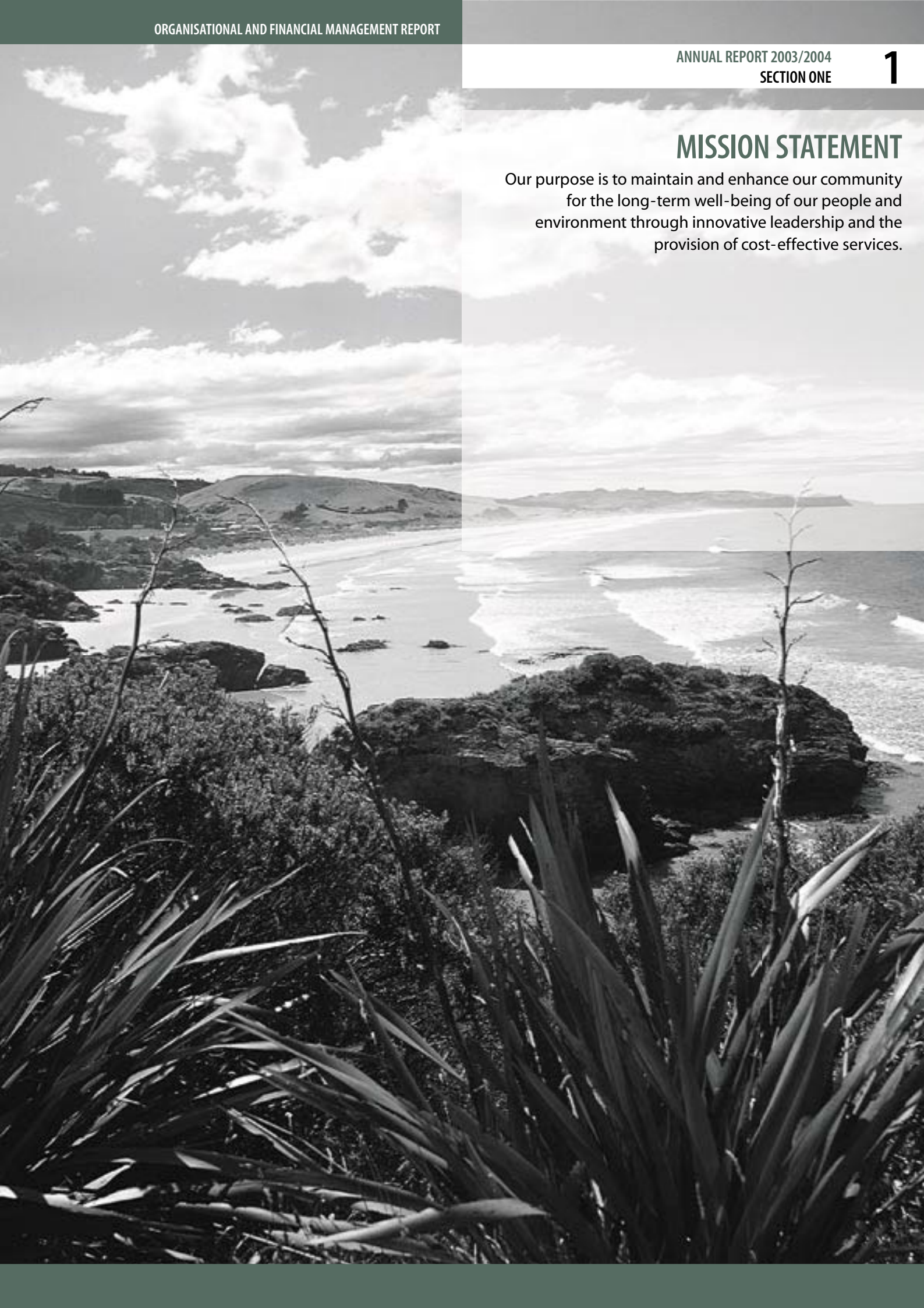


## MISSION STATEMENT

Our purpose is to maintain and enhance our community for the long-term well-being of our people and environment through innovative leadership and the provision of cost-effective services.



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## MAYOR'S REPORT

It is my privilege to introduce my final Annual Report as Mayor of Dunedin. It has been an exciting year, with the continuation of a number of long-standing projects, and the introduction of others that will provide exciting new facilities for Dunedin.



Foremost among these projects have been water and wastewater upgrades. Investment in infrastructure of this kind has been expensive, but Dunedin has sound technologies that will protect both the health of our citizens and the city's natural environment for generations to come.

The past year has seen work carried out at the Southern Water Treatment Plant, which will be commissioned next year and will bring A-grade water to all homes in the central part of our city. In addition, work on the new raw-water reservoir at Mt Grand has commenced and when complete will improve security of supply to the metropolitan area. We have also turned to improving water quality and supply for the series of small local schemes in the Waikouaiti Coast area, with various options being considered with residents.

In the wastewater area, consent for the Tahuna Wastewater Treatment Plant has been negotiated and the Council has agreed to build an outfall over a kilometre long into the ocean. We have also committed to implement secondary treatment of effluent from the Tahuna Plant in the future. This will improve the quality of the discharge greatly and prevent pollution.

For me, one of the highlights of the year has been that, with the support of Council and staff, I have personally led the Mayor's Taskforce for Jobs programme. The co-ordination and collaboration among the many organisations working in the area of increasing the skill and employment opportunities of our younger citizens has resulted in increased employment for this age group. The 4Trades apprenticeship and Yes2Work initiatives have given us positive results.

The year has also seen the rebuilding of the century-old St Clair Sea Wall. This project will protect the Esplanade area through the construction of a new wall, and at the same time improve the amenity of the surrounding area. This will make St Clair Beach an even more popular family and visitor destination.

The Council has also invested significantly in other recreational amenities. The new Edgar Centre extension will provide a purpose built arena for Netball, Basketball and other indoor sporting contests. National sporting events and tournaments events are already being booked and we look forward to the opening of this excellent venue. The new University Oval development, to which the Council has contributed in conjunction with the University, will provide cricket facilities of an international standard in a charming and picturesque setting. In addition, the new ice rink at the former Dunedin Stadium will provide significantly increased participation in a variety of ice sports and national tournaments.

The investment in these projects has occurred at a time when the Dunedin economy has been buoyant, as evidenced by the increased numbers of planning and building consents processed by staff, and increasing property valuations.

The City is on a high and the Council's 2003/04 *I Am Dunedin* campaign has dramatically increased awareness of the city. Endorsement of the marketing efforts was the recognition of the *I Am Dunedin* campaign as a finalist in the prestigious *Marketing Magazine* 2004 Marketing Awards.

Other Council staff enjoying success at a national and international level were the Dunedin City Council Customer Service team, which won the 2004 New Zealand Local Government Management Challenge and went on to represent New Zealand in the Australasian final where they finished runners up.

I am proud of the quality work carried out by this Council and believe that the City can look back on work completed with a sense of achievement. I would like to thank my fellow elected members for their relentless service to the citizens and their support during the course of this year and throughout the term of my mayoralty. I also acknowledge the excellent work and professionalism of staff, which has enabled the Council to achieve so much. I wish our City and citizens all the best for the future.

A handwritten signature in black ink that reads "Sukhi Turner".

Sukhi Turner  
Mayor of Dunedin

**CHIEF EXECUTIVE'S REPORT**

It has been an extremely satisfying year for the Dunedin City Council, with our city moving forward across a range of economic, social and environmental fronts.



The 2003–2004 financial year has seen the City benefit from robust growth in the local economy, with adherence to budgets and excellent trading results from companies owned by the Council adding to the good result. It is especially pleasing to report that our surplus for the year of \$5.6 million was \$2.1 million better than forecast and that our debt at the end of the year of \$42.87 million was \$33.45 million better than planned. At the same time, the City Council was able to deliver a range of new infrastructure projects which have made Dunedin a better place in which to live, work and to visit.

The progress we have made in our infrastructure assets such as water, wastewater, roading and amenities is detailed in the summary of our activities for the year which follows, but among the highlights were:

- Development of the Southern Water Treatment Plan to provide A-Grade Water
- Work on the new raw water reservoir at Mt Grand
- Negotiations to ensure development of the Tahuna Wastewater Treatment Plant
- Rebuilding of the St Clair Sea Wall
- Extension of the Edgar Centre
- Resealing of 54.5 kilometres of road
- Introduction of the user-pays rubbish bag programme.

These are just a few of the many projects undertaken, but they emphasise the scale of work that is continually being undertaken by the City Council to ensure the future of our City. In fact, the \$51 million of capital expenditure undertaken in 2003–2004 is a record for the City.

At the same time, we have been able to record steady progress across a range of other activities in the City – including improving safety of the central city, the processing of a record number of resource consents, the staging of successful Events such as the *Pre-Raphaelite Dream* exhibition at the Dunedin Public Art Gallery and the successful marketing of the City through its *I Am Dunedin* campaign.

This work does not take place in isolation – the staff of the City Council work closely with elected members to agree and undertake these work programmes, and we are especially proud of the way that we consult widely with all residents, ratepayers and interested parties to ensure that what we are doing is both understood and has input from the wider community.

In this respect I would like to take this opportunity to thank everyone who has enabled the City Council to report such a successful year. I especially want to acknowledge all of the staff teams and Councillors who have worked well together during the year, and all of the people in our community who have worked with them.

Together, we have delivered the impressive results detailed in this Annual Report.

Jim Harland  
Chief Executive  
Dunedin City Council



St Clair seawall upgrade is one of many projects progressed during the year.

**GOVERNANCE**

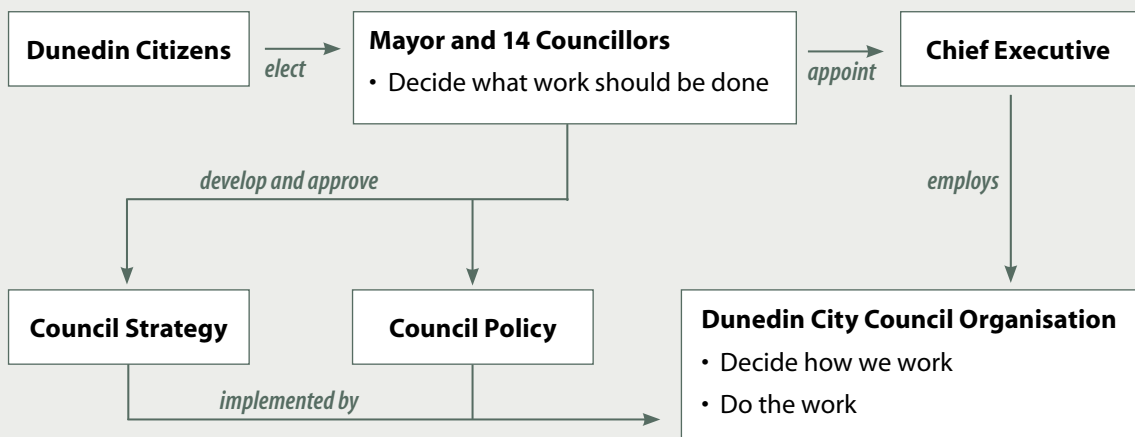
**Role of the Council**

The statutory function of the Council is to lead and guide the good management of the City by determining primary goals and objectives, by setting policies and strategies for their achievement and encouraging this through the considered use of committees and the appointment of skilled managers. Managers implement and administer those policies, and provide and manage the infrastructures on which the City is based.

The Council can contribute to the community in a number of different ways:

- Lead agency – being largely responsible for action in a particular area
- Joint lead agency – managing a programme in conjunction with other organisations
- Supporting – providing support to leading agencies
- Monitoring or influencing – looking to influence other players
- No direct influence – being aware of the programme.

**The Relationship Between the Elected Council and the Organisation**



**COUNCIL STRUCTURE**



## THE MAYOR AND COUNCILLORS



Sukhi Turner



Jeremy Belcher



John Bezett



Syd Brown



Peter Chin



Neil Collins



Malcolm Farry



Elizabeth Hanan



Paul Hudson



Leah McBey



Andrew Noone



Maurice Prendergast



Teresa Stevenson



Richard Walls



Colin Weatherall

## EXECUTIVE MANAGEMENT TEAM



Jim Harland



Tony Avery



Peter Brown



Norah Familton



Graeme Hall



Athol Stephens

## DUNEDIN CITY OVERVIEW

Dunedin's economy has prospered over recent years with increased business development, higher income levels, new jobs opportunities and a rising population. The economy continues to be dominated by service sector industries such as Education and Health, but other industries like Tourism, Manufacturing, Engineering and Food Processing are all growing in importance. Encouraging continued expansion of this economic base will be a critical factor determining on-going development in Dunedin.

### Key Fact

**Employment in Dunedin grew by 4.0% to reach 47,398, outstripping the national average of 3.7%.**

The City is home to a number of internationally renowned businesses competing successfully in the global marketplace. The variety of products and services produced by these firms such as *Fisher and Paykel Appliances* is testament to the strength of the local economy and skill of its workforce.

### Key Fact

**The median sales price for houses in Dunedin rose by 34%.**

Dunedin also supports a strong creative industry, with companies such as *Natural History New Zealand* (the Emmy Award winning producer of wildlife and factual documentaries) and *Animation Research* (developing 3D animation and special effects for television) being based here. A number of New Zealand's top fashion designers are also located in the City and this emerging industry is attracting international attention.

### Key Fact

**Dunedin's tertiary institutions recorded a 7% rise in student numbers.**

The Education sector remains integral to the wealth of Dunedin's economy and our reputation as New Zealand's foremost student city. Growth in this sector continued during the 2003/2004 year, with international students becoming an increasingly important component of this growth.

### Key Fact

**Dunedin's Gross Domestic Product increased by 4.8% or \$113 million from 2002 to reach \$2.9 billion. The national rate of GDP growth was 4.4%.**

Key economic indicators further illustrate the buoyant position of Dunedin's economy. Over the past year the City's employment and gross domestic product has once again exceeded national levels of growth. We have witnessed record volumes of house sales and sale prices driven by high consumer confidence. In line with growing demand for housing and increased business confidence, building activity in both residential and commercial sectors has also risen. The City also received a greater number of visitors, who spent more money in the local economy than in previous years.

### Key Fact

**The number of international visitors staying in commercial accommodation in Dunedin increased by 41%.**

## WHAT WE DID...

## WEALTHY COMMUNITY

**A City that encourages strong local business and employment growth, and attracts increasing numbers of new businesses and tourists.**

The Dunedin City Council undertook a number of projects during 2003/2004 aimed at fostering a strong economy and wealthy community. More than \$4.2 million dollars was invested in Economic Development, Tourism and Events Promotion, Public Relations and City Marketing.

The availability of suitable land for industrial development is a critical requirement for a growing City. The Economic Development Unit (EDU) has been involved in facilitating the rezoning of land to ensure that we have the capacity to grow and attract new business development in Dunedin. The EDU is also working with one of the City's largest employers, *Fisher & Paykel*, to encourage job growth and to develop a manufacturing cluster providing product support to the company in areas that are currently sourced from outside Dunedin.

Encouraging new business development is also a key role of the EDU. UPSTART, an incubator offering mentoring and business advice to companies with growth potential was established in July 2004. The incubator will help nurture firms with fresh ideas or concepts through to a commercial entity.

**More than 300,000 people visit the Visitors Centre each year.**

did you  
**KNOW?**

The retention and attraction of skilled people in the City has also been a major focus of our economic development activities during 2003/2004. Initiatives have included helping attract over 100 skilled workers and their families from the United Kingdom through international promotion and immigration tradeshows. We have also been working with community organisations to establish appropriate industry training in the City and assisting the development of a new apprentice scheme.

A buoyant economy combined with the lack of apprenticeship training over the past twenty years has resulted in a severe lack of skilled labour. The City Promotion team is addressing this issue through the innovative *I Am Dunedin* campaign aimed at attracting people to live and work in Dunedin. Results of this active marketing can be seen in our growing population and the increased awareness of opportunities available in Dunedin.



The Dunedin Symphonia is supported by the Council

The Council's Events Unit continued to organise events celebrating aspects of Dunedin's life and heritage during 2003/2004. New activities organised included the celebration of Chinese New Year and Race Unity Day, a pop concert at Carey's Bay featuring the 'Dunedin sound' and the hosting of the 2004 New Zealand Masters Games. These were organised alongside reoccurring events such as the Hogmanay New Years Eve celebrations, Cadbury's Chocolate Festival, Giant Jaffa Race and the Summer Festival.

Dunedin continues to attract tourists, with nearly 300,000 passing through our Visitor Centre in the past year. The Visitor Centre's reputation for excellent service was further recognised when it was placed runner-up in the New Zealand Visitor Centre Information Network's Mystery Shopper Survey.

While we have achieved a lot over the past year, we still have a number of issues to address to ensure that our economy continues to grow. These issues include attracting more skilled labour to ensure that our firms can operate at full capacity. We need to encourage new business development to provide new jobs for our residents, whilst also attracting expatriates back to Dunedin and ensuring graduates from

the University of Otago can find employment here. We must also provide adequate land and infrastructure for future expansion of industry. On-going development in our local economy will provide improved opportunities for our residents, while ensuring that they can maintain a high quality of life.

#### ENVIRONMENTAL WELL-BEING SAFE AND HEALTHY PEOPLE

**A City where residents feel safe and enjoy a healthy lifestyle.**

The Environmental Health Team, for the first time ever, achieved a 100% inspection rate, ensuring that monitoring of the City's environmental health was outstanding.

With over 20,000 students attending Dunedin's prestigious tertiary institutions, weekends in the City are pretty lively. The City Council continued to work actively with the Police and other agencies to keep young people out of trouble and the central city safe.

Safety Officers started patrolling the city streets this year, and we improved the street lighting around the campus area and other dark spots in the central city, and introduced a liquor restriction in the City area.

The Water and Waste Services Business Unit supplies water to the majority of Dunedin residents, and deals with their wastewater and stormwater, runs the landfills and recycling facilities and collects the rubbish. With expenditure in the 2003/04 year of just over \$34 million, it is a significant activity undertaken by the Council providing essential services to the citizens of Dunedin.



Protecting our beaches is a priority.

As well as keeping the water flowing from the catchments to the taps, the Water team also has a significant involvement in obtaining resource consents from the Otago Regional Council to enable the City to continue to get water for its citizens for the next 35 years. The resource consent process was a significant undertaking for the City, as the majority of the City's water comes from the Deep Stream, Deep Creek, Taieri and Silverstream catchments.

At the same time, work has been undertaken on proposals to upgrade the water supply to the Northern Water Schemes. A strategic study was initiated which identified both water quality and water quantity issues in the water schemes supplying in Waitati, Warrington, Karitane, Merton and Waikouaiti. This project is now in a consultation phase with the community from the northern schemes area.



Major work is being undertaken at Mt Grand.

The 2003/04 year also saw a significant spend on a number of major water projects. These projects, which will improve the quality and security of supply of drinking water to Dunedin residents, saw significant work continuing on the new Southern Water Treatment Plant (\$6.2m), the installation of the UV treatment at the existing Mt Grand Treatment Plant (\$0.8m), and the beginnings of the construction of the new Raw Water Reservoir at Mt Grand (\$2.9m). There was also significant expenditure on improving the water reticulation network, with \$3m being spent on major pipeline upgrades, including substantial completion of the Mt Grand to Corstophine Link in Kaikorai Valley Road (two contracts). Also a further extension of the Southern to Fairfield main was achieved with completion of the Sunnyvale to Flower Street and Flower Street to Old Brighton Road pipelines.

In the Wastewater and Stormwater area, a significant undertaking was the resource consent process for the Tahuna Wastewater Treatment Plant. Hearings were held, subsequent appeals were lodged and consultation was held with all parties to find a resolution. That resolution will see, subject to the Minister of Conservation agreeing with the proposal agreed between all parties, the construction of a 1,100 metre long outfall and the discharge of secondary treated effluent from September 2011. This is an eight-year, \$72 million project. The resource consents are a major achievement that ensures that residents of the City and businesses will continue to have first-rate wastewater treatment and disposal facilities.

The majority of City Residents continue to use the Black Bag collection service.

did you?  
**KNOW!**

At the same time, improvements were made to the City's Wastewater Treatment Plant at Green Island to improve its capability and performance. Improvements were made to the foul sewer and stormwater system (\$1.1m) and planning was also undertaken on stormwater provision for Hagart Alexander Drive. Construction on the new stormwater pipeline is expected to begin in the 2004/05 year.

In the Solid Waste area, 2003/04 saw the introduction of the Council's user-pays black bag collection service. This service complements the blue bin kerbside recycling service that the City introduced earlier in 2003. The majority of the City's residents continue to use the black bags, which combined with the kerbside recycling service have seen a 12% of waste through Council's waste management facilities now being recycled through the recycling service. The Council is committed to zero-waste to landfills and the kerbside recycling and the black bags are an important component of that commitment.

During the year, there was also a change in the contracting arrangements for the Green Island Landfill, which resulted in significant cost savings to the Council and improvements in service. Work has been ongoing on the development

of a Waste Management Plan and Solid Waste Management Strategy, which will incorporate further waste minimisation initiatives and the management of the residual waste which cannot be diverted.

The City Council maintains an operational arm that undertakes services on the stormwater, wastewater and water networks. During the year, the team responded to almost 250 blockages of stormwater and foul sewer within 30 minutes of getting a call. On the water side of things, 644 watermain bursts were repaired, 1856 stop cocks were repaired and 4934 hydrants were used to scour material out of the pipe network. These are just some of the services that the Midland Street operational team provides to ensure that the network continues to operate well, and that the people of Dunedin continue to get good clean water.

The year also saw a great deal of work being done on getting better information about assets that the City relies on to supply water and to deal with its sewers. The 2003/04 year saw work on revamping the asset management plans, gaining further information about underground assets and in revaluing the water reticulation network. In terms of the City's water supply assets, the City has 9,436 hectares of land, 159 km of raw water pipelines (bringing water to the treatment plants), 17 treatment plants, 186 km of main trunklines, 1070 km of reticulation pipelines, 5,897 fire hydrants and 34,244 service connections worth a combined \$311m. In the wastewater area, there is 845 km of pipeline, 80 pumping stations, eight treatment plants and 17.2 hectares of land worth a combined \$173m. The stormwater assets consist of 349 km of pipeline and nine pumping stations worth a combined \$81m. The Solid Waste assets consist of 118 hectares of land, three operating landfills, two transfer stations, two closed landfills and 690 litterbins worth a combined \$10m.

**ACCESSIBLE CITY**

**A City with a transport network that supports economic development, and where people move about easily and safely**

The major focus in Transportation Planning over the year has been preparatory work for the development of a new Transportation Strategy for the City. A joint Otago Regional Council/Dunedin City Council Working Party has been preparing a paper on the issues faced and options for dealing with them. There will be widespread consultation over this later in the year.

In the 2003/04 year the study of strategic corridor needs was successfully undertaken. Capital projects successfully implemented included a range of seal extensions in the outlying communities of Waitati, Purakanui, Green Island, the Otago Peninsula and Allanton. New footpaths were provided mainly in the Mosgiel area. Work continued improving mobility facilities with a wide-ranging programme in Mosgiel and South Dunedin.

Engineering works to improve road safety included widening of two corners on Harington Point Road, improving visibility on corners on George King Memorial Drive, guardrail installation at several sites and numerous intersection upgrades. Projects to improve cycle safety in the City were also undertaken with the most interesting being the finding of a solution to the age old problem of cycle wheels being trapped in grooves alongside rail and tram tracks. The Wharf Street crossing has been successfully modified by filling the groove with a rubber compound, locally developed, which compresses when a train passes and rebounds to stop a cycle wheel entering the groove.

The Council spent \$22.9 million in 2003/2004 maintaining, repairing and renewing its roading network.

did you?  
**KNOW?**

During the 2003/04 year the Council spent \$22.9 million maintaining, repairing and renewing its roading network that includes 1742 km of roads,

890 km of footpaths, 12,800 streetlights and 212 bridges. Nearly half of that expenditure was on capital renewal work, which is the major cyclic activities necessary to keep the roads in good condition. In that category 54.5km of roads were resealed, 8.5 km were shape corrected, 3.1km of kerb and channel were replaced and 85.9 km of footpaths were resurfaced.

In addition to the physical maintenance works the Council extended its use of the Hansen software system to enhance the contracting processes for road maintenance. This major implementation is now operating and is facilitating streamlined handling of service enquiries, and compiling much more data on routine maintenance works to assist more accurate planning of long-term operating and renewal strategies.



Road resealing and renewing is ongoing.

The annual roadway and footpath condition rating survey shows that the serviceability of the sealed road and kerb assets is being maintained at a constant or improving level. Footpath renewals is a significant challenge and Council's increased funding in this area will reap benefits if that programme is maintained for the future.

**SUSTAINABLE CITY AND ENVIRONMENT**

**A City that makes the most of its natural and built environment.**

The City Planning Team deals with the Resource Management Act, District Planning document and with resource consents.



New building has been booming.

In the resource consents area, 2003/04 saw a record number of resource consents being received at 1,235, which represented a 23% increase over the previous year. The trend of increasing numbers of resource consents has been experienced each year since 2000. Overall, from July 2000 to June 2004, consent applications received have increased by 80%. For the 2003/04 year, 96% of the applications received were processed non-notified. Of those applications, only six (1%) saw appeals on the Council's decision being heard by the Environment Court. The processing of those consents was within statutory timeframes despite the significant increase, while at the same time making a savings on the requirements of funding from the general rate and having a reduced staff resource.

**Building consents rose 23% during the year.**

*did you?*  
**KNOW!**

In the planning policy area, the major highlight for the year was the approval by the Council on 19 April 2004 of a significant part of the Proposed District Plan. This saw the provisions relating to the urban parts of the Proposed District Plan becoming operative. This simplifies the planning framework for projects within the

urban areas as they no longer need to consider the Transitional Plans that were prepared prior to the Resource Management Act 1991. Variations expanding the residential zone in Mosgiel and providing for a commercial zone at St Clair were released. Appeals were resolved dealing with: protection of indigenous vegetation, protecting significant trees, controls on noise at Port Chalmers and protection of residential amenity in the Residential 3 zone (i.e. the area surrounding the campus). Monitoring reports on the Town Centre; Natural Areas and Transport were released, and an evaluation of the Signs Section evaluation was presented to the Council.

**CULTURE AND LEARNING**

**A City that celebrates and supports culture and excellence in the arts, and education.**

Dunedin is recognised as a quality centre of tertiary education and culture in New Zealand. The institutions in the city allow us to enjoy a diverse learning and cultural environment rarely available in a city of our size.

**Dunedin's international student population has more than doubled in four years**

*did you?*  
**KNOW!**

The Council has acted as an advocate, supporter and a provider. For the facilities that the Council provides, the vast majority of the community (80%) acknowledges that these facilities are great assets to the city. (2004 DCC Residents' Opinion Survey).

The international student population has more than doubled in the last four years, from 1,700 in 1999 to almost 3000 in 2003. In addition, the direct annual contribution of international students increased from \$39.7 million in 1999 to \$84 million in 2003. In addition to these figures is the immeasurable culture and diversity that these students bring to the City.

The undoubted highlight of the year is the Dunedin Public Art Gallery's 'Pre-Raphaelite Dream: Paintings and Drawings from the Tate Collection'. Over 48,000 people, many of them from outside Dunedin, visited this exhibition and

the vast majority were highly enthusiastic about this opportunity and experience. This continues Dunedin's excellent reputation for unique and imaginative international art exhibitions.

Other significant exhibitions were the Otago Settlers *Fabulous Frocks* and the *Calf to Quill* exhibition that showcased some of the medieval manuscripts from the Dunedin Public Library's Reed Collection.



Dunedin has an excellent reputation for exhibitions.

The renovation and re-carpeting of the Mosgiel Public Library and the commencement of the Port Chalmers Library upgrade, is part of an ongoing enhancement of these community facilities.

The millennium sculpture '*Nemus for Bri*' by Wayne Emerson was completed and installed in its Smith Street site. This is an additional art feature to the City.

The coming together to jointly promote all of Dunedin's collections resulted in the publication of a brochure '*Dunedin Collection Stories*'. This is a closer working together of the Dunedin Public Library, Dunedin Public Art Gallery, Otago Museum, Otago Settlers Museum, Hocken Library and the Dunedin Botanic Garden, in promotion and marketing.

**ACTIVE CITY**

**A City that provides and encourages participation in a broad range of sporting, recreational and leisure activities.**

Dunedin people get out and make the most of a wider range of recreational activities. The City is fortunate to have a good range of quality sport, recreation and leisure services and facilities.

These are valued by the community, along with a broad acceptance that participation in sport, recreation and active leisure pursuits is beneficial to our health and well-being. The importance of an active life to the health and well-being of individuals is well understood by the community and the Council. The 'Quality of Life in New Zealand's Eight Largest Cities in 2003' had 81% of Dunedin residents undertaking physical activity at least two to four times a week.

The planning of an indoor sports event centre with seating for 3,000 people was completed and the construction started on this additional facility at the Edgar Sports Centre. This will enable increased participation in indoor sporting activities and enable our representative sports teams to perform in appropriate facilities with their community to cheer them on.

The new indoor arena at the Edgar Centre will seat 3,000 people.



At the same time, we planned and started development of the largest ice rink in Australasia at the redundant Dunedin Stadium. Both these projects were in partnership with the community. Appropriate trusts will lease and manage these facilities when they are completed in late 2004.



The Edgar Centre Upgrade.

The University Oval was another large sport and recreation facility development, which establishes an international cricket ground and facilities that also provided for other sport and recreation users. This project had two partners who worked with the Council, being the University of Otago and an Otago cricket

based trust. These three projects have a total value when completed of \$19 million, of which \$9 million was provided by the community partners, mainly through fund-raising activities.

The City's extensive walking tracks were extended with a further link that almost completes the route from Swampy to Mt Cargill. This had been a strategic goal for Dunedin's walking track system and, with the funding provided by community groups and a generous donation from the Calvert family, this additional link was achieved in 2004.

A further project to create an area where children can learn road skills and ride their bikes was established at Marlow Park. Its implementation was completely funded by sponsorship from the local company of Fulton Hogan. The concept is a miniature roading system, replicating common traffic elements found on our roads specifically for young children. Opening in October 2003, this facility has had extensive use over its first nine months.

#### SUPPORTIVE COMMUNITY

**A City where residents feel included and connected with their wider community.**

People living in Dunedin involve themselves in their community. The 'Quality of Life in New Zealand's Eight Largest Cities in 2003' documents that 90% of Dunedin residents rated their quality of life as extremely good or good.

Dunedin people are aware of the importance of a strong community support network. However, they are also aware that the Council only provides a small proportion of the social services. The Council does provide a level of community assistance and advice services, affordable rental housing, community halls, civic grants and a range of cemetery and cremation services. We also tackle this supportive community outcome by working with other community and government organisations.

**90% of Dunedinites rate their lifestyle as extremely good or good.**

did you?  
**KNOW?**

A main thrust of our involvement is to avoid duplication of the efforts of agencies that provide support services to the community by undertaking inter-agency communication.

The Council continued its upgrade of community housing units and completed the planning of the Waikouaiti Community Hall complex. The Port Chalmers Community Hall provision as part of the Library and Service Centre building project nears completion.



Dunedin quality of life is extremely good.

The Council has been instrumental in the setting up of PANDO (Poverty Action Network Dunedin Otepoti), which was brought together a number of community organisations, individuals and government agencies to focus on taking action to remove poverty in the city.

Ongoing support is provided to Dunedin's Youth Forum and an extremely successful Youth Expo was organised.

The Council's Community Grant Funding and Community Organisation Rate Relief Schemes are a key element in addressing the supportive community outcome.

Advocating for the community on supportive community issues was undertaken primarily by the Council making submission to relevant government and government agency strategy and consultation documents. During the year this included input to the Otago District Health Board's 'Review of Mental Health Services Provision'.

The Council also involved itself in the changing areas of social welfare and health services such as the establishment of Primary Health Organisation. This was by considering issues and consulting with affected parties and the organisation involved to ensure solutions were found to avoid problems for the wider community.

## FINANCIAL OVERVIEW AND SUMMARY

The satisfactory financial result for the year reflects adherence to budgets, a robust local economy and excellent trading results from the Council owned companies. The surplus of \$5.6m was \$2.1m better than budget, operating cashflow was \$5.7m better than budget, and year end term debt, at \$42.87m, was \$33.45m lower than planned. The improved result arose mainly from:

- A better than planned result from the Waipori Fund – \$1.9m
- Additional Transfund roading subsidies, some of which was received this year rather than next – \$1.33m
- Additional dividend income from Dunedin City Holdings Limited (ex City Forests Ltd) – \$0.5m
- Additional revenue from increased building consents – \$0.68m
- Additional revenue from rate penalties and more rateable properties – \$0.87m
- Additional revenue from the buyout of a lease – \$0.6m
- Reduced interest expense as loan draw downs were delayed – \$1.04m
- Profit on sale of endowment land – \$3.9m

These favourable revenue and expenditure items were offset, partly, by increases in landfill after care provisions for the closed North Taieri landfill and the Green Island landfill – \$4.6m.

Council carried out the first phase of its planned sale of leasehold land, selling down 88, mainly residential, properties for total proceeds of \$5.5m. Reinvestments of just over \$4m at much improved returns took place in July 2004. The second and third phases will occur in 2004 and 2005, adding further income and equity to the Council's financial position.

The heavy capital expenditure programme on the construction of Mt Grand and Southern water storage and treatment plants continued. The transformation of the University Oval into a first class cricket venue, the building of the new indoor sports stadium at the Edgar Centre, the replacement of the St Clair sea wall and the Dunedin Stadium Ice Rink development, further contributed to the total of \$51.2m of capital expenditure for the year.

In spite of this heavy capital programme, new debt rose by just \$14.68m. Moreover, interest rate protection measures taken out earlier will ensure that debt servicing costs over the next three years remain manageable, even though interest rates are rising.

Dunedin City Council has consciously pursued a policy of diversifying its income. It has tried to keep rates affordable by enlarging its returns from property and trading company investments. This policy has permitted an ambitious water and wastewater upgrade to go ahead, along with other desirable community facilities, without placing a heavy burden of debt on the community.

The City has retained its AA- Standard and Poor's credit rating and continues to be seen by financial markets as a soundly financed, credit worthy institution. This standing has been retained in the face of known increases in term debt, largely because long term financial plans have been adhered to within prudent policy limits.

The years to come will see further increases in term debt as big water and wastewater upgrades are completed. However, Council will remain comfortably inside its policy limits and expects to retain its AA- credit rating.

## DUNEDIN CITY COUNCIL – SUMMARY OF STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

	CORE COUNCIL			CONSOLIDATED	
	Actual 2004 \$'000	Budget 2004 \$'000	Actual 2003 \$'000	Actual 2004 \$'000	Actual 2003 \$'000
Total operating revenue	141,758	129,744	128,317	249,270	228,037
Total operating expenditure	136,105	126,184	127,392	226,963	207,434
Operating surplus/(deficit)	5,653	3,560	925	22,307	20,603
Less taxation	0	0	0	11,825	11,827
Operating Surplus/(deficit) after taxation	5,653	3,560	925	10,482	8,776
Share of retained surpluses in associated companies	(26)	0	(40)	414	168
Net surplus/(deficit)	5,627	3,560	885	10,896	8,944

## DUNEDIN CITY COUNCIL – SUMMARY STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 JUNE 2004

	CORE COUNCIL			CONSOLIDATED	
	Actual 2004 \$'000	Budget 2004 \$'000	Actual 2003 \$'000	Actual 2004 \$'000	Actual 2003 \$'000
Equity at the beginning of the year	1,636,590	1,499,475	1,498,869	1,730,100	1,582,577
Asset revaluation and adjustments	189,963	0	136,836	195,375	138,573
Net surplus/(deficit)	5,627	3,560	885	10,896	8,944
Total recognised revenue and expenses for the year	195,590	3,560	137,721	206,271	147,517
Movements in minority interest	0	0	0	6	6
Equity at the end of the year	1,832,180	1,503,035	1,636,590	1,936,377	1,730,100

## DUNEDIN CITY COUNCIL – SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

	CORE COUNCIL			CONSOLIDATED	
	Actual 2004 \$'000	Budget 2004 \$'000	Actual 2003 \$'000	Actual 2004 \$'000	Actual 2003 \$'000
Total current assets	36,617	27,666	31,618	52,071	45,102
Total non-current assets	1,870,416	1,575,734	1,658,382	2,169,353	1,946,709
Total assets	1,907,033	1,603,400	1,690,000	2,221,424	1,991,811
Total current liabilities	28,043	25,887	23,416	38,218	40,961
Total Non-current liabilities	46,810	74,478	29,994	246,829	220,750
Equity	1,832,180	1,503,035	1,636,590	1,936,377	1,730,100
Total liabilities and equity	1,907,033	1,603,400	1,690,000	2,221,424	1,991,811

## DUNEDIN CITY COUNCIL – SUMMARY OF STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

	CORE COUNCIL			CONSOLIDATED	
	Actual 2004 \$'000	Budget 2004 \$'000	Actual 2003 \$'000	Actual 2004 \$'000	Actual 2003 \$'000
<b>Cash flow from operating activities</b>	138,547	129,743	133,060	250,767	245,445
<i>Cash was applied to:</i>	(102,794)	(99,658)	(99,478)	(188,256)	(187,199)
<b>Net cash inflow(outflow) from operating</b>	<b>35,753</b>	<b>30,085</b>	<b>33,582</b>	<b>62,511</b>	<b>58,246</b>
<b>Cash flow from investing activities</b>	6,393	3,734	2,757	8,071	24,765
<i>Cash was applied to:</i>	(52,784)	(60,664)	(30,295)	(84,564)	(63,895)
<b>Net cash inflow(outflow) from investing</b>	<b>(46,391)</b>	<b>(56,930)</b>	<b>(27,538)</b>	<b>(76,493)</b>	<b>(39,130)</b>
<b>Cash flow from financing activities</b>	14,684	30,479	3,935	16,880	21
<i>Cash was applied to:</i>	(2,206)	(2,614)	(8,372)	(0)	(18,382)
<b>Net cash inflow/(outflow) from financing</b>	<b>12,478</b>	<b>27,865</b>	<b>(4,437)</b>	<b>16,880</b>	<b>(18,361)</b>
Net increase/(decrease) in cash held	1,840	1,020	1,607	2,898	755
Opening cash balance	2,226	(4,022)	619	3,712	2,957
<b>Closing cash balance</b>	<b>4,066</b>	<b>(3,002)</b>	<b>2,226</b>	<b>6,610</b>	<b>3,712</b>

The Information included in the Summary Financial Report has been extracted from the audited full financial report and authorised for issue by the Chief Financial Officer on 29 October 2004.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

## 1. Accounting Policies

*Basis of Preparation*

The Council has prepared the summary financial report in order to provide users with a succinct overview of Council performance. The specific disclosures included in the summary financial report have been extracted from the full financial report also dated 4 October 2004.

Users of the summary financial report should note that the information contained therein cannot be expected to provide as complete an understanding as provided by the full financial report of the financial and service performance, financial position and cash flows of the Council.

Users who require additional information are encouraged to access the full Council Annual Report on the Council website at [www.CityofDunedin.com](http://www.CityofDunedin.com). Users who do not have access to the website can request a printed version from the following address:

Financial Controller  
Dunedin City Council  
PO Box 5045  
Dunedin

The Financial Statements have been prepared in accordance with generally accepted accounting practice in New Zealand.

## 2. Post Balance Date Event

In July 2004 the Council purchased two investment properties funded in part by the proceeds of the sale of lessors interest in endowment land owned by the Council. A property was purchased in Christchurch for \$3.9m and a second property was purchased for \$250,000 in Kaikorai Valley.

**REMUNERATION PAID TO ELECTED REPRESENTATIVES**

This information is required under schedule 10 Part 3 Clause 18 of Local Government Act 2002

	Council Remuneration	Role	Director's Fees
Sukhinder Turner	\$115,155	Mayor, Chair Performance Appraisal, Chair Standing Orders	\$48,120
Elizabeth Hanan	\$46,222	Deputy Mayor	
Richard Walls	\$38,434	Deputy Chair Consent Hearings Deputy Chair Economic Development	\$19,500
Neil Collins	\$32,498	Deputy Chair Infrastructure Services	
Paul Hudson	\$39,768	Chair Community Development	\$57,939
Andrew Noone	\$45,864	Chair Infrastructure Services	
Maurice Prendergast	\$31,646		
Colin Weatherall	\$46,314	Chair Consent Hearings	
John Bezett	\$34,929	Deputy Chair Planning and Environment	
Peter Chin	\$35,864	Chair Community Assistance Deputy Chair Finance and Strategy	
Leah McBey	\$43,327	Chair Finance and Strategy	
Malcolm Farry	\$38,891	Chair Economic Development	
Sydney Brown	\$40,013	Chair Planning and Environment	
Jeremy Belcher	\$28,160		
Teresa Stevenson	\$32,499	Deputy Chair Community Development	

**REPRESENTATION ARRANGEMENTS**

The Dunedin City Council currently has 14 Councillors elected via a Ward System. The table below outlines the Wards, and the number of Councillors elected in each Ward.

Current Ward System: 2001, Official Population

Ward	Population	Number of Councillors	Ratio Members:Pop.
Cargill	30,300	3	1:10,100
Hills	26,500	3	1:8,833
South Dunedin	35,200	4	1:8,800
Green Island/Saddle Hill	9,760	1	1:9,760
Mosgiel	10,350	1	1:10,350
Taieri	4,860	1	1:4,860
Waikouaiti Coast	3,290	1	1:3,290
	120,300	14	

The Council also elects a Mayor who is elected at large throughout the City.

## REPORT ON OPPORTUNITIES FOR MAORI TO CONTRIBUTE TO THE DECISION-MAKING PROCESS

### Development of Maori Capacity to Participate in Council Decision-Making

The Local Government Act requires the Council to outline steps to be taken to foster the development of Maori capacity to contribute to our decision-making process.

#### *Organisation Level*

The Council held its first formal meeting at Otakou Marae on 10 February 2003. This meeting was aimed at consolidating and further developing existing relationships between the Council and Kai Tahu. As a result of that meeting, a Maori Participation Working Party has been set up including Councillors and representatives from both Te Runanga o Otakou, Kati Huirapa ki Puketeraki Runanga to look at the future relationship between both organisations. The terms of reference for this working party indicate that it will examine the following:

- What does sustainable development look like to Maori in Dunedin City?
- What specific opportunities should be provided to assist in the Runanga contribution to decision-making in Dunedin City?
- How should the Runanga be recognised in the Dunedin City Council's Local Governance Statement and what role is there for a Memorandum of Understanding or other agreements?
- What decision-making processes do the Runanga believe they should be involved in and how?
- Does the capacity of Maori to participate in the Council's decision-making process need to be boosted?
- What are the Runanga views on a policy for the remission of rates on Maori freehold land?

The Council held a Hui on the issue of consultation in February 2004. As a result it was agreed that Maori would hold their own Hui to explore the issues and come back to the Council for further discussion.

#### *Activity Level*

Council departments already undertake consultation and discussion with Kai Tahu. In some cases these are ongoing processes

required by legislation (eg. the Resource Management Act 1991), others are simply a way of recognising the spirit of open partnership inherent in the Treaty of Waitangi. The interactions can all be seen to help build Maori capacity to participate in the operational and decision-making processes of the Council.

## MANAGEMENT REPORT

### Division of responsibility between the Council and management

There is clear division of responsibility between the role of the Council and that of management. Elected members make policy and officers implement it. The Council has adopted the principle of delegation by exception. This means that all the powers of the Council are delegated to committees or the Chief Executive unless a specific exception applies.

### Chief Executive

The Chief Executive is appointed by the Council in accordance with section 42 and clauses 33 and 34 of Schedule 7 of the Local Government Act 2002. The Chief Executive implements and manages the Council's policies and objectives within the budgetary constraints established by the Council. Under section 42 of the Local Government Act 2002, the responsibilities of the Chief Executive are:

- implementing the decisions of our Council
- providing advice to the Council and community boards
- ensuring that all responsibilities, duties and powers delegated to the Chief Executive or to any person employed by the Chief Executive, or imposed or conferred by any Act, regulation or bylaw are properly performed or exercised
- managing the activities of the Council effectively and efficiently
- maintaining systems to enable effective planning and accurate reporting of the financial and service performance of the Council
- providing leadership for the staff of the Council
- employing staff (including negotiation of the terms of employment for the staff)

The remuneration of the Chief Executive for the year ended 30 June 2004 was \$225,261.

### Council Operations

The Chief Executive has appointed five General Managers to manage respectively: Finance and Corporate Support, Strategy and Development, City Environment, Community Life and Customer Services who, together with the Human Resources Manager, form the Executive Management Team under the Chief Executive's chairmanship.

### STAFF REPORT

#### People

Our obligation to our people is more and more managed through our Performance Management System. This links individual performance to development needs and remuneration.

#### Staff Development

Staff development is driven through performance management, which identifies the individual development required to achieve the agreed objectives. The individual requirements are then translated into departmental needs and then collated by the Human Resources department into an organisational plan.

Remuneration is managed in a fair and equitable manner by a job evaluation system, compers, which evaluates jobs on a nine point scale to ensure internal relativity. Salaries are then monitored against the market using three external salary surveys to ensure we pay at the median of the local government market.

#### Health and safety

We are focused on a safe working environment and improving the overall health and safety record of council and those organisations that contract to us.

We were audited by an independent auditor against the ACC standards and achieved a tertiary standard. Our lost time injury rate is 0.081%, which is the percentage of the organisation's time lost due to accident.

#### Staff Demographics

Our staff demographics closely match those of the community we serve. Our ethnic composition is 88% European decent, 4% Maori descent, 2% Asian descent and 6% other. Our gender balance is 55% female and 45% male. The majority of our employees, 59%, are in the 30 to 50 age group. Our employees are loyal with 56% having been here 6 years or more.

### Employee Satisfaction

Our second staff satisfaction survey showed an increase in all results.

- Are proud to work for the Dunedin City Council went from 71% to 74%
- Enjoy doing their job went from 89% to 90%
- Are satisfied with their job went from 82% to 84%
- Comments made in the survey include:
  - Good remuneration and job security
  - Good people and good support
  - Varied and challenging work
  - Areas identified for improvement are more delegation and being more proactive.

### EQUAL EMPLOYMENT OPPORTUNITIES

Council now has in place an E.E.O. Management Plan that has been accepted by the E.E.O. Trust.

We have introduced a new training programme called The Treaty of Waitangi from a Ngai Tahu perspective. This is run on a generic basis and is also modified to meet the needs of specific groups within Council.

### SEVERANCE PAYMENTS

Severance payments to three former staff members were made for a total of \$79,006.

Employee A	\$33,880
Employee B	\$40,000
Employee C	\$5,126

### STATEMENT OF COMPLIANCE AND RESPONSIBILITY

#### Compliance

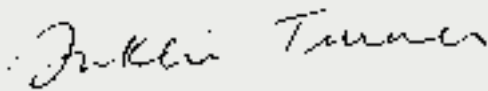
The Council and Management of the Dunedin City Council confirm that all the statutory requirements of Schedule 10 Part 3 of the Local Government Act 2002 regarding financial management and borrowing have been complied with.

#### Responsibility

The Council and Management of the Dunedin City Council accept responsibility for the preparation of the annual Financial Statements and the judgement used in them.

The Council and Management of the Dunedin City Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Management of the Dunedin City Council, the annual Financial Statements for the year ended 30 June 2004 fairly reflect the financial position and operations of the Dunedin City Council.



Sukhi Turner, MAYOR



Jim Harland, CHIEF EXECUTIVE



#### AUDIT REPORT TO THE READERS OF DUNEDIN CITY COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2004

The Auditor-General is the auditor of Dunedin City Council (the City Council) and group. The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the City Council and group for the year ended 30 June 2004, including the financial statements.

#### Unqualified Opinion

In our opinion:

- the financial statements of the City Council and group on pages 24 to 103:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the City Council and group's financial position as at 30 June 2004; and
    - the results of operations and cash flows for the year ended on that date.
- the Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 4 October 2004, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

#### Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements and the other requirements. We obtained all the information and explanations we required to support the opinion above.

#### Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the City Council and group as at 30 June 2004. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The Council is also responsible for preparing the information in the other requirements. The Council's responsibilities arise from Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

#### Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out an assignment in auditing the amendments to the Long Term Community Council Plan, which is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the City Council or any of its subsidiaries.



B F Kearney  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand