

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.

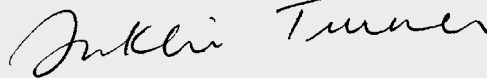
The Council has also invested significantly in other recreational amenities. The new Edgar Centre extension will provide a purpose built arena for Netball, Basketball and other indoor sporting contests. National sporting events and tournaments are already being booked and we look forward to the opening 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.



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 Plant to provide A-Grade Water
- Work on the new raw water reservoir at Mt Grand

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- 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

SUMMARY STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

Dunedin City Council aims to contribute to the economic, environmental, social and cultural well beings of the local community through seven outcome areas.

The selection of performance measures set out below provides an indication of residents' satisfaction with these services.

This is a selection of key performance measures that have been extracted from the full Statement of Service Performance.

Community Wellbeings	Community Outcomes	Performance Measure	Achievement	2004 Target	2004 Actual	2003 Comparative
Economic	Wealthy Community	Full time equivalents in the Dunedin workforce	✓	46,486	47,398	45,575
		Client satisfaction with the Town Hall and Dunedin Centre	✓	85%	100%	N/M
	Accessible City	Residents' satisfaction with roads in general	✓	65%	66%	65%
Environmental	Safe and Healthy People	Residents' satisfaction with dog control—roaming dogs	✓	37%	46%	37%
		Residents' satisfaction with water colour	✓	60%	64%	59%
		Residents' satisfaction with kerbside recycling	x	84%	79%	N/M
	Sustainable City and Environment	Resident satisfaction with the overall look and feel of the City	✓	75%	80%	75%
Social and Cultural	Supportive Community	Satisfaction with the public library service	✓	85%	91%	87%
	Culture and Learning	Users' satisfaction with the Dunedin Public Art Gallery	✓	80%	95%	82%
	Active City	Users' satisfaction for all swimming pools	✓	85%	90%	87%

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	CORE COUNCIL			CONSOLIDATED	
	Actual 2004 \$'000	Budget 2004 \$'000	Actual 2003 \$'000	Actual 2004 \$'000	Actual 2003 \$'000
SUMMARY OF STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004					
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

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 \$5.6 million was \$2.1 million better than budget. This improved result arose mainly from a better than planned result from the Waipori fund (\$1.9 million), additional Transfund roading subsidies (\$1.3 million), the profit on the sale of endowment land (\$3.9 million), offset by an increase in landfill after care provisions for the closed North Taieri landfill and the Green Island landfill (\$4.6 million).

SUMMARY STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 JUNE 2004

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

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

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

SUMMARY OF STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

Net cash inflow(outflow) from operating	35,753	30,085	33,582	64,319	58,246
Net cash inflow(outflow) from investing	(46,391)	(56,930)	(27,538)	(76,493)	(39,130)
Net cash inflow/(outflow) from financing	12,478	27,865	(4,437)	15,072	(18,361)
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
Closing cash balance	4,066	(3,002)	2,226	6,610	3,712

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.

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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 audited 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. 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. Changes in Accounting Policy

This year the directors of City Forests Limited and Dunedin City Holdings Limited changed their accounting policy used in the valuation of forest assets. The basis of the valuation has been changed to a total forest estate basis from a stand-by-stand basis. This allows the valuation to incorporate the benefit from production planning across all of the mature areas of the forests. The financial effect of using the new valuation policy is to increase the value of the forest by \$8.76m.

The measurement basis of water reticulation assets has changed from deemed cost as at 1991 to depreciated replacement cost as at 30 June 2004. The change in value was \$175,491,000.

Apart from the changes above there have been no other changes to the accounting policies from those adopted last year and accounting principles that have been applied on a basis consistent with last year.

3. 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.

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

We have audited the summary annual report.

Unqualified opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements complies with FRS-39: Summary Financial Reports and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 4 October 2004, on:

- the full financial statements; and
- the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which include New Zealand Auditing Standards. 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 Dunedin City Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.



B F Kearney
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand
4 November 2004

Matters relating to the electronic presentation of the audited summary annual report

This audit report relates to the summary annual report of Dunedin City Council and group for the year ended 30 June 2004 included on Dunedin City Council's web-site. Dunedin City Council is responsible for the maintenance and integrity of the Dunedin City Council's web site. We have not been engaged to report on the integrity of the Dunedin City Council's web site. We accept no responsibility for any changes that may have occurred to the summary annual report since they were initially presented on the web site.

We have not been engaged to report on any other electronic versions of the Dunedin City Council and group's summary annual report, and accept no responsibility for any changes that may have occurred to electronic versions of the summary annual report published on other websites and/or published by other electronic means.

The audit report refers only to the summary annual report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from this summary annual report. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary annual report and related audit report dated 4 November 2004 to confirm the information included in the audited summary annual report presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of the summary annual report may differ from legislation in other jurisdictions.