stakeholder relationships with shareholders, regulators, partners and the Dunedin community.
- › Strengthen the Dunedin Railways brand and guest experience through continuous improvement of guest service, presentation standards and tourism product development.

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.



*Statement of Intent 2026/27*

DRL conducts its affairs in accordance with sound business practice. DRL has adopted a target to reduce its carbon emissions by 2030 and will continue to work with DCC/DCHL to identify and scope further opportunities to contribute to Dunedin’s citywide goal to be net zero carbon by 2030.

**3. NATURE AND SCOPE OF ACTIVITIES**

The principal activities of Dunedin Railways Ltd (DRL) are to:

- › Operate safe, reliable and commercially sustainable rail tourism services, including scheduled services, charters and cruise-related operations.
- › Develop, market and deliver high quality visitor experiences that showcase the Taieri Gorge and contribute positively to Dunedin’s visitor economy and heritage.
- › Maintain, renew and manage the rail corridor, rolling stock and associated infrastructure for which the company is responsible.
- › Manage operational safety, regulatory compliance and risk assurance across all rail activities.
- › Build strong partnerships with tourism operators, trade partners and stakeholders to support sustainable growth.

During the 2027 financial year, DRL will continue to execute its approved five-year strategic plan, including ongoing track renewal investment, operational maturity initiatives, and grow revenue through targeted product and market development.

Any activity outside the nature and scope of the above 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 DCHL. 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.

**5. PERFORMANCE TARGETS**

Goal	Objective	Performance Targets
<b>Deliver safe, reliable rail operations that build customer confidence and support sustainable growth.</b>	Maintain high levels of service reliability while embedding mature safety practices and asset resilience.	Scheduled services operate as planned (excluding weather/third party cancellations).  Lost time incidents are less than two.
<b>Protect and strengthen the long-term resilience of the rail corridor through disciplined asset renewal and capital management.</b>	Deliver the approved track renewal programme efficiently and transparently.	No unplanned service cancellations attributable to infrastructure failure.  Track renewal program delivered within approved budget.



*Statement of Intent 2026/27*

Goal	Objective	Performance Targets
<b>Ensure shareholder equity funding is managed responsibly and transparently.</b>	Strengthen forecasting discipline and capital reporting accuracy.	100% of equity funding requests submitted during the financial year will be supported by Board approved cashflow forecasts.  - Record & report 100% of Capital Expenditure in accordance with approved accounting standards, with no material errors identified through external audit processes.
<b>Improve financial sustainability through disciplined commercial performance.</b>	Grow passenger volumes and optimise yield in line with the approved strategic plan.	Average revenue per passenger, year on year improvement on FY26 actuals.  Achieve 41,449 passengers.
<b>Strengthen organisational maturity, systems and risk discipline</b>	Embed scalable systems, stronger internal controls and risk management.	Risk reviews completed on schedule.  Resolve 100% of audit findings and control issues within timeframes agreed with Audit New Zealand, with no overdue items at year-end.
<b>Develop fleet to achieve long term product delivery resilience consistent with the objectives in the 5-year strategic plan.</b>	Strengthen medium-term fleet resilience and organisational maturity.	Fleet resilience and wheelset replacement strategy approved by the Board, including costed delivery pathway, by 30 June 2027.  Core operational, financial and safety dashboards fully implemented and embedded across the leadership team by 30 June 2027
<b>Provide outstanding customer service to our valued customers.</b>	Provide consistent and quality service that exceeds expectations.	Maintain at least 80% customer satisfaction with our in-house customer survey.
<b>Maintain a strategic direction that is consistent with the policies and objectives of the shareholder.</b>	Ensure Statement of Intent is consistent with objectives of the shareholder.	A draft 2026/2027 Statement of Intent will be submitted to the shareholder by 1 March 2026.  Ensure that all direct employees are paid at a minimum of the living wage.
<b>Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives.</b>	Contribute to Council's Carbon Neutrality initiatives.	Refresh DRL's carbon emissions & waste reduction strategy.
		Measure and report our Greenhouse Gas (GHG) emissions, waste reduction strategies and targets in our Annual Report.
		Reduce DRL's operational greenhouse gas emissions year-on-year.
<b>Communicate with the shareholder on a 'no surprises' basis</b>	Consult with the shareholders in a timely manner on strategic or operational matters which could compromise Council's community outcomes.	All relevant matters 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.	All relevant matters reported to the shareholders within 24 hours.



*Statement of Intent 2026/27*

**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 30/06/27	Year ending 30/06/28	Year ending 30/06/29
Shareholder funds to Total Assets	67%	89%	88%

"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.

**Financial Forecast Summary**

	Year ending 30/06/2027 \$'000	Year ending 30/06/2028 \$'000	Year ending 30/06/2029 \$'000
EBITDA	(1,381)	(666)	(318)
Net profit/(loss) after tax	(1,743)	2,338	(302)
Cash flow from operations	(1,490)	2,699	98
Capital expenditure	1,217	1,200	300
Term loans	900	NIL	NIL
Shareholder's funds	3,268	5,606	5,304

As a council-controlled organisation that is not a council-controlled trading organisation, the company presents forecast financial statements for the year ending 30 June 2027 and the following two years, as required by section 64(6) of the Local Government Act 2002.

Net profit/(loss) after tax is shown after forecast subvention receipts from other DCHL group companies.

The financial forecasts are prospective and draw on the company's first full year of trading following its period of hibernation, which is being used as a baseline for future projections. The completion of this first year has enabled improved insight into operational performance, demand drivers, and cost behaviour, supporting the refinement of key forecasting assumptions.

The FY27 forecast reflects a prudent approach to revenue and EBITDA, with conservative assumptions applied to visitor demand while still incorporating projected year-on-year growth in line with the company's strategic plan. Notwithstanding this, demand forecasts remain sensitive to external conditions, and a prolonged period of geopolitical uncertainty could materially impact visitor activity and associated revenue. Maintenance expenditure is forecast to increase in FY27 as the company progresses deferred and planned works and continues to build a clearer view of long-term asset requirements. The forecasts also reflect updated funding assumptions, including the expected timing of remaining track funding and progression of DRL's workshop development.



*Statement of Intent 2026/27*

Cost assumptions have been updated to reflect current market conditions, including fuel-related expenses and potential supply-side pressures. However, while these factors have been considered, the forecasts necessarily rely on central assumptions and do not include significant contingency for further escalation or operational disruption arising from geopolitical uncertainty, particularly in relation to fuel supply. Accordingly, the forecasts remain inherently judgement-based and will continue to be refined for future planning and reporting purposes as greater certainty is obtained across demand, delivery timing, and external market conditions.

The prospective financial statements were authorised for issue on 28<sup>th</sup> May 2026 by the board of DRL. The board is responsible for the information presented, including the underlying assumptions and all other disclosures. The prospective financial statements contain no actual operating results and will not be updated subsequent to presentation in this Statement of Intent.

**Track Renewal Plan & Funding**

	Year ending 30/06/2027 \$'000	Year ending 30/06/2028 \$'000	Year ending 30/06/2029 \$'000
EBITDA – before track renewals	438	1,208	1,613
EBITDA – after track renewals	(1,381)	(666)	(318)
Capital expenditure – track renewals	59	-	-
Operating expenditure – track renewals	1,820	1,875	1,930
Total spend track renewal programme	1,879	1,875	1,930
Capital Injection / Funding	2,000	-	-

The company's track renewal and infrastructure investment programme is currently subject to audit and review. As a result, associated funding requirements, cost estimates, and delivery timelines remain indicative and are expected to evolve as planning assumptions are refined. The FY2027 forecast aligns with the anticipated scope of work for this period; however, forecasts for subsequent financial years will be further developed once the longer-term track renewal plan has been reviewed and formally approved by the Board.

In 2025, DCC directed DCHL to provide up to \$2 million per annum, aligned with DCC's 9-year plan (2025–2034), to support DRL's track renewal programme, with funding delivered through equity injections from DCHL. DRL may access this funding through submission of Board-approved cashflow forecasts outlining the expected timing and scale of renewal-related expenditure.

Track renewal funding has not been explicitly forecast in FY2028 and FY2029, reflecting the assumption that forecast subvention receipts over this period will be sufficient to support planned expenditure. However, subvention funding is subject to change, and the timing and quantum of track renewal investment may vary due to operational performance and programme delivery requirements. Given the seasonal nature of DRL's operations; the timing of expenditure and associated funding requirements may also differ from initial projections. Where variations arise, equity funding may be approved and drawn down as required to ensure alignment with programme delivery, while maintaining appropriate financial oversight and consistency with the agreed funding framework.



*Statement of Intent 2026/27*

<b>Forecast Statement of Comprehensive Revenue and Expenses</b>	<b>FY2027 Budget 000's</b>	<b>FY2028 Budget 000's</b>	<b>FY2029 Budget 000's</b>
Operating Revenue	5,779	6,727	7,479
<b>Less Expenses</b>			
Operating Expenses	7,161	7,394	7,797
Depreciation	337	367	392
Interest Expenses	24	48	-
	<b>7,522</b>	<b>7,809</b>	<b>8,189</b>
<b>Net (Loss)/Profit before Tax</b>	<b>(1,743)</b>	<b>(1,082)</b>	<b>(710)</b>
Less: Tax Expense	-	-	-
Add: Subvention receipt	-	3,420	408
<b>Net (Loss)/Profit after Tax</b>	<b>(1,743)</b>	<b>2,338</b>	<b>(302)</b>
Other Comprehensive revenue and expense:	-	-	-
<b>Total comprehensive revenue and expense for the year</b>	<b>(1,743)</b>	<b>2,338</b>	<b>(302)</b>

<b>Forecast Statement of Changes in Equity</b>	<b>FY2027 Budget 000's</b>	<b>FY2028 Budget 000's</b>	<b>FY2029 Budget 000's</b>
Opening Equity	3,011	3,268	5,606
Share Capital Contributions	2,000	-	-
Total comprehensive revenue and expense for the year	(1,743)	2,338	(302)
<b>Closing Equity</b>	<b>3,268</b>	<b>5,606</b>	<b>5,304</b>



*Statement of Intent 2026/27*

**Forecast Statement of Financial Position**

	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>
	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
	<b>000's</b>	<b>000's</b>	<b>000's</b>
<b>Equity</b>			
Share Capital	15,097	15,097	15,097
Accumulated Losses	(11,829)	(9,491)	(9,792)
<b>Total Equity</b>	<b>3,268</b>	<b>5,606</b>	<b>5,304</b>
<b>Current Assets</b>			
Bank balance	980	1,579	1,377
Trade and other receivables	434	459	445
<b>Total current assets</b>	<b>1,414</b>	<b>2,038</b>	<b>1,822</b>
<b>Non-current Assets</b>			
Property, plant & equipment	3,454	4,287	4,195
<b>Total non-current assets</b>	<b>3,454</b>	<b>4,287</b>	<b>4,195</b>
<b>Total Assets</b>	<b>4,868</b>	<b>6,325</b>	<b>6,017</b>
<b>Current Liabilities</b>			
Trade & Other Payables	676	695	689
Workshop Loan	900	-	-
Unearned Revenue - Invoiced	24	24	24
<b>Total current Liabilities</b>	<b>1,600</b>	<b>719</b>	<b>713</b>
<b>Total Liabilities</b>	<b>1,600</b>	<b>719</b>	<b>713</b>
<b>Net Assets</b>	<b>3,268</b>	<b>5,606</b>	<b>5,304</b>



*Statement of Intent 2026/27*

**Forecast Cashflow Statement**

	<b>FY2027 Budget 000's</b>	<b>FY2028 Budget 000's</b>	<b>FY2029 Budget 000's</b>
<b><u>Cash flows from Operating</u></b>			
Cash was provided from:			
Receipts from customers	5,619	6,692	7,484
Income Tax/Subvention	-	3,420	408
Interest Received	10	10	10
	<b>5,629</b>	<b>10,122</b>	<b>7,902</b>
Cash was disbursed to:			
Payments to suppliers	7,095	7,375	7,804
Interest Paid	24	48	-
Income Tax paid/(received)	-	-	-
	<b>7,119</b>	<b>7,423</b>	<b>7,804</b>
<b>Net cash inflows/(outflows) from operating</b>	<b>(1,490)</b>	<b>2,699</b>	<b>98</b>
<b><u>Cash flows from Investing</u></b>			
Cash was provided from:			
Proceeds from Asset Disposals	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>
Cash was disbursed to:			
Capital expenditure	1,217	1,200	300
	<b>1,217</b>	<b>1,200</b>	<b>300</b>
<b>Net cash inflows/(outflows) from investing</b>	<b>(1,217)</b>	<b>(1,200)</b>	<b>(300)</b>
<b><u>Cash flows from financing</u></b>			
Cash was provided from:			
Call on Capital	2,000	-	-
Loan draw downs	900	900	-
	<b>2,900</b>	<b>900</b>	<b>-</b>
Cash was disbursed to:			
Repayment of borrowings	-	1,800	-
	<b>-</b>	<b>1,800</b>	<b>-</b>
<b>Net cash inflows/(outflows) from financing</b>	<b>2,900</b>	<b>(900)</b>	<b>-</b>
Opening Cash	787	980	1,579
Net change in cash	193	599	(202)
Closing cash	<b>980</b>	<b>1,579</b>	<b>1,377</b>



*Statement of Intent 2026/27*

**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. 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	Equity funding
	Functions appropriate between Parent company (DCHL) and subsidiary (DRL)
Dunedin City Treasury Limited	Debt facility agreement in place.

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 2026/27*

**10. 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*

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.



---

*Statement of Intent 2026/27*

---

*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*

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.

DRL will assess and manage cyber-security risks in a manner appropriate to the sector in which it operates.

DRL will continue its ongoing commitment to supporting the DCHL Intern Director Programme and will remain actively engaged in contributing to the programme's continued success and the development of future governance capability.

DRL will collaborate closely with DCC, DCHL and Audit New Zealand to incrementally shorten the DCC Group annual reporting timeline.



## TABLE OF CONTENTS

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

## 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 2027 Annual Report. This Sol takes shareholder expectations into consideration.

3





**DVML's aim is to have impact across several key areas:**

### 1. ECONOMIC CONTRIBUTION

**Attracting major events:**

Hosting concerts, sports matches and festivals at Forsyth Barr Stadium and other venues, such as the Town Hall, brings visitors to Dunedin, boosting the local economy, supporting tourism and local businesses.

**Job creation:**

The events industry generates employment, from event staff to hospitality, security and tourism services.

**Supporting local businesses:**

Events drive spending at hotels, restaurants, and retail stores, strengthening the city's economy.

### 2. SOCIAL & COMMUNITY BENEFITS

**Enhancing community engagement:**

Public events, festivals, and cultural celebrations create opportunities for social connection and civic pride.

**Providing recreational and entertainment opportunities:**

A diverse event lineup contributes to a high quality of life by offering residents world-class entertainment without leaving the city.

**Supporting local sports and the arts industry:**

DVML provides high-quality facilities which can be accessed by community organisations through CAG programs.

### 3. CULTURAL & CREATIVE GROWTH

**DVML venues provide opportunities for showcasing local talent:**

The venues offer platforms for local artists, musicians, and performers to reach wider audiences.

**Hosting national and international acts:**

Bringing global entertainment to Dunedin enhances cultural diversity and adds to the city's appeal.

**Preserving and celebrating heritage:**

DVML venues host historic and cultural events, reinforcing the city's unique identity.

#### 4. INFRASTRUCTURE & CITY REPUTATION

**Enhancing Dunedin’s appeal as a destination:**

A thriving events calendar makes Dunedin more attractive to tourists, students and new residents.

**Maximising use of Forsyth Barr Stadium and the Dunedin Centre:**

The covered multi-purpose stadium ensures events can be held year-round, while the Dunedin Centre adds old world charm to the portfolio.

**Attracting investment:**

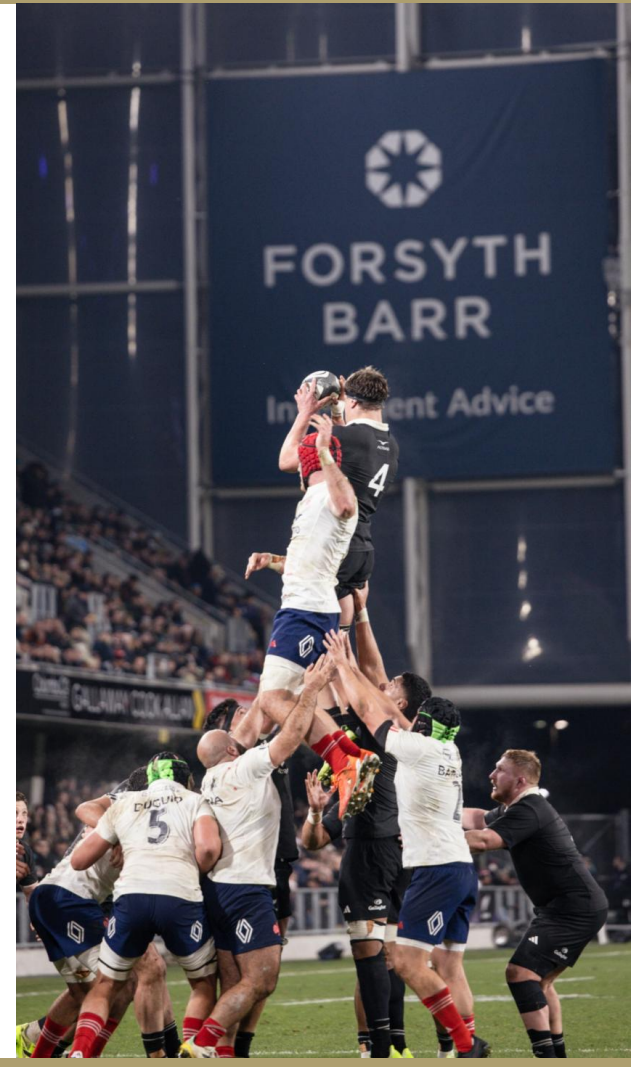
A vibrant events sector encourages business investment and relocation to Dunedin.

#### 5. SUSTAINABILITY & INNOVATION

**Encouraging sustainable practices and events:**

DVML is leading in green event practices (e.g. first stadium in NZ to use LED grow lights), and is implementing a number of waste reduction strategies.

DVML supports DCHL’s Carbon Roadmap by endeavouring to reduce emissions (on a per 1,000 attendee basis) from its 2019 baseline. 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 & 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 2027 financial year, DVML will continue to provide input into the potential development of the Forsyth Barr Stadium precinct as required.

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



## 5. CORPORATE GOVERNANCE

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

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

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

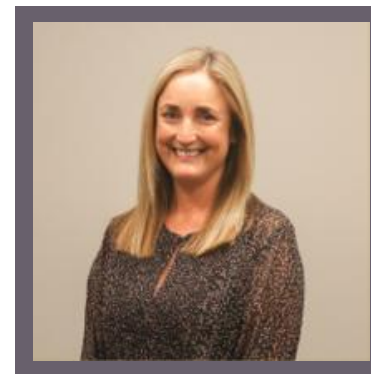
The DVML board operates in accordance with accepted best practice governance.



**Lee Piper**



**Adam La Hood**



**Verity Webber**



**Dylan Rushbrook**

## 6. PERFORMANCE TARGETS & OTHER MEASURES

ECONOMIC DEVELOPMENT <i>(DCC Strategic Framework Accountabilities – Economic Development)</i>		
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.	Achieve a 15:1 Return On Investment (ROI) of the Event Attraction Fund.	For events with 15,000 attendees or more, and which access the Event Attraction Fund, ROI is calculated by the sum of Visitor Marginal Direct Spend against the level of EAF investment for these events.  DVML will work with the DCC on determining an appropriate tool to measure Visitor Marginal Direct Spend for events with less than 15,000 attendees which access the Event Attraction Fund.
To increase economic benefit to the Dunedin City and region through major events.	Visitor Marginal Direct Spend and satisfaction rating targets are achieved, determined through a post event patron survey assessed by an independent economist.	For each event over 15,000 attendance which uses Event Attraction Funding, achieve a minimum of \$5m visitor marginal direct spend for Dunedin City.  For each event over 15,000 attendance which uses Event Attraction Funding, achieve a minimum 80% satisfaction rating.
To maximise utilisation of Forsyth Barr Stadium and the Dunedin Centre.	Manage DVML's operations to maximise economic impact and commercial return through event acquisition at Forsyth Barr Stadium and the Dunedin Centre.	Hold a minimum of 50 commercial and community events at Forsyth Barr Stadium.  Hold a minimum of 100 commercial and community events at the Dunedin Centre.
To enhance the value that DVML delivers to its Members.	Members receive value through enhanced offerings, which is reflected in member retention and new memberships.	Achieve a 75% retention rate of member renewals by contract value.  Contract 50 new Membership seats for the year to 30 June 2027.

PEOPLE AND CULTURE <i>(DCC Strategic Framework Accountabilities – Social &amp; Wellbeing)</i>		
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.	To create a motivated and satisfied team and to understand and action opportunities for improvement within the team environment.	At least 80% of staff are satisfied with working at DVML, as indicated in the annual staff survey.
	Ensure that all employees are paid at least the living wage.	All direct employee's are paid the living wage, or more.
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 (users) with Forsyth Barr Stadium in the Dunedin City Council's Residents' Opinion Survey.

SAFETY & COMPLIANCE <i>(DCC Strategic Framework Accountabilities – Social &amp; Wellbeing, Parks &amp; Recreation and Ara Toi Arts &amp; Culture)</i>		
GOALS	OBJECTIVES	PERFORMANCE MEASURES
Keep safety as DVML's first priority and provide a safe environment.	Manage risks to workers, visitors and event attendees through proactive risk identification and management.	Health & Safety critical risk controls reviewed every 6 months.
		Incident Frequency Rate Events (IFRE) less than or equal to <0.05% of the total number of event attendees across all venues.
		Total Recordable Incident Frequency Rate < 6 per 200,000 hours worked.
Forsyth Barr Stadium is always event ready.	Facilities and infrastructure are maintained as fit for purpose.	Forsyth Barr Stadium maintains a current Building Warrant of Fitness (BWOFF).

IFRE – The Incident Frequency Rate Events is measured by the number of registered incidents divided by the number of attendees.

TRIFR – The Total Recordable Incident Frequency Rate is measured by the number of recordable incidents multiplied by 200,000 hours worked divided by the actual hours worked by workers at the venues.

Recordable Incidents are defined as an injury or illness resulting in death, days away from work (lost time), restricted work case (alternative duties) or a medical treatment case (beyond first aid).

ENVIRONMENT & SUSTAINABILITY <i>(DCC Strategic Framework Accountabilities – Te Ao Tūroa Environment)</i>		
GOALS	OBJECTIVES	PERFORMANCE MEASURES
Contribute to Council’s Strategic Framework and Climate Change and Carbon Neutrality initiatives.	Contribute to Council’s Carbon Neutrality initiatives.	Achieve the FY2027 targets outlined in the Emissions Reduction Action Plan.  Achieve the FY2027 targets outlined in the Waste Reduction Action Plan.
	Manage DVML operations to enhance economic and environment sustainability.	Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.
	DVML strives to be single-use cup free in the venues it controls or manages wherever practicable.	Continue to work with the DCC to reduce the serving of drinks in single use cups at DVML venues.
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.

SHAREHOLDER		
GOALS	OBJECTIVES	PERFORMANCE MEASURES
To bring to the attention of DCHL any matters where there may be conflict between DCHL and DVML 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 30/06/2027	YEAR ENDING 30/06/2028	YEAR ENDING 30/06/2029
Shareholder Funds to Total Assets	16%	18%	20%

DVML has adopted a target Shareholder Funds to Total Assets ratio (equity ratio) of 25% 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 30/06/2027	YEAR ENDING 30/06/2028	YEAR ENDING 30/06/2029
Dividend/Subvention Distributions	Nil	Nil	Nil

**c. Other Financial Forecasts**

	YEAR ENDING 30/06/2027 \$'000	YEAR ENDING 30/06/2028 \$'000	YEAR ENDING 30/06/2029 \$'000
EBITDA	\$1,689	\$1,886	\$1,906
Net Profit/(Loss) after Tax	\$154	\$225	\$280
Cash Flow from Operations	\$815	\$2,292	\$2,153
Capital Expenditure	\$1,054	\$400	\$400
Term Borrowings	\$Nil	\$Nil	\$Nil
Shareholder Funds	\$2,494	\$2,656	\$2,858

## 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.



## 11. TRANSACTIONS WITH RELATED PARTIES

The DCC is the sole shareholder of DCHL.

DCHL is the Shareholder of 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.

<b>DUNEDIN CITY COUNCIL</b>	DCC rates for properties leased by DVML.
	Event Attraction Fund and Community Access Grant.
	Occupancy of DCC owned property.
	Provision of services.
<b>DUNEDIN CITY TREASURY</b>	Provision for debt funding and deposit facilities to DVML generating interest payments to and from DCTL.
<b>DUNEDIN STADIUM PROPERTY LIMITED</b>	Lease of property to DVML. Provision of facility management services.
<b>DUNEDIN CITY HOLDINGS LIMITED</b>	Functions appropriate between Parent company and subsidiary.

## 12. OTHER MATTERS AS AGREED BY THE SHAREHOLDER & THE BOARD

### a) Information to be provided to the Shareholder

	QUARTERLY	HALF YEARLY	ANNUALLY
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.

DVML will continue to support 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.

DVML commit to working with DCC, DCHL and its Auditors to incrementally shorten the DCC Group annual reporting timeline.

**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.

**f) Cyber Security**

DVML commit to accessing and managing cyber security risks in a manner appropriate to the events sector.

