



DUNEDIN STADIUM PROPERTY LTD

STATEMENT OF INTENT

For the Year Ending 30 June 2022

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1. INTRODUCTION

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

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

This Statement of Intent (SoI) sets out DSPL's planned activities, objectives and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in DSPL's 2022 Annual Report.

2. OBJECTIVES

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

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

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

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

DSPL conducts its affairs in accordance with sound business practice.

In 2021/2022, DSPL intends to focus on:

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

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

3. NATURE AND SCOPE OF ACTIVITIES

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

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

4. APPROACH TO GOVERNANCE

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

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

The DSPL board operates in accordance with accepted best practice.

5. PERFORMANCE TARGETS

Goal	Objective	Performance Targets
Forsyth Barr Stadium remains a fit for purpose venue for public and private events	Ensure an Asset Management Plan which enables general use of the stadium, and meets asset warranty and guarantee requirements, is in place	An Asset Management Plan is in place
	Ensure the Asset Management Plan remains current and relevant	The Asset Management Plan is internally reviewed annually, and externally reviewed every three years (next external review is due in the 2023/2024 financial year)
	Ensure assets are maintained in accordance with the Asset Management Plan	Asset maintenance is compliant with the Asset Management Plan schedules and principles, including condition-based assessments
	Ensure the potential impact of climate change on assets are understood and managed	Incorporate potential impacts of climate change on Forsyth Barr Stadium into Asset Management Plan and/or risk management
Manage debt prudently	Ensure an appropriate debt repayment programme is in place	A debt repayment programme is in place and reviewed by the Board annually
DSPL maintains a strategic direction that is consistent with the policies and objectives of the shareholder	Ensure Statement of Intent is consistent with objectives of the shareholder	A draft 2022/2023 Statement of Intent will be submitted to the shareholder by 1 March 2022
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Contribute to Council's Carbon Neutrality initiatives	Systems for measuring and publicly reporting carbon emissions are established. DSPL will develop an emissions reduction strategy and associated targets for inclusion in its 2022/2023 Statement of Intent
		DSPL will develop a waste reduction strategy and associated targets for inclusion in its 2022/2023 Statement of Intent
Communicate with the shareholder on a 'no surprises' basis	Consult with the shareholder in a timely manner on DSPL strategic or operational matters which could compromise the Council's community outcomes	No such matters that were not escalated to the shareholder in a timely manner
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage	No such matters that were not reported to the shareholder within 24 hours

6. FINANCIAL FORECASTS

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

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

	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Shareholder's Funds to Total Assets	42%	41%	40%

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

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

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

	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Dividend distributions	Nil	Nil	Nil

Other Financial Forecasts

	Year ending 30/06/2022 \$'000	Year ending 30/06/2023 \$'000	Year ending 30/06/2024 \$'000
EBITDA	2,854	2,760	2,625
Net / (loss) profit after tax	(5,418)	(5,301)	(5,233)
Cash flow from operations	404	653	540
Capital expenditure	1,219	1,790	934
Term loans	84,810	83,700	81,845

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

7. ACCOUNTING POLICIES

General Accounting Policies

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

Particular Accounting Policies

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

8. DIVIDEND POLICY

DSPL's current policy is not to pay dividends.

9. COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

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

10. TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

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

Related Party Transactions

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

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

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

Information to be provided to the Shareholder

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

Working with the shareholder

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

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

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

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

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

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

Compensation sought

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

Group Facility Use

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

Other agreements

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

DSPL will disclose in its Annual Report the proportion staff receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).