



2015/16

# Dunedin City Council Annual Report Summary

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# Introduction from Mayor



A stylized, handwritten signature of Dave Cull in black ink.

Dave Cull, Mayor of Dunedin

Thank you for your interest in our Annual Report for 2015/16. The report is an opportunity to reflect on the past financial year and consider how our actions will shape Dunedin's path over the coming years.

Among the biggest achievements in 2015/16 was progress towards completing the strategic framework for Dunedin. The framework is like a comprehensive business plan and helps to direct the city's limited resources towards the overarching vision for Dunedin as 'one of the world's great small cities'.

Seven of eight interconnected strategies have now been finalised, with Te Ao Turoa (The Natural World): Dunedin's Environment Strategy the latest to be adopted by Council in June. Te Ao Turoa's goals are focused on Dunedin being resilient and zero carbon, having a healthy environment, and our people caring for the environment.

The Energy Plan 1.0 – an action of the Economic Development Strategy – was also consulted on and adopted in 2015/16. The Energy Plan provides for the community to save costs and take advantage of economic opportunities through energy-efficiency improvements and reducing the city's carbon footprint.

The final piece of the strategic framework, the Parks and Recreation Strategy, is nearing completion. This all cements a growing sense of city identity, achievement and aspiration.

Fostering relationships at a mayoral, civic and institutional level in China continues to have major flow-on benefits for our education, business, trade and tourism sectors. An example of this was the signing of a major education recruitment agreement in June between the city and JIL, the largest education consulting and service company in China.

The JIL agreement aims to bring at least an additional 70 Chinese students to Dunedin from next year. Others include supply and teaching agreements between the University of Otago and Otago Polytechnic with prestigious Chinese universities.

Dunedin's economy continues to grow steadily. Figures released by BERL show the city's GDP grew by 2.3% during 2015 and there was an increase of 780 in full-time jobs throughout the year. Visitor numbers are rising sharply.

Some of the challenges we face as a city over the coming decades are also becoming clearer.

Investigations into the capacity of the Council's stormwater infrastructure in the wake of the June 2015 floods, the release of the Parliamentary Commissioner for the Environment's report into sea level rise, and Otago Regional Council data collection on groundwater, provided the information required to start having meaningful conversations with the South Dunedin community on the changing environment there and how best to respond long-term.

Good progress was made on a multi-million dollar project to replace old and poorly performing wastewater and water pipes in Kaikorai Valley. The project, which also includes some stormwater improvements, will help ensure the ongoing performance of networks in the area, as well as helping to ease some flooding issues downstream at South Dunedin.

I am proud that the Council has continued to invest in making Dunedin an attractive and vibrant place to live, work, study and visit, while still finding savings and efficiencies to hold rates increases below 3% and reduce debt much quicker than expected.

We finish the 2015/16 year in a strong position to further capitalise on progress already made and to tackle the challenges ahead.



# Introduction from Chief Executive Officer



Sue Bidrose, Chief Executive

This Annual Report closes the accountability loop on the first year of the Council's 2015/16- 2024/25 Long Term Plan (2015 LTP).

The 2015 LTP reaffirmed the Council's commitment to annual overall rates increases of no more than 3% per annum unless there were exceptional circumstances, and reducing Council debt to \$230 million by 2021. The 2015 LTP also highlighted the need to increase annual expenditure on renewals of aging infrastructure (water and wastewater pipes) to manage a backlog of work in this area. These commitments required the Council to come up with significant savings and service efficiencies across the 10 years of the 2015 LTP. Audit NZ, in giving their opinion to the 2015 LTP, felt that there was a level of uncertainty as to whether the Council could achieve the necessary savings and efficiencies.

It is pleasing to be able to report that we have made good progress against these targets in the 2015/16 year. The 2016/17 Annual Plan was developed during the year and adopted with an overall rates increase a 2.97% after starting out with a forecast increase of 4.9%. By year end we reached a debt level of \$217 million which is \$30.6 million less than the budgeted level. It is particularly satisfying to have debt levels fall well below projected levels and achieve our target debt level earlier than planned.

Several factors contributed to these results. The opening position for the

2015/16 year was better than forecast, the Council received some unbudgeted revenue from the disposal of property and actual capital expenditure was lower than budgeted. Continuing low interest costs also help with annual expenditure.

Changes to the capital expenditure programme arose from a planned project not going ahead and necessary delays and deferrals in projects while further scoping and planning work was undertaken. Deferral of Strategic Cycle Network projects came about after the South Dunedin phase of the project attracted community criticism and required rework. Some valuable lessons were learned here and we consulted on slowing this work down and taking a new approach in the 2016/17 Annual Plan.

Reduced capital expenditure in some areas allowed increased expenditure in other areas to be offset. Record project completions were achieved across the Water and Waste capital works programme, mainly due to acceleration of work on programmed projects. This included reticulation network renewals of \$4.6 million above budgeted levels, demonstrating our ability to find efficiencies and make progress against the backlog of renewals identified in the infrastructure strategy.

Operational expenditure also came into focus with a number of major contracts falling due for renewal. Oversight and monitoring of contracts has been an area of challenge for the Council over the past two years and the renewal processes provided an opportunity to look how we could manage this better. Further impetus to look at how we deliver service and whether we could be sharing services with other councils has been provided by the requirement to conduct service reviews under section 17a of the Local Government Act 2002. A project to jointly review service provision with other councils in the region started this year.

A feature of the Dunedin City Council's financial position is the value of its investment assets and companies. While the Council does hold considerable debt, this is offset by the fact that it is also asset rich, holding a range of investments including Council-owned companies,

investment property and the Waipori Fund (a balanced portfolio of fixed-interest deposits and equities). This is not typical of councils in New Zealand and provides a source of financial resilience for the city.

The Council reduced to the amount of revenue that the Council-owned companies are expected to provide by \$4.5 million from 2015/16 onwards, to allow the companies to invest in their own infrastructure and to begin to build up cash reserves. The companies are still continuing to provide their contributions to repayment of stadium debt and the holding company provided the expected interest on shareholders advance payment of \$5.9 million this year. The Waipori Fund delivered a net return \$300,000 above budget at 30 June 2016.

The overall financial result for the Council has been affected by the handover of the realigned State Highway 88 (SH88) to the NZ Transport Agency (NZTA). The realignments to SH88 are adjacent to the Forsyth Barr Stadium and form part of the Council's strategic corridor improving access from the Southern Motorway to Port Chalmers. The new road delivers safety benefits by diverting traffic away from the front of the stadium and the university plaza development and completes an important link in the cycle network, connecting the Ravensbourne path and inner city. The old state highway was vested to Council at the same time to be used as part of our local network. The difference in the value of the two roads contributed to a \$16.3 million accounting loss shown in this report. However, in previous years Council received \$15.6 million in subsidies to fund the construction of the new highway.

The financial results I've noted here, along with the significant progress towards completing the strategic framework and delivering a cohesive strategic direction for the city, as noted in the Mayor's introduction, mean that 2015/16 has been a generally positive year. This couldn't be achieved without input from the community, elected members and staff and I thank everyone involved.

# Overview of Community Outcomes

Setting community outcomes means outlining the sort of city residents want to live, study and work in, now and in the future. They are the community goals and principles which underpin the Dunedin City Council's planning and priorities.

The community outcomes outlined in this report were developed in consultation with residents in a process which started about a decade ago. In 2010/11-2011/12, work was undertaken to refresh the city's vision and review the community outcomes, under a programme called "Your City Our Future". The key changes involved splitting the seven existing outcomes into 10 revised outcomes and updating the outcome visions.

The revised community outcomes were subject to public consultation in the Draft Long Term Plan 2012/13-2021/22 and were reported against for the first time in the 2012/13 Annual Report.

The "Your City Our Future" programme also informed the development of an overarching strategic framework consisting of eight key strategies with the community outcomes forming the hub of the framework. The strategic links to specific areas of Council activity are identified in Section 2. The Council makes decisions in alignment with the strategic framework, seeking to deliver on the community outcomes while maintaining core service levels expected by the community and meeting legislative requirements. The Council is one of the many organisations within the city who work towards achieving these citywide outcomes.

## Dunedin's Strategic Framework



The Local Government Act 2002 requires councils to report in their annual reports on the progress made towards achieving community outcomes. Results for outcome indicators measured in the 2015/16 year can be found in an appendix to the full Council Annual Report.

A glimpse of some of the projects and activities undertaken in the 2015/16 financial year in each of the outcome areas is shown below.

## A thriving and diverse economy

*Dunedin has an ambitious, prosperous, diverse and resilient economy that builds on its strengths.*

Enterprise Dunedin has continued to work with key stakeholders to market the city as a centre of academic and research excellence and to secure international conferences.

Our relationships with partners such as the University of Otago, Air New Zealand, Tourism New Zealand and media groups have ensured the city is consistently present in international and domestic media and results in high return on investment.

Initiatives such as Project China have contributed to Economic Development Strategy. 2015/16 was a busy year as initiatives to further strengthen our business, tourism, educational and cultural relationships were all progressed. For example, an agreement signed with JIL International (the largest international student education agent in China) will result in greater numbers of international secondary and tertiary students accessing international education in the city. This project benefits the participating High Schools, the University and Polytechnic through international fees but also the wider city and social and cultural links are further developed.

A delegation to China in June, including representatives from the Council, the Otago Chamber of Commerce, University of Otago and others, aimed to promote Dunedin as an investment and destination city. This delegation laid the foundations for future work within the Shanghai sister city agreement and further business and educational opportunities.

## A connected community

*Dunedin's communities are connected by safe, effective transportation and communications, linked locally, nationally and internationally.*

Enterprise Dunedin's "Connecting Dunedin Campaign", in partnership with the Dunedin Airport and Air New Zealand to increase demand for flights, resulted in the following outcomes:

- Three extra A320 direct jet services per week between Dunedin and Auckland, adding more than 1,000 seats weekly between the two cities from July 2016 on Mondays, Wednesdays and Fridays, representing a 22% increase in seat capacity on the route.
- Air New Zealand also amended its overall schedule for flights between Dunedin and Auckland from May 2016, offering travellers in both directions an extended business day Monday to Friday.
- Air New Zealand have also added an extra jet service per day between Wellington and Dunedin, an increase of 12%; effective from October 2016.

In October 2015 the new cycleway and walkway linking the wharf area with the West Harbour near Forsyth Barr Stadium opened. This walkway/cycleway is the final stage of completing the State Highway 88 realignment project. It completes the connection between the eastern and western parts of the harbour cycle network and provides safer and easier access for people going to the stadium. It includes well-lit shared paths across and under the State Highway 88 bridge over the Leith and connects with Wickcliffe Street near the corner of Fryatt Street.

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## A safe and healthy city

*Dunedin is a clean, green, crime-free city where people feel safe and enjoy a healthy lifestyle.*

Both the 3 Waters Strategic Direction Statement and Infrastructure Strategy include the objective to ensure that there is no increase in the number of residential or commercial properties at risk of sewer flooding (wastewater or stormwater), despite increasing pressure on the network. Following the June 2015 storm and flooding both Mosgiel and South Dunedin have come under particular focus, and staff have reprioritised work to progress investigations of flooding in these areas. Further work will be completed for the next Long Term Plan to assist the Council to decide about projects to improve the capacity of the stormwater system. One of the first priorities is to link the existing stormwater models and improve their accuracy for modelling larger scale events.

The Outram Water Treatment Plant has been upgraded to ensure that drinking water complies with Ministry of Health standards. The upgrade works have recently been completed, and the plant is currently in its trial operations period, after which practical completion will be issued. Once this work is completed, all of the Council's water treatment plants will meet bacterial and protozoal compliance standards.

Environmental Health is currently involved in the implementation of the Food Act, which came into effect on 1 March 2016 and has a transition phase over the next three years. Environmental Health recently achieved accreditation from the Ministry for Primary Industries for its quality management system following an on-site assessment, meaning Environmental Health can now verify National Programme food operators. Significantly, Dunedin is the first council to gain this accreditation and the team will assist customers with the transition to the new requirements.

## A distinctive built environment

*Dunedin is a compact city with a vibrant centre for people to work, live and play; complemented by thriving suburban and rural centres.*

In September 2015, the Council released its Proposed Second Generation Dunedin City District Plan (2GP) for consultation. The Plan controls what people can do on their land and how it can be developed. About 1,500 individuals and organisations submitted on the 2GP and 866 will speak at the hearings, which started on 11 May 2016 and are expected to run until late May 2017. There are 25 separate hearings scheduled, on different topics such as industrial, residential, natural hazards, public amenities and heritage.

## A valued and protected natural environment

*Dunedin is recognised as a place with outstanding natural environments and significant biodiversity. Our distinctive rural and coastal landscapes are sustainably managed and protected.*

Te Ao Tūroa – The Natural World, (Dunedin’s Environment Strategy) was consulted on and adopted during 2015/16.

The name of the strategy was gifted by two Dunedin rūnaka and the strategy was developed in close consultation with Kai Tahu ki Otago. Other key stakeholders included the Otago Chamber of Commerce, the Otago Regional Council, Sustainable Dunedin City, the Royal Forest and Bird Protection Society of New Zealand, Department of Conservation and Federated Farmers of New Zealand. The vision for the strategy is “Dunedin is one of the world’s great small cities with a thriving environment we look after, respect and enjoy”. There are three high level goals:

- 1 Dunedin is a resilient and zero carbon
- 2 Dunedin has a healthy environment
- 3 Dunedin people care for the environment.

The Council has a role to play in achieving positive environmental outcomes through management of parks, gardens and reserves including the Town Belt, through smart land use planning and investment in low carbon city infrastructure, and by working with the wider community to protect city ecosystems.

Funding to start delivery on Te Ao Tūroa is provided in the 2016/17 year and a governance structure for the strategy has been established.

The draft Parks and Recreation Strategy which goes out for public consultation in early 2016/17 contains a draft Open Spaces Action Plan. The Council will work in partnership with other organisations to ensure the successful delivery of the plan. Areas of focus will include protecting and conserving parks and open spaces; improving the community’s understanding and appreciation of their value and significance, as well as ensuring that these spaces meet the needs of users and enhancing the green network across Dunedin.

## A supportive community

*Dunedin’s citizens feel included and connected with their wider community and enjoy a good quality of life.*

A forum was held by Events and Community Development team to update the community about the work contributing to the Social Wellbeing Strategy. A stocktake of progress towards achieving the strategic goals was undertaken at the same time.

Ongoing support was provided to the network co-ordinating resettlement of refugees in the city, with one additional intake of migrants being welcomed during the last quarter of the year. A community planning and information meeting was hosted by the Mayor in February prior to the first group of refugees arriving in April. Representatives from Immigration NZ and NZ Red Cross delivered a presentation and there were opportunities to discuss host community engagement, youth integration and maintaining the voluntary support for resettlement.

Task Force Green and the Community Volunteer Scheme were once again involved in a number of community projects. Projects benefiting from their work included West Harbour Recreation Trail beautification; graffiti removal; predator trapping at Okia Reserve for penguin protection; working with STOP on gorse and noxious weed removal on the Peninsula; and constructing a 70m fence for the Forbury Croquet Club.



## A vibrant and creative city

*Dunedin is a city known for its diverse and engaging arts and culture.*

Implementation of Ara Toi Ōtepoti, Our Creative Future, (Dunedin's Arts and Culture Strategy) got underway in 2015/16 with the formation of a governance structure and provision of funding for initial actions. These included:

- establishment of a Dunedin franchise of the Urban Dream Brokerage to facilitate use of vacant commercial space for short term installations to promote urban regeneration.
- establishment of the Creative Dunedin Partnership as the governance group for Ara Toi Ōtepoti.
- development of a Draft Public Art Framework for consultation with the community in 2016/17.
- the Council has provided \$5000 to support a Dunedin Boosted Ambassador. Boosted ([www.boosted.org.nz](http://www.boosted.org.nz)) is a not-for-profit crowdfunding site for the arts. The partnership will enable a Dunedin Boosted Ambassador to be working directly with artists and arts organisations to use crowdfunding to build their networks, increase financial support for their projects and promote themselves to new and unexplored audiences.
- the appointment of an additional Community Arts Advisor in the Events and Community Development team and a Business Arts Advisor in Enterprise Dunedin.

Dunedin's heritage, culture and status as a UNESCO City of Literature was showcased during a brief visit by the civic head of the City of Edinburgh Council in February 2016. The Lord Provost of Edinburgh visited Dunedin as part of an Australasian visit for Royal Edinburgh Military Tattoo shows in Melbourne and Wellington. Edinburgh was the first designated UNESCO City of Literature in the world. The Lord Provost was one of the first visitors to see the new Poetick poetry machine which has been installed in Toitū in time for his visit. Created by Dunedin Design students Benjamin Alder and Liam Bigelow from recycled parking machines, Poetick is a poem-sharing project aiming to enhance the pay and display parking experience and promote literature around the world. Poems by published and unpublished poets from the various UNESCO Cities of Literature are printed to the Poetick machine. It is planned to roll Poetick out to pay and display parking meters during early 2016/17, with the poems printing on the back of the display tickets.

## A city of learning

*Dunedin is a leading city of education and its community engages in lifelong learning.*

The inaugural Director City of Literature was appointed this year. The position has responsibility to coordinate City of Literature activities within the city, with other cities and organisations throughout New Zealand and with other members of the UNESCO Creative Cities Network.

There has been on-going work with the University of Otago and Otago Polytechnic via the Tertiary Sector Steering Group seeking to achieve "the creation of a quality, sustainable campus environment and a vibrant tertiary precinct, ensuring Dunedin's place as the Education Capital of New Zealand." Achieving a more pedestrian friendly environment in the campus and surrounding streets continues to be a key focus, including a project to create improved environment and linkages between two areas of the Polytechnic campus in Harbour Terrace.

## An active city

*Dunedin's people lead active healthy and enjoyable lifestyles.*

A draft Parks and Recreation Strategy 2016-2026 was developed during 2015/16. This is the last of the eight strategies in the Council's strategic framework to be developed and will go out for public consultation early in the 2016/17 year.

The draft strategy contains a draft Sports and Recreation action plan and a draft Parks and Open Space action plan, detailing what will be done in the next 3 - 5 years to achieve the vision, objectives and goals of the overarching strategy. These action plans have been developed with input and support from key stakeholders including the Otago Regional Council, Sport Otago, Department of Conservation, Volunteering Otago, Kāi Tahu, Forest and Bird, Sport New Zealand, NZTA, Halberg Foundation, social services agencies, regional sport and recreation organisations. The shared strategic vision is 'Dunedin's communities are more active, more often in facilities, parks and open spaces that are connected and valued' which will result in a number of community and environmental benefits such as social connection and community wellbeing, improved health and wellbeing, and provide opportunities for economic development and greater environmental sustainability and protection of parks, recreation facilities and landscapes.

The Sport and Recreation Action Plan will guide the planning, funding and delivery of programmes and facilities supporting informal and active recreation, and sport throughout the city. It will prioritise delivering affordable and accessible opportunities and environments that encourage people to participate in sport and recreation and be physically active. Another area of focus is strengthening partnerships through collaboration with sport and recreation agencies.

## A sustainable and resilient city

*Dunedin is a resilient city with communities prepared for the impacts of climate change and extreme natural events, and reduced reliance on non-renewable resources.*

During the 2015/16 year the Council passed a series of resolutions aimed at addressing climate change, including a commitment to the Compact of Mayors.

The Compact of Mayors was launched in September 2014 by UN Secretary-General Ban Ki-Moon and UN Secretary-General's Special Envoy for Cities and Climate Change Michael R Bloomberg and supports participating local governments in setting ambitious climate reduction goals, taking ambitious action to meet those objectives and measuring their progress publicly and transparently. In June 2016 the international Compact of Mayors joined forces with the European Union Covenant of Mayors. The new Global Covenant of Mayors for Climate and Energy will be the world's largest coalition of mayors supporting voluntary action to combat climate change and move to a low carbon economy. As a Compact of Mayors signatory, the Council has already committed to measuring greenhouse gas emissions, setting and reporting against reduction targets and adopting an action plan.

The Energy Plan 1.0 was adopted by the Council in December 2015. A Dark Skies Advisory Panel has been established to continue work on one of the plan's key actions – making Dunedin a 'night sky city'. The panel will review city projects with a significant outside lighting component and has discussed the transition of the city streetlights to LED and plans to change the lighting at the University of Otago Oval. Another of the early actions of the plan is to explore the potential for use of electric vehicles in the city.

The Council has resolved to add 20 electric vehicles (EV) to the Dunedin City Council fleet within five years. As part of the move the Council will also share information on EV usage and other data with the University of Otago and Otago Polytechnic to assist in their research on EV use, and be able to assist others considering converting to EV fleets. Currently the DCC's 113 vehicle fleet includes 48 cars, 20 of which are considered suitable for replacement with an EV. The DCC already owns two hybrid vehicles and an electric bike.

At 9.15am on Thursday, 15 October 2015 Council staff and over 20,000 other Dunedin residents were seen to 'Drop, Cover and Hold' in the New Zealand ShakeOut national earthquake drill. Recent events – such as the fire at Saddle Hill, a national tsunami warning in September, and the June flooding event in Dunedin – had shown emergencies could happen at any time and often without much warning. Emergency Management staff put particular emphasis on business continuity planning in the lead-up to the drill. "Time spent now planning for disaster and developing practices to become more resilient will not only get businesses well on the way to coping with a crisis, it could also potentially see them thrive in the aftermath".

# Summary of the Statement of Service Performance

As in previous years, the Council has measured both its financial and non-financial performance. The following tables record a summary of the non-financial performance achievement of each activity group. The 2015/16 Annual Plan contained 100 service performance measures that were monitored and reported on. These covered areas of service provision such as customer satisfaction, maintenance and management of assets, environmental management, statutory compliance and enforcement, contract management, community support, and availability of information. This year, DCC departments achieved 68% of these performance measures, compared with 67% in 2014/2015.

Service performance is measured in a variety of ways using customer surveys, results from the DCC's annual Residents' Opinion Survey, surveys undertaken by Government agencies, performance against industry standards, and internal performance reporting such as monitoring of technical performance data, and analysis of service requests, response times, processing times, complaints and the like.

For full details of DCC performance, including explanations of results, the reader is encouraged to obtain access to the full Annual Report either at [www.dunedin.govt.nz](http://www.dunedin.govt.nz) or via correspondence to Dunedin City Council, PO Box 5045, Moray Place, Dunedin 9058.

## Economic Development and City Promotion

Activity	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Economic Development and City Promotion	3	1	1	1	33%
<b>Totals:</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>33%</b>

## City Investments

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
City Investments	5	3	2	-	60%
<b>Totals:</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>60%</b>

## Roading and Footpaths

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Roading and Footpaths	18	10	8	-	56%
<b>Totals:</b>	<b>18</b>	<b>10</b>	<b>8</b>	<b>-</b>	<b>56%</b>

## Water Supply

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Water	9	7	2	-	78%
<b>Totals:</b>	<b>9</b>	<b>7</b>	<b>2</b>	<b>-</b>	<b>78%</b>

## Sewerage and Sewage

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Wastewater	8	7	1	-	88%
<b>Totals:</b>	<b>8</b>	<b>7</b>	<b>1</b>	<b>-</b>	<b>88%</b>

## Stormwater

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Stormwater	8	8	-	-	100%
Totals:	8	8	-	-	100%

## Solid Waste

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Solid Waste	2	1	1	-	50%
Totals:	2	1	1	-	50%

## City Planning and Regulatory Services

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
City Planning and Regulatory Services	9	7	2	-	78%
Totals:	9	7	2	-	78%

## Community Development and Support

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Community Development and Support	13	8	2	3	62%
Totals:	13	8	2	3	62%

## Museums, Art Gallery and Libraries

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Museums, Art Gallery and Libraries	13	10	3	-	77%
Totals:	13	10	3	-	77%

## Sport, Recreation and Leisure

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Sport, Recreation and Leisure	12	6	6	-	50%
Totals:	12	6	6	-	50%

Total for the Council	100	68	28	4	68%
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# Overview of Financial Results

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The Council operating result for 2016 was characterised by higher than expected revenue attributed to: increased activity in a number of operating units; gains on the disposal of some property assets; and the non-cash vesting of roading and water and waste assets.

Expenditure for the year was greater than budget due to higher depreciation charges and non-cash write-down of commercial rental properties partially offset by lower interest expenditure reflecting the active repayment of debt over recent years.

The term loan balance at 30 June 2016 included the transfer of \$30.0 million from Dunedin Venues Limited (effective 30 June 2015) being one of the recommendations from the Stadium Review project. That being said total term loans as at 30 June 2016 were \$216.073 million or \$31.772 million less than budget.

# Outlook

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The current year was the first to be reported against the approved Long Term Plan 2015/16 - 2024/25. The associated financial strategy was developed to guide Council as it seeks to balance the competing tensions of affordability, maintaining its assets and investing for the future.

This balance process involves evaluating the impact on affordability of a range of expenditure needs and obligations including: the need to maintain, replace and renew core infrastructure; the obligation under law to build new infrastructure of a higher standard; and the desire to respond to community aspirations for new and improved community infrastructure.

Key points from the strategy include: an operating surplus greater than zero over a moving three year period; operating cash flow at 100% of depreciation; working capital ratio of greater than 1; core Council debt below \$230 million by 2021; and annual rate increases to be limited to 3% unless there are exceptional circumstances.

The key challenge for Council will be maintaining the existing range and levels of service to the community while achieving the required cost savings to keep rate increases within this 3% limit.

# Summary Financial Report

	CORE COUNCIL			CONSOLIDATED	
	Actual	Budget	Actual	Actual	Actual
	2016	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000
<b>Summary of Statement of Comprehensive Revenue and Expense for the year ended 30 June 2016</b>					
Total operating revenue	227,934	218,741	226,648	472,809	442,534
Operating expenditure	202,337	199,514	197,639	401,589	382,730
Financial expenses	18,331	18,063	30,099	38,405	46,805
Total operating expenditure	220,668	217,577	227,738	439,994	429,535
Operating surplus/(deficit)	7,266	1,164	(1,090)	32,815	12,999
Surplus/(deficit) for the year from discontinued operations	-	-	-	-	197
Loss on transfer of State Highway to NZTA	(16,289)	-	-	(16,289)	-
Less taxation	(959)	-	(499)	8,718	5,017
Operating surplus/(deficit) after taxation	(8,064)	1,164	(591)	7,808	8,179
Share of associate surplus/(deficit)	-	-	-	1,053	853
<b>Net surplus/(deficit)</b>	<b>(8,064)</b>	<b>1,164</b>	<b>(591)</b>	<b>8,861</b>	<b>9,032</b>
Attributable to: Dunedin City Council and Group	(8,064)	1,164	(591)	8,823	8,982
Attributable to: Non-controlling interest	-	-	-	38	50
<b>Total</b>	<b>(8,064)</b>	<b>1,164</b>	<b>(591)</b>	<b>8,861</b>	<b>9,032</b>
<b>Statement of Other Comprehensive Revenue and Expense</b>					
Gain/(loss) on property plant and equipment revaluations	34,928	57,291	(97,091)	34,928	(97,091)
Gain/(loss) of comprehensive revenue in associates	-	-	(73)	(19)	(14)
Gain/(loss) of cash flow hedges at fair value through other comprehensive revenue and expense	593	-	(3,999)	(9,444)	(9,235)
Gain/(loss) on foreign exchange hedges	-	-	-	1,971	-
Gain/(loss) on carbon credit revaluation	-	-	-	10,832	1,532
Gain/(loss) on forestry land revaluations	-	-	-	-	(22)
Income tax on other comprehensive income	-	-	-	(1,790)	-
<b>Total comprehensive revenue and expense for the year</b>	<b>27,457</b>	<b>58,455</b>	<b>(101,754)</b>	<b>45,339</b>	<b>(95,798)</b>
Attributable to: Dunedin City Council and Group	27,457	58,455	(101,754)	45,339	(95,798)
<b>Total</b>	<b>27,457</b>	<b>58,455</b>	<b>(101,754)</b>	<b>45,339</b>	<b>(95,798)</b>
<b>Summary of Statement of Changes in Equity for the year ended 30 June 2016</b>					
Equity at the beginning of the year	2,709,755	2,891,304	2,811,509	2,861,651	2,957,449
Total comprehensive revenue and expense for the year	27,457	58,455	(101,754)	45,339	(95,798)
<b>Equity at the end of the year</b>	<b>2,737,212</b>	<b>2,949,759</b>	<b>2,709,755</b>	<b>2,906,990</b>	<b>2,861,651</b>



	CORE COUNCIL		CONSOLIDATED		
	Actual	Budget	Actual	Actual	Actual
	2016	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000
<b>Summary of Statement of Financial Position as at 30 June 2016</b>					
Total current assets	22,121	34,973	54,980	83,049	123,420
Total non-current assets	2,984,968	3,213,449	2,951,151	3,600,325	3,517,409
<b>Total assets</b>	<b>3,007,089</b>	<b>3,248,422</b>	<b>3,006,131</b>	<b>3,683,374</b>	<b>3,640,829</b>
Total current liabilities	47,222	54,666	44,850	63,777	72,596
Total non-current liabilities	222,655	243,997	251,526	712,607	706,582
Equity attributable to minority interest	-	-	-	568	530
Accumulated funds	1,679,472	1,696,800	1,687,881	1,799,062	1,800,887
Revaluation reserves	1,064,031	1,256,720	1,029,103	1,074,574	1,039,665
Restricted reserves	9,512	8,635	9,167	9,512	9,167
Cash flow hedge reserves	(15,803)	(12,396)	(16,396)	(26,515)	(23,060)
Carbon credit reserve	-	-	-	11,290	2,820
Forest revaluation reserve	-	-	-	38,499	31,642
Equity attributable to Dunedin City Council and Group	2,737,212	2,949,759	2,709,755	2,906,990	2,861,651
<b>Total liabilities and equity</b>	<b>3,007,089</b>	<b>3,248,422</b>	<b>3,006,131</b>	<b>3,683,374</b>	<b>3,640,829</b>
<b>Summary of Statement of Cash Flows for the year ended 30 June 2016</b>					
Net cash inflow/(outflow) from operating	50,890	52,270	63,912	90,251	89,122
Net cash inflow/(outflow) from investing	(31,126)	(50,692)	(78,462)	(72,910)	(84,080)
Net cash inflow/(outflow) from financing	(22,515)	(7,111)	18,906	(19,327)	(23,293)
<b>Net increase/(decrease) in cash held</b>	<b>(2,751)</b>	<b>(5,533)</b>	<b>4,356</b>	<b>(1,986)</b>	<b>(18,251)</b>
Opening cash balance	5,419	6,217	1,063	22,066	40,317
<b>Closing cash balance</b>	<b>2,668</b>	<b>684</b>	<b>5,419</b>	<b>20,080</b>	<b>22,066</b>

# Notes to the Financial Statements for the Year Ended 30 June 2016

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## 1 Reporting Entity

The Dunedin City Council and Group is a public benefit entity. The currency the entity uses and used in the presentation of these accounts is the \$NZ.

## 2 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 dated 3rd October 2016.

Users of the summary financial report should note that 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.dunedin.govt.nz](http://www.dunedin.govt.nz). 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, Moray Place, Dunedin 9058.

The full Financial Statements have been prepared in accordance with generally accepted accounting practice in New Zealand, complying with PBE IPSAS and other applicable Financial Reporting Standards as appropriate for Public Benefit Entities. The information in this summary report has been prepared in accordance with FRS-43: Summary Financial Statements.

## 3 Financial Expenses

Financial Expenses of Core Council were \$18,331,000 (2015: \$30,872,000) and of the Group \$38,405,000 (2015: \$46,805,000).

Financial expenses in 2016 included a fair value net loss in investment properties of \$1,039,000 (2015: \$7,814,000). For the Council and Group, there was a fair value loss in other investments of \$53,000 in 2016 (2015: \$137,000).

## 4 Changes in Accounting Policy

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

## 5 Post Balance Date Events

There have been no post balance date events.

## 6 Capital and Operating Commitments

The capital commitments of the Council was \$3,917,000 (2015: \$12,010,000) and of the Group \$15,526,000 (2015: \$30,801,000).

The significant operating commitments of the Council and group for beyond five years was \$36,470,000 (2015: \$45,581,000).

## 7 Contingencies

The Council has a contingent liability related to the equity investment in Golden Block Investments Limited of \$1,325,000. The Council has uncalled capital of \$849,900,000 for Dunedin City Holdings Limited.

# Independent Auditor's Report

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## **To the readers of Dunedin City Council and group's summary annual report for the year ended 30 June 2016**

The summary annual report was derived from the annual report of the Dunedin City Council (the City Council) and group for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report:

- the summary statement of financial position as at 30 June 2016;
- the summaries of the statement of comprehensive revenue and expense, statement of other comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the statement of service performance.

We expressed an unmodified audit opinion on the City Council and group's full audited statements in our report dated 3 October 2016.

### **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 summary statements comply with PBE FRS 43: Summary Financial Statements.

### **Basis of opinion**

Our audit was carried out in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 3 October on the full audited statements.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the City Council and group.

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**Responsibilities of the Council and the Auditor**

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS 43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

In addition to reporting on the summary annual report, we have reported on the full annual report, and completed electricity regulatory disclosure audits for a subsidiary. These engagements are compatible with the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this reporting and these engagements, we have no relationship with or interests in the City Council or any of its subsidiaries.



Scott Tobin,  
Audit New Zealand  
On behalf of the Auditor General  
Dunedin, New Zealand  
28 October 2016







**DUNEDIN CITY  
COUNCIL**

*Kaunihera-a-rohe o Otepoti*

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